
DRAFT STATUTORY INSTRUMENTS

2014 No.

**The Pensions Act 2011(Transitional, Consequential
and Supplementary Provisions) Regulations 2014**

PART 1

Meaning of “cash balance benefit”

2.—(1) For the purposes of these Regulations, a benefit is a “cash balance benefit” if conditions 1 and 2 are met.

(2) Condition 1 is that a sum of money (“the available sum”) is available under the scheme for the provision of the benefit to or in respect of the member.

(3) Condition 2 is that under the scheme—

- (a) there is a promise about the amount of the available sum; but
- (b) there is no promise about the rate or amount of any pension to be provided from the available sum.

(4) The promise mentioned in paragraph (3)(a) includes in particular a promise about the change in the value of, or the return from, payments made under the scheme by the member or by any other person in respect of the member.

(5) The promise mentioned in paragraph (3)(b) includes a promise that—

- (a) the amount of the available sum will be sufficient to provide a pension of a particular rate or amount; and
- (b) the rate or amount of a pension will represent a particular proportion of the available sum.

(6) But a benefit is not prevented from being a cash balance benefit merely because under the scheme there is a promise that—

- (a) the rate or amount of the benefit payable in respect of a deceased member will be a particular proportion of the rate or amount of the benefit which was (or would have been) payable to the member; or
- (b) the amount of a lump sum payable to a member, or in respect of a deceased member, will represent a particular proportion of the available sum.