

2005 No. 825

PENSIONS

**The Pension Protection Fund (Pension Compensation Cap)
Order 2005**

Made - - - - - *15th March 2005*

Coming into force - - - - - *6th April 2005*

Whereas a draft of this instrument was laid before Parliament in accordance with section 316(2)(s) of the Pensions Act 2004(a) and approved by resolution of each House of Parliament;

Now, therefore, the Secretary of State for Work and Pensions, in exercise of the powers conferred upon him by paragraph 26(7) of Schedule 7 to the Pensions Act 2004, and of all other powers enabling him in that behalf, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Pension Protection Fund (Pension Compensation Cap) Order 2005 and shall come into force on 6th April 2005.

The compensation cap

2. The amount specified for the purposes of paragraph (a) of the definition of “compensation cap” in paragraph 26(7) of Schedule 7 to the Pensions Act 2004 (pension compensation provisions – compensation cap) shall be £27,777.78.

Signed by authority of the Secretary of State for Work and Pensions.

15th March 2005

Malcolm Wicks
Minister of State,
Department for Work and Pensions

(a) 2004 c. 35.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order specifies the amount of the compensation cap for the purposes of paragraph 26(7) of Schedule 7 to the Pensions Act 2004 (c. 35) (“the Act”) (article 2).

The compensation cap is an amount used by the Board of the Pension Protection Fund to determine the amount of compensation payable to a person who is under normal pension age on the assessment date (as described in paragraph 2 of Schedule 7 to the Act) and whose compensation is not derived from a pension payable on the grounds of ill health or a survivor’s pension. The compensation cap is used to determine the amount of compensation payable when that amount is restricted in accordance with paragraph 26 of Schedule 7 to the Act.

The Board of the Pension Protection Fund is established by section 107 of the Act to provide compensation for members of certain occupational pension schemes in the event of the insolvency of the scheme’s sponsoring employer and where the pension scheme is under-funded at a certain level.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business.

£3.00

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E0599 3/2005 150599T 19585

ISBN 0-11-072579-4



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