

*These notes refer to the Pension Schemes Act (Northern Ireland)
2016 (c.1) which received Royal Assent on 15 January 2016*

Pension Schemes Act (Northern Ireland) 2016

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 3 – General Changes to Legislation about Pension Schemes

Section 47: Other amendments to do with Parts 1 and 2

Schedule 2: Other amendments to do with Parts 1 and 2

Pension Schemes (Northern Ireland) Act 1993

Section 120 of the Pension Schemes Act places a duty on the Department for Employment and Learning to pay unpaid contributions to schemes in the event of employer insolvency and consequent default on employer contributions. The amount that the Department is required to pay is the least of three amounts set out in paragraphs (a) to (c) of subsection (3). Subsection (3A) states that where the scheme is a money purchase scheme, the amount is the lesser of the amounts specified in paragraphs (a) and (c) (paragraph (b) is not relevant to money purchase schemes). The Schedule amends the wording to replace “money purchase scheme” with “defined contributions scheme, or a shared risk scheme under which all of the benefits that may be provided are money purchase benefits”. The Schedule also amends subsection (3A) so that it also applies to a shared risk scheme under which all the benefits that may be provided are money purchase benefits or collective benefits. This updates the provision to ensure it applies in the right way to schemes which offer collective benefits and that they are covered by the appropriate provision, as well as ensuring all schemes which are shared risk and have only money purchase and collective benefits, and schemes which are defined contributions and provide a guaranteed income after the point of retirement, are captured.

Section 176 of the Act is amended so that the terms, “defined contributions scheme”, “defined benefits scheme”, and “shared risk scheme”, as set out in Part 1 of this Act and “collective benefit”, as set out in Part 2 of this Act, apply in that Act.