

*These notes refer to the Pension Schemes Act 2015
(c.8) which received Royal Assent on 3 March 2015*

PENSION SCHEMES ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 3 – General Changes to Pensions Legislation about Pension Schemes

Section 46: Other amendments to do with Parts 1 and 2

Schedule 2: Other amendments to do with Parts 1 and 2

Pension Schemes Act 1993

139. Section 124 of the Pension Schemes Act 1993 places a duty on the Secretary of State to pay unpaid contributions to schemes in the event of employer insolvency and consequent default on employer contributions. The amount the Secretary of State is required to pay is the least of three amounts set out in paragraphs (a) to (c) of subsection (3). Subsection (3A) states that where the scheme is a money purchase scheme, the amount is the lesser of the amounts specified in paragraphs (a) and (c) (paragraph (b) is not relevant to money purchase schemes). Schedule 2 of the Pension Schemes Act 2015 amends the wording to replace ‘money purchase scheme’ with ‘defined contributions scheme, or a shared risk scheme under which all of the benefits that may be provided are money purchase benefits’. The Schedule inserts a new subsection (3A) so that it also applies to a shared risk scheme under which all the benefits that may be provided are money purchase benefits or collective benefits. This updates the provision to ensure it applies in the right way to schemes which offer collective benefits and that they are covered by the appropriate provision, as well as ensuring all schemes which are shared risk and have only money purchase and collective benefits, and schemes which are defined contributions and provide a guaranteed income after the point of retirement, are captured.