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DRAFT STATUTORY INSTRUMENTS

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**2005 No.**

**The Pensions (Northern Ireland) Order 2005**

**PART VI**

**OCCUPATIONAL AND PERSONAL PENSION  
SCHEMES: MISCELLANEOUS PROVISIONS**

*Annual increases in rate of pensions*

**Annual increase in rate of certain occupational pensions**

**255.**—(1) Article 51 of the 1995 Order (annual increase in rate of certain occupational pensions) is amended in accordance with paragraphs (2) to (6).

(2) In paragraph (1)—

(a) omit “and” at the end of head (i) of sub-paragraph (a);

(b) at the end of head (ii) of that sub-paragraph insert—

“(iii) in the case where the pension becomes a pension in payment on or after the commencement day, is not a money purchase scheme, and”, and

(c) for sub-paragraph (b) substitute—

“(b) the whole, or any part of, the pension is attributable—

(i) to pensionable service on or after the appointed day, or

(ii) in the case of money purchase benefits where the pension is in payment before the commencement day, to payments in respect of employment carried on on or after the appointed day, and

(c) apart from this Article—

(i) the annual rate of the pension, or

(ii) if only part of the pension is attributable as described in sub-paragraph (b), so much of the annual rate as is attributable to that part,

would not be increased each year by at least the appropriate percentage of that rate.”.

(3) In paragraph (2) after “money purchase benefits” insert “where the pension is in payment before the commencement day”.

(4) In paragraph (4)(b) for “5 per cent. per annum” substitute

“—

(i) in the case of a category X pension, 5 per cent. per annum, and

(ii) in the case of a category Y pension, 2.5 per cent. per annum.”.

(5) After paragraph (4) insert—

“(4A) For the purposes of this Article, a pension is a category X pension if it is—

- (a) a pension which became a pension in payment before the commencement day, or
  - (b) a pension—
    - (i) which becomes a pension in payment on or after the commencement day, and
    - (ii) the whole of which is attributable to pensionable service before that day.
- (4B) For the purposes of this Article, a pension is a category Y pension if it is a pension—
- (a) which becomes a pension in payment on or after the commencement day, and
  - (b) the whole of which is attributable to pensionable service on or after the commencement day.
- (4C) For the purposes of applying this Article in the case of a pension—
- (a) which becomes a pension in payment on or after the commencement day,
  - (b) part of which is attributable to pensionable service before the commencement day, and
  - (c) part of which is attributable to pensionable service on or after that day,
- each of those parts of the pension is to be treated as if it were a separate pension.”.
- (6) In paragraph (5)—
- (a) for “paragraphs (2) and (3)” substitute “any of the provisions of this Article”, and
  - (b) in sub-paragraph (a), after “appointed day” insert “or the commencement day”.
- (7) After that Article insert—

**“Meaning of “the appropriate percentage”**

**51ZA.** For the purposes of Article 51(1)(c) and (2), “the appropriate percentage” in relation to an increase in the whole or part of the annual rate of a pension—

- (a) in the case of a category X pension, means the revaluation percentage for the latest revaluation period specified in the latest revaluation order (revaluation of accrued pension benefits) which is in force at the time of the increase, and
  - (b) in the case of a category Y pension, means whichever is the lesser of—
    - (i) the revaluation percentage for the latest revaluation period specified in the latest revaluation order which is in force at the time of the increase, and
    - (ii) 2.5 per cent.”.
- (8) In Article 54(3) of that Order (Articles 51 to 53: supplementary), at the appropriate place insert—

““the commencement day” means the day appointed for the coming into operation of Article 255 of the Pensions (Northern Ireland) Order 2005 (amendments to Article 51);”.