

Status: Point in time view as at 06/04/2005.

Changes to legislation: Pensions Act 2004, Cross Heading: Pension benefits postponed at assessment date is up to date with all changes known to be in force on or before 17 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 7

PENSION COMPENSATION PROVISIONS

Modifications etc. (not altering text)

- C1 Sch. 7 amendment to earlier affecting provision S.I. 2005/652, reg. 14(2) (1.4.2005) by [The Occupational Pension Schemes and Pension Protection Fund \(Amendment\) Regulations 2005 \(S.I. 2005/993\)](#), regs. 1(1), 7
- C2 Sch. 7 modified (6.4.2005) by [The Pension Protection Fund \(Reviewable Ill Health Pensions\) Regulations 2005 \(S.I. 2005/652\)](#), regs. 1(1), **15**
- C3 Sch. 7 applied (with modifications) (6.4.2005) by [The Pension Protection Fund \(Reviewable Ill Health Pensions\) Regulations 2005 \(S.I. 2005/652\)](#), regs. 1(1), **14(2)**
- C4 Sch. 7 modified (6.4.2005) by [The Pension Protection Fund \(Compensation\) Regulations 2005 \(S.I. 2005/670\)](#), regs. 1(1), **12** (with reg. 23(3))
- C5 Sch. 7 applied (with modifications) (6.4.2005) by [The Pension Protection Fund \(Hybrid Schemes\) \(Modification\) Regulations 2005 \(S.I. 2005/449\)](#), regs. 1(1), **3(2)-(4)**
- C6 Sch. 7 applied (with modifications) (6.4.2005) by [The Pension Protection Fund \(Reviewable Ill Health Pensions\) Regulations 2005 \(S.I. 2005/652\)](#), regs. 1(1), **13(1)**

Pension benefits postponed at assessment date

- 5 (1) Compensation is payable in accordance with this paragraph where immediately before the assessment date—
- (a) a person is entitled to present payment of a pension under the admissible rules of the scheme,
 - (b) payment of that pension is postponed, and
 - (c) he has attained normal pension age in relation to the pension.
- (2) That person (“the postponed pensioner”) is entitled to periodic compensation in respect of that pension (“the pension”) commencing at the assessment date and continuing for life or, in a case to which sub-paragraph (7) applies, until such time as entitlement to the pension would have ceased under the admissible rules.
- (3) The annual rate of the periodic compensation is 100% of the aggregate of—
- (a) the protected pension rate, and
 - (b) any increases under paragraph 28 (annual increases in periodic compensation).
- (4) In sub-paragraph (3) “the protected pension rate” means what would have been the annual rate of the pension, under the admissible rules, if the postponement of payment had ceased immediately before the assessment date.

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- (5) In determining for the purposes of sub-paragraph (4) the annual rate of the pension immediately before the assessment date, any recent discretionary increase is to be disregarded if paragraph 35(3) applies.
- (6) Where the pension is attributable (directly or indirectly) to a pension credit, the reference in sub-paragraph (1)(c) to “normal pension age” is to be read as a reference to “normal benefit age”.
- (7) This sub-paragraph applies where the pension was not attributable—
 - (a) to the postponed pensioner’s pensionable service, or
 - (b) (directly or indirectly) to a pension credit to which the postponed pensioner became entitled under section 29(1)(b) of the Welfare Reform and Pensions Act 1999 (c. 30).
- (8) This paragraph is subject to—
 - paragraph 24 (commutation), and
 - paragraph 30 (power of Secretary of State to change percentage rates by order).

Modifications etc. (not altering text)

- C1** Sch. 7 para. 5 modified (6.4.2005) by [The Pension Protection Fund \(Compensation\) Regulations 2005 \(S.I. 2005/670\)](#), regs. 1(1), **25(2)(a)** (with reg. 23(3))

Commencement Information

- II** Sch. 7 para. 5 in so far as not already in force (6.4.2005) by [S.I. 2005/275](#), art. 2(7), **Sch. Pt. 7**

- 6 (1) This paragraph applies where the postponed pensioner—
 - (a) dies on or after the assessment date, and
 - (b) the pension was attributable—
 - (i) to the postponed pensioner’s pensionable service, or
 - (ii) (directly or indirectly) to a pension credit to which the postponed pensioner became entitled under section 29(1)(b) of the Welfare Reform and Pensions Act 1999.
- (2) Subject to sub-paragraph (4), the postponed pensioner’s widow or widower is entitled to periodic compensation commencing on the day following the postponed pensioner’s death and continuing for life.
- (3) The annual rate of the periodic compensation at any time is half of the annual rate of the periodic compensation (including any increases under paragraph 28) to which the postponed pensioner would at that time have been entitled under paragraph 5 in respect of the pension had the postponed pensioner not died.
- (4) The postponed pensioner’s widow or widower is not entitled to periodic compensation under this paragraph in such circumstances as may be prescribed.
- (5) In this paragraph “the postponed pensioner” and “the pension” are to be construed in accordance with paragraph 5.

Commencement Information

- I2** Sch. 7 para. 6(1)-(3)(5) in force at 6.4.2005 by [S.I. 2005/275](#), art. 2(7), **Sch. Pt. 7**

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I3 Sch. 7 para. 6(4) in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by [S.I. 2005/275](#), art. 2(3), **Sch. Pt. 3**

- 7 (1) Compensation is payable in accordance with this paragraph where immediately before the assessment date—
- (a) a person is entitled to present payment of a lump sum under the admissible rules of the scheme (“the scheme lump sum”),
 - (b) payment of that lump sum is postponed, and
 - (c) he has attained normal pension age in relation to the lump sum.
- (2) That person is entitled to compensation in the form of a lump sum of an amount equal to 100% of the amount of the scheme lump sum which would have been payable had the postponement ceased immediately before the assessment date.
- (3) The compensation is payable at the assessment date.
- (4) Where the scheme lump sum is attributable (directly or indirectly) to a pension credit, the reference in sub-paragraph (1)(c) to “normal pension age” is to be read as a reference to “normal benefit age”.
- (5) This paragraph does not apply in relation to a lump sum to which a person is entitled by reason of commuting any part of a pension under the scheme.
- (6) This paragraph is subject to paragraph 30 (power of Secretary of State to change percentage rates by order).

Commencement Information

I4 Sch. 7 para. 7 in force at 6.4.2005 by [S.I. 2005/275](#), art. 2(7), **Sch. Pt. 7**

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