
STATUTORY INSTRUMENTS

2014 No. 1954

The Pensions Act 2011(Consequential and Supplementary Provisions) Regulations 2014

Amendment of the Pension Schemes Act 1993

3.—(1) The Pension Schemes Act 1993(1) is amended as follows.

(2) In section 84 (basis of revaluation)(2)—

(a) in subsection (1), for “Subject to subsections (2) and (3)” substitute “Subject to subsections (2) to (3B)”;

(b) after subsection (3) insert—

“(3A) If—

(a) any such benefit as is mentioned in section 83(1)(a) is a cash balance benefit in respect of which the available sum is not calculated by reference to final salary;

(b) the benefit is attributable to periods of pensionable service falling on or after the day on which section 29 of the Pensions Act 2011 (definition of money purchase benefits) comes into force; and

(c) 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 cash balance method,

then the benefit shall be revalued using that method.

(3B) Where a cash balance benefit in respect of which the available sum is not calculated by reference to final salary—

(a) is attributable to periods of pensionable service falling partly before and partly on or after the day on which section 29 of that Act comes into force; and

(b) it appears to the trustees or managers of the scheme under which it is payable that it is appropriate to revalue so much of the benefit as is attributable to the member’s pensionable service falling on or after that day by the cash balance method,

then so much of the benefit as is attributable to the member’s pensionable service falling on or after that day shall be revalued using that method.”; and

(c) in subsection (4)—

(i) after the definition of “average salary benefit” insert—

““cash balance benefit” has the meaning given by regulation 2 of the Pensions Act 2011 (Transitional, Consequential and Supplementary Provisions) Regulations 2014(3);

(1) 1993 c. 48.

(2) Section 84 was amended by sections 151 and 177 of, paragraph 62 of Schedule 5 to, and Part III of Schedule 7 to the Pensions Act 1995 (c. 26); section 281 of the Pensions Act 2004 (c. 35), section 19(1), (2) and (3) of the Pensions Act 2011 (c. 19) and S.I. 2005/2053.

(3) S.I. 2014/1711.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

“final salary”, in relation to a member to or in respect of whom benefits under a pension scheme are payable, means the member’s pensionable earnings, or highest, average or representative pensionable earnings, in a specified period ending at, or defined by reference to, the time when the member’s pensionable service in relation to that scheme ends;”;

(ii) in the definition of ““average salary method”, “final salary method”, “flat rate method” and “money purchase method””, after ““average salary method”,” insert ““cash balance method”,”; and

(iii) after the definition of ““average salary method”, “final salary method”, “flat rate method” and “money purchase method”” insert—

““pensionable earnings”, in relation to a member of a pension scheme, means earnings by reference to which benefits under the scheme are calculated.”.

(3) After paragraph 3 of Schedule 3 (the average salary method) insert—

“The cash balance method

3A. The cash balance method of revaluing a cash balance benefit is to revalue the available sum in respect of the benefit in any way in which it would have been revalued if the member’s pensionable service had not terminated.”.