

These notes refer to the Public Service Pensions Act (Northern Ireland) 2014 (c.2) which received Royal Assent on 11 March 2014

Public Service Pensions Act (Northern Ireland) 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Design

Section 8: Types of scheme

Section 8 specifies the types of pension scheme that can be set up under the Act.

Subsection (1) provides that the types of scheme which may be provided for in scheme regulations include defined benefits schemes, defined contributions schemes, and schemes of any other description. The meaning of defined contributions and defined benefits schemes is set out in section 34 (general interpretation). There is therefore a broad power to create pension and benefit schemes of different designs, subject to the restrictions that the rest of the section applies to defined benefits schemes, and to the other restrictions set out in the Act.

Subsection (2) sets out that any defined benefits scheme must be either a “career average revalued earnings scheme”, or another type of defined benefits scheme specified in regulations made by the Department of Finance and Personnel.

Subsection (3) stipulates that final salary scheme designs may not be specified by Department of Finance and Personnel regulations. They are not a permitted form of defined benefits scheme.

Subsection (4) sets out the meaning of “career average revalued earnings schemes” (CARE schemes) for schemes made under section 1. In this type of scheme, members build up pension in each year of active membership based on their pensionable earnings in that year. The pension accrued in that way is then revalued each year until the person leaves pensionable service. The measure of revaluation varies from scheme to scheme and will be provided for in scheme regulations, subject to the arrangements in section 9 (revaluation). Subsection (5) provides that regulations under this section are subject to negative resolution of the Assembly, which is defined in Section 41(6) of the Interpretation Act (Northern Ireland) 1954.