
STATUTORY INSTRUMENTS

2023 No. 1309

The Pensions Act 2004 (Amendment) (Pension Protection Fund Compensation) Regulations 2023

Amendment of Schedule 7 to the Pensions Act 2004

3.—(1) Schedule 7 (pension compensation provisions) to the Pensions Act 2004 is amended as follows.

(2) In each of paragraphs 3(10), 5(8), 15(6) and 19(8)(1) insert the following entry immediately after the opening words—

“paragraph 22A (calculation of compensation on and after 1 January 2024),”.

(3) In each of paragraphs 3(10), 11(8), 14(9)(2), 15(6) and 19(8) omit the entry for paragraph 26 (but not the “and” at the end).

(4) For paragraph 7(6) substitute—

“(6) This paragraph is subject to—

paragraph 22A (calculation of compensation on and after 1 January 2024), and
paragraph 30 (power of Secretary of State to change percentage rates by order).”.

(5) In each of paragraphs 8(8), 11(8) and 14(9) insert the following entry immediately after the entry for paragraph 20—

“paragraph 22A (calculation of compensation on and after 1 January 2024),”.

(6) In paragraph 10(8)—

(a) at the end of the entry for paragraph 20, omit the “and”;

(b) immediately after that entry insert—

“paragraph 22A (calculation of compensation on and after 1 January 2024), and”.

(7) For paragraph 20(6) substitute—

“(6) This paragraph is subject to—

paragraph 22A (calculation of compensation on and after 1 January 2024), and
paragraph 30 (power of Secretary of State to change percentage rates by order).”.

(8) For paragraph 22(4) substitute—

“(4) This paragraph is subject to—

paragraph 22A (calculation of compensation on and after 1 January 2024), and
paragraph 30 (power of Secretary of State to change percentage rates by order).”.

(9) After paragraph 22 insert—

“Calculation of compensation on and after 1 January 2024

22A.—(1) This paragraph applies where—

(1) Paragraphs 15(6) and 19(8) were amended by, respectively, paragraphs 7 and 9 of Schedule 8 to the Pensions Act 2008 (c. 30).
(2) Paragraphs 11(8) and 14(9) were amended by, respectively, paragraphs 4 and 6 of Schedule 8 to the Pensions Act 2008.

- (a) the assessment date falls on or after 1 January 2024, and
- (b) there is a person (“P”) who, at the beginning of the assessment period in question, is or may become entitled to payment of compensation in accordance with paragraph 3, 5, 7, 8, 10, 11, 14, 15, 19, 20 or 22 in respect of the scheme.

(2) Sub-paragraph (3) applies where, but for that sub-paragraph, the value as at the beginning of the assessment period of the compensation which is or may become payable to or in respect of P in accordance with any of paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 18, 19, 20, 22 and 23 (“the relevant compensation provisions”) in respect of the scheme would be less than 50% of the value of the benefits which have accrued to or in respect of P under the admissible rules of the scheme immediately before the assessment date (“the benefits value”).

(3) Where this sub-paragraph applies, the amounts of the compensation which is or may become payable to or in respect of P in accordance with any of the relevant compensation provisions in respect of the scheme are to be adjusted in accordance with guidance issued by the Board so as to secure that the value as at the beginning of the assessment period of that compensation is increased to an amount equal to 50% of the benefits value.

(4) The following are to be determined in accordance with guidance issued by the Board—

- (a) the value of the compensation which is or may become payable to or in respect of P in accordance with any of the relevant compensation provisions in respect of the scheme;
- (b) the value of the benefits which have accrued to or in respect of P under the admissible rules of the scheme.

(5) In this paragraph—

- (a) a reference to benefits which have accrued to or in respect of a person under the admissible rules of the scheme does not include a reference to such of those benefits as are attributable (directly or indirectly) to a pension credit;
- (b) a reference to compensation which is or may become payable to or in respect of a person in accordance with a provision of this Schedule does not include a reference to so much of that compensation as is attributable (directly or indirectly) to a pension credit.”

(10) In paragraph 24, omit sub-paragraph (3).

(11) Omit paragraphs 26, 26A and 27(3).

(12) In paragraph 28, omit sub-paragraph (4).

(3) There have been amendments to paragraphs 26 and 27, but none are relevant; paragraph 26A was inserted by paragraph 3 of Schedule 20 to the Pensions Act 2014 (c. 19).