



Pensions Act 2011

2011 CHAPTER 19

PART 4

MONEY PURCHASE BENEFITS

VALID FROM 24/07/2014

29 Definition of money purchase benefits

- (1) In section 181 of the Pension Schemes Act 1993 (interpretation), in the definition of “money purchase benefits” in subsection (1), for “which are not average salary benefits” substitute “ which fall within section 181B ”.
- (2) After section 181A of that Act insert—

“181B Money purchase benefits: supplementary

- (1) This section applies for the purposes of the definition of “money purchase benefits” in section 181(1).
- (2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member.
- (3) A benefit which is a pension in payment falls within this section if—
 - (a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and
 - (b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).
- (4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

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- (5) In this section references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004).”
- (3) In section 99 of the Pensions Act 2008 (interpretation) in the definition of “money purchase benefits” for “which are not average salary benefits” substitute “ which fall within section 99A ”.
- (4) After that section insert—

“99A Money purchase benefits: supplementary

- (1) This section applies for the purposes of the definition of “money purchase benefits” in section 99.
- (2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member.
- (3) A benefit which is a pension in payment falls within this section if—
- (a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and
 - (b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).
- (4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.
- (5) In this section references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004).”
- (5) In paragraph 1(2) of Schedule 10A to the Building Societies Act 1986 (disclosures about directors etc), in the definition of “money purchase benefits”, for “which are not average salary benefits” substitute “ which fall within paragraph 1A ”.
- (6) In that Schedule, after paragraph 1 insert—

- “1A (1) This paragraph applies for the purposes of the definition of “money purchase benefits” in paragraph 1(2).
- (2) A benefit other than a pension in payment falls within this paragraph if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the director.
- (3) A benefit which is a pension in payment falls within this paragraph if—
- (a) its provision to or in respect of the director is secured by an annuity contract or insurance policy made or taken out with an insurer, and

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- (b) at all times before coming into payment the pension was a benefit falling within this paragraph by virtue of sub-paragraph (2).
- (4) For the purposes of sub-paragraph (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.
- (5) In this paragraph references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004)."
- (7) The amendments made by subsections (1) and (2) are to be regarded as having come into force on 1 January 1997.
- (8) The amendments made by subsections (3) and (4) are to be regarded as having come into force at the same time as section 99 of the Pensions Act 2008.

30 Transitional

- (1) The Secretary of State may by regulations make transitional provision in relation to the coming into force of the amendments in section 29.
- (2) That provision includes in particular—
 - (a) provision disapplying the amendments in section 29 in relation to an occupational or personal pension scheme which is wound up before the coming into force of that section;
 - (b) provision disapplying the amendments in section 29 to any extent, or as regards any period, in respect of an occupational or personal pension scheme in relation to which those amendments would otherwise have applied on the coming into force of that section;
 - (c) provision modifying the application of an enactment in respect of an occupational or personal pension scheme in relation to which the amendments in section 29 apply on the coming into force of that section;
 - (d) provision requiring trustees or managers of an occupational pension scheme in relation to which the amendments in section 29 apply on the coming into force of that section to obtain an actuarial valuation of a description specified in the regulations.
- (3) In subsection (2) “occupational pension scheme” and “personal pension scheme” have the meanings given by section 1 of the Pension Schemes Act 1993.

31 Consequential and supplementary

- (1) The Secretary of State may by regulations make consequential or supplementary provision in relation to the amendments made by section 29.
- (2) In section 307 of the Pensions Act 2004 (modification of Act) in subsection (2) after paragraph (b) insert—
 - “(ba) Part 3 (scheme funding),”.

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32 Power to make further provision

- (1) The Secretary of State may by regulations amend for any purpose the definition of “money purchase benefit” in the Pension Schemes Act 1993, the Pensions Act 2008 or Schedule 10A to the Building Societies Act 1986.
- (2) Regulations under subsection (1) may in particular amend the provisions inserted by section 29 above.
- (3) Regulations under this section may include transitional, consequential or supplementary provision.

33 Regulations

- (1) Regulations under this Part may—
 - (a) make different provision for different cases (including different provision for pension schemes of different descriptions);
 - (b) provide for a person to exercise a discretion in dealing with any matter;
 - (c) amend Acts (as well as other enactments);
 - (d) have retrospective effect.
- (2) Regulations under this Part must be made by statutory instrument.
- (3) A statutory instrument containing regulations under this Part which amend an Act may not be made unless a draft of the instrument has been laid before, and approved by resolution of, each House of Parliament.
- (4) A statutory instrument containing any other regulations under this Part is subject to annulment in pursuance of a resolution of either House of Parliament.

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