

## EXPLANATORY NOTE

*(This note is not part of the Order)*

The Pension Protection Fund pays compensation to members of eligible occupational pension schemes when the employer becomes insolvent. The pension compensation is subject to a maximum cap – the compensation cap.

Schedule 20 to, the Pensions Act (Northern Ireland) 2015 (“the 2015 Act”) provides for a revised (increased) compensation cap dependent on a person’s age and length of service when the person first becomes entitled to compensation.

Article 2 makes transitional provision relating to the coming into operation of Schedule 20 to the 2015 Act in relation to pension sharing on divorce that is similar to the provisions of Part 2 of that Schedule (effect of change in transitional cases), with appropriate modifications, to deal amongst other things with the recalculation of pension compensation going forwards and the effect on old payments.

An assessment of the impact of the introduction of the Pension Protection Fund increased cap for long service is included in the Regulatory Impact Assessment which accompanied the 2015 Act, 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 Communities, Social Security Policy and Legislation Division, Level 8, Causeway Exchange, 1-7 Bedford Street, Belfast BT2 7EG or from the website: <https://www.communities-ni.gov.uk/articles/pension-information>.