



2012 CHAPTER 3

Part 4

Money Purchase Benefits

Definition of money purchase benefits

27.—(1) In section 176 of the Pension Schemes (Northern Ireland) Act 1993 (interpretation), in the definition of “money purchase benefits” in subsection (1), for “which are not average salary benefits” substitute “which fall within section 176B”.

(2) After section 176A of that Act insert—

“176B Money purchase benefits: supplementary

(1) This section applies for the purposes of the definition of “money purchase benefits” in section 176(1).

(2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purpose of its provision to or in respect of the member.

(3) A benefit which is a pension in payment falls within this section if—

- (a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and
- (b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).

(4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this section references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004).".

(3) In section 78 of the Pensions (No. 2) Act (Northern Ireland) 2008 (interpretation) in the definition of "money purchase benefits" for "which are not average salary benefits" substitute "which fall within section 78A".

(4) After that section insert—

"78A Money purchase benefits: supplementary

(1) This section applies for the purposes of the definition of "money purchase benefits" in section 78.

(2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purpose of its provision to or in respect of the member.

(3) A benefit which is a pension in payment falls within this section if—

- (a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and
- (b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).

(4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this section references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004).".

(5) The amendments made by subsections (1) and (2) are to be regarded as having come into operation on 1 January 1997.

(6) The amendments made by subsections (3) and (4) are to be regarded as having come into operation at the same time as section 78 of the Pensions (No. 2) Act (Northern Ireland) 2008.