



Pensions Act 2011

2011 CHAPTER 19

PART 3

OCCUPATIONAL PENSION SCHEMES

Indexation and revaluation

21 Indexation requirements for cash balance benefits

- (1) Section 51 of the Pensions Act 1995 (annual increase in rate of certain pensions) is amended as follows.
- (2) In subsection (1) for “subsection (6)” substitute “ subsections (6) and (7) ”.
- (3) After subsection (6) insert—
 - “(7) This section does not apply to any pension (or part of a pension) under a relevant occupational pension scheme which—
 - (a) is a cash balance benefit (see section 51ZB), and
 - (b) first comes into payment on or after the day on which section 21 of the Pensions Act 2011 comes into force.
 - (8) An occupational pension scheme is a “relevant occupational pension scheme” if—
 - (a) it has not, on or after the appointed day, been contracted-out by virtue of satisfying section 9(2) of the Pension Schemes Act 1993, or
 - (b) it has, on or after the appointed day, been so contracted-out, but no person is entitled to receive, or has accrued rights to, benefits under the scheme attributable to the period on or after that day when it was so contracted-out.”
- (4) After section 51ZA of the Pensions Act 1995 insert—

Status: Point in time view as at 03/01/2012.

Changes to legislation: Pensions Act 2011, Section 21 is up to date with all changes known to be in force on or before 30 August 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)

“51ZB Meaning of “cash balance benefit”

- (1) For the purposes of section 51(7)(a), a pension provided to or in respect of a member of an occupational pension scheme is a “cash balance benefit” if conditions 1 and 2 are met.
- (2) Condition 1 is that the rate of the pension is calculated by reference to a sum of money (“the available sum”) which is available under the scheme for the provision of benefits 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 the benefits to be provided.
- (4) The promise mentioned in subsection (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 subsection (3)(b) includes a promise that—
 - (a) the amount of the available sum will be sufficient to provide benefits of a particular rate or amount;
 - (b) the rate or amount of a benefit will represent a particular proportion of the available sum.
- (6) But a pension 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 a benefit payable in respect of a deceased member will be a particular proportion of the rate or amount of a benefit which was (or would have been) payable to the member;
 - (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.”

Commencement Information

II S. 21 in force at 3.1.2012 by S.I. 2011/3034, art. 3(c)

Status:

Point in time view as at 03/01/2012.

Changes to legislation:

Pensions Act 2011, Section 21 is up to date with all changes known to be in force on or before 30 August 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.