

SCHEDULE 5

INFORMATION ABOUT BENEFITS OF DIRECTORS

PART 3

SUPPLEMENTARY PROVISIONS

Meaning of “pension scheme” and related expressions

13.—(1) In this Schedule—

“pension scheme” means a retirement benefits scheme as defined by section 611 of the Income and Corporation Taxes Act 1988⁽¹⁾; and

“retirement benefits” has the meaning given by section 612(1) of that Act.

(2) In this Schedule “accrued pension” and “accrued lump sum”, in relation to any pension scheme and any director, mean respectively the amount of the annual pension, and the amount of the lump sum, which would be payable under the scheme on his attaining normal pension age if—

- (a) he had left the company’s service at the end of the financial year,
- (b) there was no increase in the general level of prices in the United Kingdom during the period beginning with the end of that year and ending with his attaining that age,
- (c) no question arose of any commutation of the pension or inverse commutation of the lump sum, and
- (d) any amounts attributable to voluntary contributions paid by the director to the scheme, and any money purchase benefits which would be payable under the scheme, were disregarded.

(3) In this Schedule, “company contributions”, in relation to a pension scheme and a director, means any payments (including insurance premiums) made, or treated as made, to the scheme in respect of the director by a person other than the director.

(4) In this Schedule, in relation to a director—

“defined benefits” means retirement benefits payable under a pension scheme that are not money purchase benefits;

“defined benefit scheme” means a pension scheme that is not a money purchase scheme;

“money purchase benefits” means retirement benefits payable under a pension scheme the rate or amount of which is calculated by reference to payments made, or treated as made, by the director or by any other person in respect of the director and which are not average salary benefits; and

“money purchase scheme” means a pension scheme under which all of the benefits that may become payable to or in respect of the director are money purchase benefits.

(5) In this Schedule, “normal pension age”, in relation to any pension scheme and any director, means the age at which the director will first become entitled to receive a full pension on retirement of an amount determined without reduction to take account of its payment before a later age (but disregarding any entitlement to pension upon retirement in the event of illness, incapacity or redundancy).

(6) Where a pension scheme provides for any benefits that may become payable to or in respect of any director to be whichever are the greater of—

- (a) money purchase benefits as determined by or under the scheme; and

(1) 1988 c.1.

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument:
The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 No. 410

(b) defined benefits as so determined,

the company may assume for the purposes of this paragraph that those benefits will be money purchase benefits, or defined benefits, according to whichever appears more likely at the end of the financial year.

(7) For the purpose of determining whether a pension scheme is a money purchase or defined benefit scheme, any death in service benefits provided for by the scheme are to be disregarded.