



2014 CHAPTER 2

Design

Types of scheme

- 8.**—(1) Scheme regulations may establish a scheme under section 1 as—
- (a) a defined benefits scheme,
 - (b) a defined contributions scheme, or
 - (c) a scheme of any other description.
- (2) A scheme under section 1 which is a defined benefits scheme must be—
- (a) a career average revalued earnings scheme, or
 - (b) a defined benefits scheme of such other description as regulations made by the Department of Finance and Personnel may specify.
- (3) Such regulations may not specify a final salary scheme under subsection (2)(b).
- (4) A scheme under section 1 is a “career average revalued earnings scheme” if—
- (a) the pension payable to or in respect of a person, so far as it is based on the person’s pensionable service, is determined by reference to the person’s pensionable earnings in each year of pensionable service, and
 - (b) those earnings, or a proportion of those earnings accrued as a pension, are under the scheme revalued each year until the person leaves pensionable service.
- (5) Regulations made by the Department of Finance and Personnel under subsection (2)(b) are subject to negative resolution.

Revaluation

9.—(1) This section applies in relation to a scheme under section 1 which—

- (a) requires a revaluation of pensionable earnings of a person, or a proportion of those earnings accrued as a pension, until the person leaves pensionable service, and
- (b) requires such a revaluation to be by reference to a change in prices or earnings (or both) in a given period.

(2) The change in prices or earnings to be applied for the purposes of such a revaluation is to be such percentage increase or decrease as an order made by the Department of Finance and Personnel may specify in relation to the period.

(3) For the purposes of making such an order the Department of Finance and Personnel may determine the change in prices or earnings in any period by reference to the general level of prices or earnings estimated in such manner as the Department considers appropriate.

(4) An order made by the Department of Finance and Personnel under this section—

- (a) must be made in each year;
- (b) may make different provision for different purposes.

(5) An order made by the Department of Finance and Personnel under this section is subject to—

- (a) the affirmative procedure, if the order specifies a percentage decrease for the purposes of subsection (2), and
- (b) negative resolution, in any other case.

(6) For the purposes of subsection (1) any gap in the person's pensionable service which does not exceed 5 years is to be disregarded.

Pension age

10.—(1) The normal pension age of a person under a scheme under section 1 must be—

- (a) the same as the person's state pension age, or
- (b) 65, if that is higher.

(2) Subsection (1) does not apply in relation to fire and rescue workers who are firefighters.

The normal pension age for such persons under a scheme under section 1 must be the age specified by the scheme regulations for the scheme; and such regulations may specify any age not exceeding 60, but not less than 55.

(3) Subsection (1) does not apply in relation to members of the police service.

The normal pension age for such persons under a scheme under section 1 must be 60.

(4) The deferred pension age of a person under a scheme under section 1 must be—

- (a) the same as the person's state pension age, or
- (b) 65, if that is higher.

(5) Where—

- (a) a person's state pension age changes, and
- (b) the person's normal or deferred pension age under a scheme under section 1 changes as a result of subsection (1) or (4),

the change to the person's normal or deferred pension age must under the scheme apply in relation to all the benefits (including benefits already accrued under the scheme) which may be paid to or in respect of the person under the scheme and to which the normal or deferred pension age is relevant.

(6) The Department of Finance and Personnel may by order, made in relation to persons under a scheme under section 1 who are persons of such description as is specified in the order, provide—

- (a) that subsections (1) and (4) do not apply in relation to such persons, and
- (b) that the normal pension age and the deferred pension age in relation to such persons is such age as the order may provide.

(7) Before making an order under subsection (6), the Department must consult such persons (or representatives of such persons) as appear to the Department likely to be affected by the order.

(8) An order under subsection (6) is subject to the affirmative procedure.

(9) The Department of Finance and Personnel must conduct a review at intervals of not less than every two years following commencement of section 10 as to how the provisions of this Act affect the persons set out in section 1(2) and shall lay a report of the review before the Assembly on or before six months following the commencement of the review.

(10) In this Act—

- (a) "normal pension age", in relation to a person and a scheme, means the earliest age at which the person is entitled to receive benefits under the scheme (without actuarial adjustment) on leaving the service to which the scheme relates (and disregarding any special provision as to early payment of benefits on the grounds of ill-health or otherwise);
- (b) "deferred pension age", in relation to a person and a scheme, means the earliest age at which the person is entitled to receive benefits under the scheme (without actuarial adjustment) after leaving the service to which the scheme relates at a time before normal pension age (and disregarding

any special provision as to early payment of benefits on the grounds of ill-health or otherwise);

- (c) “state pension age”, in relation to a person, means the pensionable age of the person as specified from time to time in Part 1 of Schedule 2 to the Pensions (Northern Ireland) Order 1995.