

2014 No. 213

PENSIONS

**The Pensions (2012 Act)
(Consequential and Supplementary Provisions)
Regulations (Northern Ireland) 2014**

Made - - - - 23rd July 2014

Coming into operation - 24th July 2014

Approved by resolution of the Assembly on 17th November 2014

The Department for Social Development makes the following Regulations in exercise of the powers conferred by sections 29(1) and 31(1)(a), (b) and (c) of the Pensions Act (Northern Ireland) 2012(a).

Citation and commencement

1. These Regulations may be cited as the Pensions (2012 Act) (Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014 and shall come into operation on 24th July 2014.

Amendment of the Pension Schemes (Northern Ireland) Act 1993

2.—(1) The Pension Schemes (Northern Ireland) Act 1993(b) is amended in accordance with paragraphs (2) and (3).

(2) In section 80(c) (basis of revaluation)—

(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 79(1)(a)(d) 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 27 of the Pensions Act (Northern Ireland) 2012 (definition of money purchase benefits) comes into operation; and

(a) 2012 c. 3 (N.I.)

(b) 1993 c. 49

(c) Section 80 was amended by Part 3 of Schedule 5 to the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)), Article 258 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)), section 20(1) to (3) of the Pensions Act (Northern Ireland) 2012 and paragraph 13 of the Schedule to S.R. 2005 No. 434

(d) Section 79 was amended by paragraph 20 of Schedule 9 to the Welfare Reform and Pensions (Northern Ireland) Order 1999 (S.I. 1999/3147 (N.I. 11))

(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 27 of the Pensions Act (Northern Ireland) 2012 comes into operation; 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.”;

(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 (2012 Act) (Transitional, Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014(a);

“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”,”;

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

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

(3) In Schedule 2 (methods of revaluing accrued pension benefits) after paragraph 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.”.

Amendment of Schedule 8 to the Pensions (Northern Ireland) Order 2005

3. In Schedule 8 to the Pensions (Northern Ireland) Order 2005(b) (reviewable matters) after paragraph 16F insert—

“**16G.** Any determination by the Board, or the failure to make a determination, under regulation 53(1) of the Pensions (2012 Act) (Transitional, Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014 (discharge as money purchase liabilities: periods after the appointed day).

(a) S.R. 2014 No. 204

(b) S.I. 2005/255 (N.I. 1); paragraphs 16C to 16F were inserted by regulation 32 of S.R. 2011 No. 113

16H. Any determination by the Board, or the failure to make a determination, under regulation 54(2) of the Pensions (2012 Act) (Transitional, Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014 (closed schemes: Board’s assumption of responsibility after the appointed day).

16I. Any direction given by the Board, or the failure to give a direction, under regulation 56(1) of the Pensions (2012 Act) (Transitional, Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014 (discharge of pensions in payment derived from voluntary contributions treated as money purchase benefits: periods after the appointed day).”.

Sealed with the Official Seal of the Department for Social Development on 23rd July 2014

(L.S.)

Anne McCleary

A senior officer of the Department for Social Development

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are one of two sets of regulations implementing Part 4 of the Pensions Act (Northern Ireland) 2012, section 27 of which inserts provisions to clarify the definition of “money purchase benefits” in section 176 of the Pension Schemes (Northern Ireland) Act 1993 (“the 1993 Act”) and in section 78 of the Pensions (No. 2) Act (Northern Ireland) 2008. Section 27 has retrospective effect and these Regulations make consequential and supplementary amendments to primary legislation to support its commencement.

Regulation 2 amends the 1993 Act to allow trustees or managers of an occupational pension scheme to revalue cash balance benefits which are not calculated by reference to a member’s final salary by the “cash balance method”.

Regulation 3 amends Schedule 8 to the Pensions (Northern Ireland) Order 2005 by inserting three further reviewable matters relating to decisions of the Board of the Pension Protection Fund.

An assessment of the impact of these Regulations and the Pensions (2012 Act) (Transitional, Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014 is detailed in a Regulatory Impact Assessment, a copy of which has been laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of the Assessment are available from the Department for Social Development, Social Security Policy and Legislation Division, Level 1, James House, 2-4 Cromac Avenue, Gasworks Business Park, Ormeau Road, Belfast BT7 2JA or from the website: <http://www.dsdni.gov.uk/index/ssa/ssani-publications/ssani-pensions-publications.htm>.

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