



# Pension Schemes Act 1993

## 1993 CHAPTER 48

### PART III

#### CERTIFICATION OF PENSION SCHEMES AND EFFECTS ON MEMBERS' STATE SCHEME RIGHTS AND DUTIES

### CHAPTER III

#### TERMINATION OF CONTRACTED-OUT OR APPROPRIATE SCHEME STATUS: STATE SCHEME PREMIUMS

#### *Approval of arrangements for schemes ceasing to be certified*

#### **51 Calculation of guaranteed minimum pensions preserved under approved arrangements**

- (1) This section applies where—
  - (a) an earner's guaranteed minimum pension rights or accrued rights to guaranteed minimum pensions under a scheme are subject to approved arrangements, and
  - (b) one or more of the five tax years ending with the tax year in which the scheme ceases to be contracted-out is a relevant year in relation to the earner.
- (2) Where this section applies then, except in such circumstances as may be prescribed, section 16(1) shall have effect, subject to the following provisions, that is to say—
  - (a) any earnings factor shall be taken to be that factor as increased by the last order under section 21 of the Social Security Pensions Act 1975 or section 148 of the Social Security Administration Act 1992 to come into force before those five tax years; and
  - (b) any relevant earnings factors derived from contributions or earnings in respect of any year ("the relevant contributions year") shall be treated as increased

by 12 per cent. compound for each of those five tax years, other than any of those years which—

- (i) constitutes or begins before the relevant contributions year, or
  - (ii) begins after the final relevant year in relation to the earner.
- (3) Subsection (2) shall not apply in any case where its application would result in the amount of the guaranteed minimum being greater than it would have been apart from that subsection.
- (4) Regulations may provide that subsections (1) to (3) shall have effect with prescribed modifications in relation to a scheme which, immediately before it ceased to be contracted-out, contained provisions authorised by section 16(2).
- (5) In this section “relevant year” and “final relevant year” have the same meanings as in section 16.