These notes refer to the Pensions Act (Northern Ireland) 2012 (c.3) which received Royal Assent on 1 June 2012

Pensions Act (Northern Ireland) 2012

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 4: Money Purchase Benefits

Section 27: Definition of money purchase benefits

Section 27 amends the Pension Schemes (NI) Act and the Pensions (No. 2) Act to amend the definition of money purchase benefits. The effect is to ensure that, in order for a benefit to qualify as a money purchase benefit, the amount or rate of the benefit must be calculated only by reference to assets which must necessarily suffice to provide the benefit. If any other factor such as a guaranteed investment return or other guarantee of the amount were used to calculate the benefit, it is not a money purchase benefit. The aim is to ensure that money purchase benefits cannot develop a funding deficit. In the case of a scheme pension in payment, the pension must be backed by an annuity contract or insurance policy to be a money purchase benefit.

Subsections (5) and (6) give retrospective effect to the amendments.