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STATUTORY INSTRUMENTS

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**2006 No. 572**

The Taxation of Pension Schemes  
(Transitional Provisions) Order 2006

**Valuation of “primary protection” – compensation for poorly performing investments**

9. Part 4 of 2004 Act shall be modified as set out in articles 10 and 11 in its application to any individual who has given notice of intention to rely on paragraph 7 Schedule 36 where the following conditions are met—

*Condition A*

The pension scheme in respect of which the individual has given notice is either—

- (a) a money purchase arrangement that is not a cash balance arrangement; or
- (b) a hybrid arrangement where the benefits that may be provided include money purchase benefits that are not cash balance benefits.

*Condition B*

An amount is paid into the pension scheme, or is determined as being so payable, between 6th April 2006 and 5th April 2009, in respect of compensation for the poor performance of an investment owned by that scheme.

*Condition C*

The investment in respect of which the compensation is payable was owned by the pension scheme at any time before 6th April 2006 and was offered for sale to the public on the open market.

*Condition D*

The amount of compensation paid, or determined as being so payable, is an amount which might reasonably have been expected to be paid between two parties in the same position as the payer and the scheme administrator acting at arm’s length.