



# Pension Schemes Act 1993

## 1993 CHAPTER 48

### PART IV

#### PROTECTION FOR EARLY LEAVERS

#### CHAPTER II

##### REVALUATION OF ACCRUED BENEFITS (EXCLUDING GUARANTEED MINIMUM PENSIONS)

### 83 Scope of Chapter II.

- (1) This Chapter applies for the purpose of revaluing—
- (a) [F<sup>1</sup>relevant] benefits payable to or in respect of a member of an occupational pension scheme where—
    - (i) his pensionable service ends on or after 1st January 1986;
    - (ii) on the date on which his pensionable service ends (in this Chapter referred to as “the termination date”) he has accrued rights to benefit under the scheme;
    - (iii) the period beginning with the day after the termination date and ending with the date on which he attains normal pension age (in this Chapter referred to as “the pre-pension period”) is at least 365 days; and
    - (iv) in the case of benefit payable to any other person in respect of the member, the member dies after attaining normal pension age; and
  - (b) [F<sup>1</sup>relevant] benefits payable to or in respect of a member of a personal pension scheme—
    - (i) in respect of whom contributions to the scheme have ceased to be paid; and
    - (ii) who has accrued rights to benefit under the scheme.

[F<sup>2</sup>(1A) The following are relevant benefits for the purposes of subsection (1)—

*Status: Point in time view as at 30/12/2005.*

*Changes to legislation: Pension Schemes Act 1993, Chapter II is up to date with all changes known to be in force on or before 26 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (a) any benefits payable otherwise than by virtue of rights which are attributable (directly or indirectly) to a pension credit, and
  - (b) in the case of a salary related occupational pension scheme, any benefits payable by virtue of such rights, to the extent that the rights involve the member being credited by the scheme with notional pensionable service.]
- (2) In calculating 365 days for the purpose of subsection (1)(a)(iii), any day which is 29th February shall be disregarded.
- (3) In subsection (1)(b)—
- (a) the reference to a personal pension scheme does not include a scheme which is comprised in an annuity contract made before 4th January 1988; and
  - (b) the reference to contributions includes any minimum contributions.
- [<sup>F3</sup>(4) For the purposes of this section, an occupational pension scheme is salary related if—
- (a) it is not a money purchase scheme, and
  - (b) it does not fall within a prescribed class.]

#### Textual Amendments

- F1** Words in s. 83(1) inserted (1.12.2000) by [Welfare Reform and Pensions Act 1999 \(c. 30\), s. 89\(1\), Sch. 12 para. 31\(2\)](#); S.I. 2000/1047, art. 2(2)(d), Sch. Pt. 4
- F2** S. 83(1A) inserted (1.12.2000) by [Welfare Reform and Pensions Act 1999 \(c. 30\), s. 89\(1\), Sch. 12 para. 31\(3\)](#); S.I. 2000/1047, art. 2(2)(d), Sch. Pt. 4
- F3** S. 83(4) inserted (1.12.2000) by [Welfare Reform and Pensions Act 1999 \(c. 30\), s. 89\(1\), Sch. 12 para. 31\(4\)](#); S.I. 2000/1047, art. 2(2)(d), Sch. Pt. 4

#### Modifications etc. (not altering text)

- C1** Ss. 83-86 modified (30.12.2005) by [The Occupational Pension Schemes \(Cross-border Activities\) Regulations 2005 \(S.I. 2005/3381\), regs. 1, 14, Sch. 2 para. 3](#)

#### Commencement Information

- I1** Ss. 1-187 in force at 7.2.1994 by [S.I. 1994/86, art. 2](#)

## 84 Basis of revaluation.

- (1) Subject to subsections (2) and (3), in the case of such benefits as are mentioned in section 83(1)(a), any pension or other retirement benefit payable under the scheme in question to the member and any pension or other benefit payable under it to any other person in respect of him, is to be revalued by the final salary method.
- (2) If—
- (a) any such benefit is an average salary benefit or flat rate benefit; and
  - (b) it appears to the trustees or managers of the scheme under which it is payable that it is appropriate to revalue the benefit by the average salary method or, as the case may be, the flat rate method,
- then the benefit shall be revalued using that method.
- (3) If any benefit such as is mentioned in paragraph (a) of section 83(1) is a money purchase benefit, and in the case of such benefit as is mentioned in paragraph (b) of that section, the benefit shall be revalued using the money purchase method.

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(4) In this section—

“average salary benefit” means benefit the rate or amount of which is calculated by reference to the average salary of a member over the period of service on which the benefit is based;

“flat rate benefit” means any benefit the rate or amount of which is calculated by reference solely to the member’s length of service;

“average salary method”, “final salary method”, “flat rate method” and “money purchase method” have the meanings given in Schedule 3.

(5) The fact that a scheme provides for the amount of the pension or other benefit for a member or for any other person in respect of him to be increased during the pre-pension period—

(a) by the percentages specified during that period under section 151(1) of the <sup>M1</sup>Social Security Administration Act 1992 (directions specifying percentage increases for up-rating purposes); <sup>F4</sup>... [<sup>F5</sup>or

(b) under any arrangement which maintains the value of the pension or other benefit by reference to the rise in the retail prices index during that period,]

does not in itself result in conflict with this section, if the increase falls to be determined by reference to an amount from which the guaranteed minimum for a member or a member’s [<sup>F6</sup>widow, widower or surviving civil partner] has not been deducted.

<sup>F7</sup>(6) In subsection (5)(b), “retail prices index” means—

(a) the general index of retail prices (for all items) published by the Office for National Statistics, or

(b) where that index is not published for a month, any substituted index or figures published by that Office.]

#### Textual Amendments

**F4** Words in s. 84(5) repealed (6.4.1997) by Pensions Act 1995 (c. 26), s. 180(1), Sch. 5 para. 62, **Sch. 7 Pt. III**; S.I. 1997/664, art. 2(3), Sch. Pt. 2

**F5** S. 84(5)(b) and word inserted (18.11.2004) by Pensions Act 2004 (c. 35), **ss. 281(2)**, 322(2)(b) (with s. 313)

**F6** Words in s. 84(5) substituted (5.12.2005) by The Civil Partnership (Pensions and Benefit Payments) (Consequential, etc. Provisions) Order 2005 (S.I. 2005/2053), art. 1(3), **Sch. para. 12**

**F7** S. 84(6) added (18.11.2004) by Pensions Act 2004 (c. 35), **ss. 281(3)**, 322(2)(b) (with s. 313)

#### Modifications etc. (not altering text)

**C1** Ss. 83-86 modified (30.12.2005) by The Occupational Pension Schemes (Cross-border Activities) Regulations 2005 (S.I. 2005/3381), regs. 1, 14, **Sch. 2 para. 3**

#### Commencement Information

**I1** Ss. 1-187 in force at 7.2.1994 by S.I. 1994/86, **art. 2**

#### Marginal Citations

**M1** 1992 c. 5.

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