

# Pensions Act 2014

## **2014 CHAPTER 19**

## PART 6

## PRIVATE PENSIONS

Automatic enrolment

#### VALID FROM 11/09/2014

## 37 Automatic re-enrolment: exceptions where automatic enrolment deferred

- (1) The Pensions Act 2008 is amended as follows.
- (2) In section 5 (automatic re-enrolment), after subsection (3) insert-

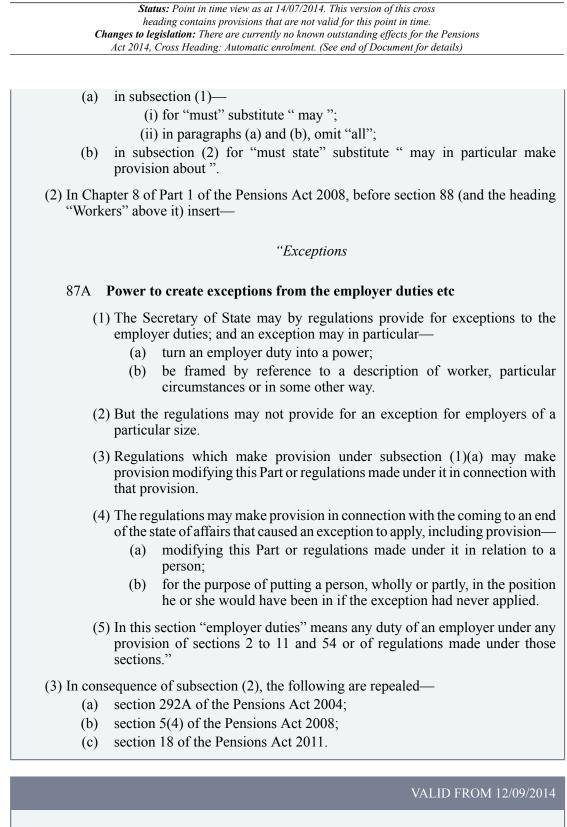
"(3A) Subsection (2) does not apply if the jobholder's automatic enrolment date is deferred under section 4 from a date before the automatic re-enrolment date to a date after the automatic re-enrolment date."

- (3) In section 30(7) (transitional period for defined benefits and hybrid schemes), at the end insert—
  - "(c) section 5(2) does not apply in relation to an automatic re-enrolment date that falls before the day with effect from which arrangements would by virtue of this section fall to be made in respect of the jobholder."

#### VALID FROM 11/09/2014

#### 38 Automatic enrolment: powers to create general exceptions

(1) In section 10 of the Pensions Act 2008 (information to be given to workers)-



#### **39** Alternative quality requirements for UK defined benefits schemes

- (1) The Pensions Act 2008 is amended as follows.
- (2) After section 23 insert—

#### "23A Alternative quality requirements for UK defined benefits schemes

- (1) The Secretary of State may by regulations provide that a defined benefits scheme that has its main administration in the United Kingdom satisfies the quality requirement in relation to a jobholder if any one or more of the following is satisfied—
  - (a) the scheme is of a prescribed description and satisfies the quality requirement under section 20 in relation to that jobholder;
  - (b) the cost of providing the benefits accruing for or in respect of the relevant members over a relevant period would require contributions to be made of a total amount equal to at least a prescribed percentage of the members' total relevant earnings over that period;
  - (c) in the case of each of at least 90% of the relevant members, the cost of providing the benefits accruing for or in respect of the member over a relevant period would require contributions to be made of a total amount equal to at least a prescribed percentage of the member's total relevant earnings over that period.
- (2) For this purpose—

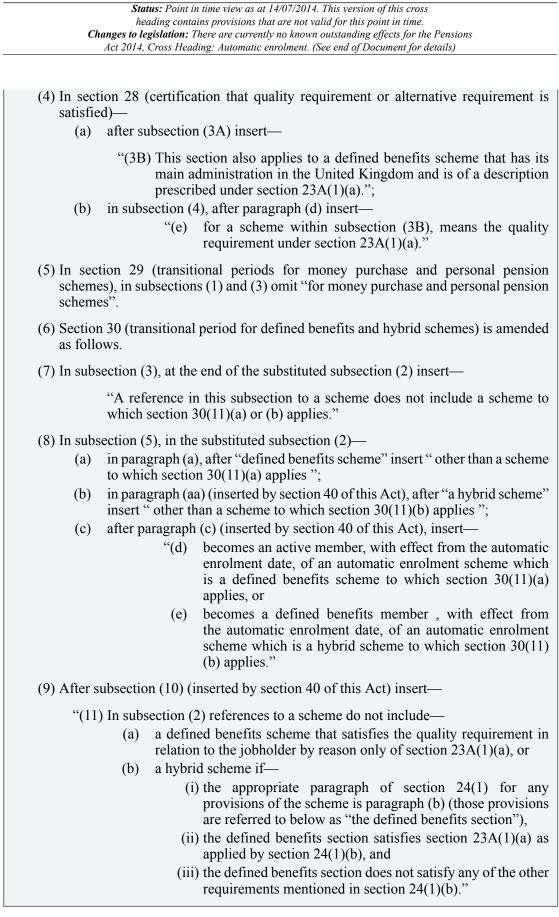
"contributions" means contributions to the scheme by, or on behalf or in respect of, a relevant member;

"relevant earnings" means earnings of a prescribed description;

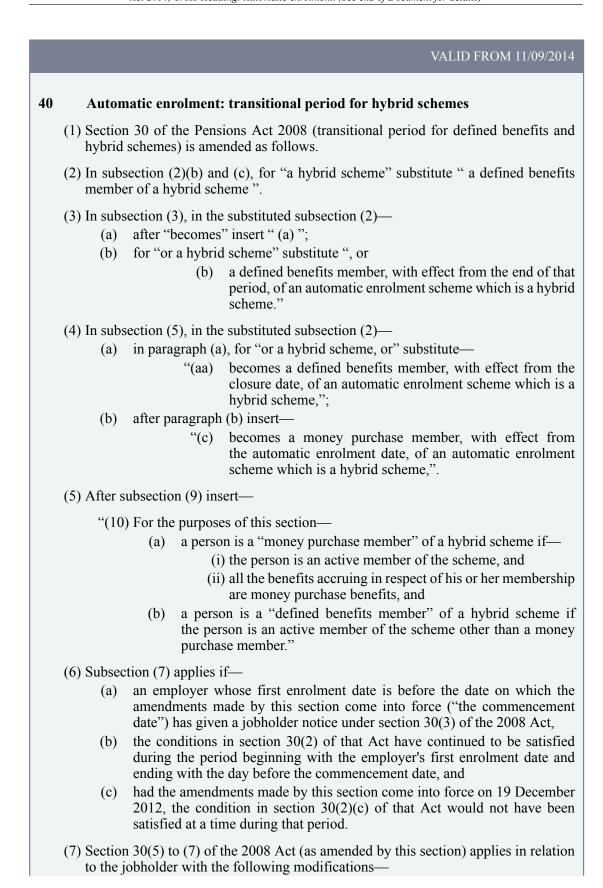
"relevant members" means members of the scheme of a prescribed description;

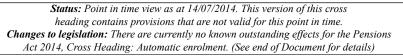
"relevant period" means a period specified in or determined in accordance with the regulations.

- (3) A percentage prescribed under subsection (1)(b) or (c) must be at least 8%.
- (4) Regulations under subsection (1)(b) or (c) may make provision-
  - (a) about how to calculate whether the requirement is satisfied, including provision requiring the calculation to be made in accordance with prescribed methods or assumptions;
  - (b) requiring benefits of a prescribed description to be disregarded in determining whether the requirement is satisfied;
  - (c) that a scheme only satisfies the requirement if the scheme actuary certifies that it does; and for this purpose "scheme actuary" has the prescribed meaning.
- (5) Section 13(3) (meaning of "earnings") applies for the purposes of this section as it applies for the purposes of that section.
- (6) The Secretary of State must from time to time review any regulations in force under subsection (1).
- (7) A review must be carried out—
  - (a) during 2017, and
  - (b) after that, no more than three years after the completion of the previous review."
- (3) In section 24 (quality requirement: UK hybrid schemes), in subsection (1)(b), for "23" substitute " 23A ".



Status: Point in time view as at 14/07/2014. This version of this cross heading contains provisions that are not valid for this point in time. Changes to legislation: There are currently no known outstanding effects for the Pensions Act 2014, Cross Heading: Automatic enrolment. (See end of Document for details)





- (a) references in section 30(5) and (6) of that Act to the closure date are to be read as references to the commencement date, and
- (b) references in section 30(5) and (6) of that Act to the automatic enrolment date are to be read as references to—
  - (i) 19 December 2012, or
  - (ii) if later, the employer's first enrolment date;

and section 30(3) and (4) of that Act does not apply.

(8) Expressions used in this section and in section 30 of the 2008 Act have the same meaning in this section as in that section.

#### 41 Penalty notices under sections 40 and 41 of the Pensions Act 2008 etc

- (1) In sections 40(1)(d) and 41(1)(d) of the Pensions Act 2008 (fixed and escalating penalty notices), at the end insert ", so far as relevant to the exercise of any of its functions under or by virtue of this Part".
- (2) In section 72 of the Pensions Act 2004 (powers to require information), in subsection (1A), for "Chapter 2 of Part 1 of the Pensions Act 2008 or section 51 of that Act" substitute " or by virtue of Part 1 of the Pensions Act 2008 ".

#### VALID FROM 11/09/2014

#### 42 Unpaid scheme contributions

- (1) The Pension Schemes Act 1993 is amended as follows.
- (2) In section 123 (payment by Secretary of State of unpaid scheme contributions on employer insolvency: interpretation)—
  - (a) in subsection (3), for the definition of "contract of employment" and related expressions substitute—

""employer", "employment", "worker" and "worker's contract" and other expressions which are defined in the Employment Rights Act 1996 have the same meaning as in that Act (see further subsections (3A) and (3B));";

- (b) in subsection (3), in paragraph (b) of the definition of "holiday pay", for "the employee's contract of employment" substitute " the worker's contract ";
- (c) after subsection (3) insert—
  - "(3A) Section 89 of the Pensions Act 2008 (agency workers) applies for the purposes of this Chapter as it applies for the purposes of Part 1 of that Act.
    - (3B) References in this Chapter to a worker include references to an individual to whom Part 1 of the Pensions Act 2008 applies as if the individual were a worker because of regulations made under section 98 of that Act; and related expressions are to be read accordingly."
- (3) In section 124 (Secretary of State's duty to pay unpaid contributions)—
  - (a) for "an employee", in each place, substitute " a worker ";

- (b) for "the employee", in each place, substitute " the worker ";
- (c) for "the employee's" substitute "the worker's";
- (d) for "employees", in each place, substitute " workers ".
- (4) In section 161, for "contract of employment" substitute "worker's contract".
- (5) In section 165(7)—
  - (a) in paragraph (a), for "contract of employment the employee" substitute " worker's contract the worker ";
  - (b) in paragraph (b), for "employee" substitute " worker ".

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