



2016 CHAPTER 1

PART 3

GENERAL CHANGES TO LEGISLATION ABOUT PENSION SCHEMES

Early leavers

Extension of preservation of benefit under occupational pension schemes

39.—(1) Part 4 of the Pension Schemes Act (protection for early leavers) is amended as follows.

(2) In section 67 (basic principle as to short service benefit)—

(a) in subsection (1), for paragraph (aa) (but not the “or” at the end) substitute—

“(aa) he has at least 30 days’ qualifying service and, if he were entitled to benefit because of this paragraph, all of it would necessarily be benefit falling within subsection (1A),”;

(b) after subsection (1) insert—

“(1A) The following fall within this subsection—

(a) collective benefits;

(b) benefits calculated otherwise than by reference to the member’s salary.”.

(3) In section 66 (interpretation of Chapter 1: preservation requirements), in subsection (1)—

(a) after the definition of “relevant employment” insert—

“benefits”, in relation to a member of a scheme, means—

- (a) retirement benefit for the member at normal pension age,
 - (b) benefit for the member's wife, husband, civil partner, widow, widower, surviving civil partner or dependants or others on the member's attaining normal pension age or the member's later death, or
 - (c) both such descriptions of benefit;"
 - (b) in the definition of "long service benefit" omit the words from "and in this definition "benefits" means" to the end of the definition.
- (4) In section 67, for subsections (7) to (11) substitute—
- "(7) In subsection (1), "2 years' qualifying service" or (as the case may be) "30 days' qualifying service" means a period of service of the relevant duration in which the member was at all times employed either—
- (a) in pensionable service under the scheme, or
 - (b) in service in employment which was contracted-out by reference to the scheme, or
 - (c) in linked qualifying service under another scheme.
- (8) For the purposes of subsection (7)—
- (a) a period of service may consist of a single period or two or more periods, continuous or discontinuous;
 - (b) no regard is to be had to whether or not the service was of the same description throughout the period of service.
- (9) A period of service previously terminated is not to count towards the 2 years' or (as the case may be) 30 days' qualifying service unless it counts towards qualification for long service benefit, and need then count only to the same extent and in the same way.
- (10) Subsection (1)(aa) does not apply in relation to a person's membership of a scheme if—
- (a) in a case where the benefit would necessarily all be money purchase benefit, any period of relevant service began before the day on which section 35 of the Pensions Act (Northern Ireland) 2015 came into operation (whether or not it also ended before that date);
 - (b) in any other case, any period of relevant service began before the day on which section 39 of the Pension Schemes Act (Northern Ireland) 2016 came into operation (whether or not it also ended before that date).
- "Relevant service" means service that counts towards the 30 days' qualifying service for the purposes of subsection (1)(aa)."

(5) In section 70 (computation of short service benefit), in subsections (3) and (4), after “so much of any benefit” insert “, other than collective benefit,”.

(6) In section 35 of the Pensions Act (Northern Ireland) 2015, omit subsections (2) and (3) which are no longer needed given the earlier provisions of this section.

Revaluation of accrued benefits

40. Schedule 1 contains amendments about the revaluation of benefits.