

SCHEDULES

SCHEDULE 1

EARLY LEAVERS: REVALUATION OF ACCRUED BENEFITS

4 For section 84 substitute—

“84 Old basis of revaluation: occupational pension schemes

- (1) A benefit of the kind mentioned in section 83(1)(a) must be revalued in accordance with this section if it is attributable to pensionable service before the 2015 Act commencement date.
- (2) The benefit must be revalued using the final salary method unless it is—
 - (a) a money purchase benefit (see subsection (3)),
 - (b) an average salary benefit revalued in accordance with subsection (4),
or
 - (c) a flat rate benefit revalued in accordance with subsection (5).
- (3) If the benefit is a money purchase benefit it must be revalued using the money purchase method.
- (4) If the benefit is an average salary benefit it must be revalued using the average salary method if the trustees or managers of the scheme consider the average salary method to be more appropriate than the final salary method.
- (5) If the benefit is a flat rate benefit it must be revalued using the default method if the trustees or managers of the scheme consider the default method to be more appropriate than the final salary method.

84A Old basis of revaluation: personal pension schemes

- (1) A benefit of the kind mentioned in section 83(1)(b) must be revalued in accordance with this section if it is attributable to contributions received before the 2015 Act commencement date.
- (2) The benefit must be revalued using the money purchase method.

84B New basis of revaluation: occupational pension schemes

- (1) A benefit of the kind mentioned in section 83(1)(a) that is a collective benefit must be revalued using the default method.
- (2) A benefit of the kind mentioned in section 83(1)(a) that is not a collective benefit must be revalued in accordance with the following provisions of this section if it is attributable to pensionable service on or after the 2015 Act commencement date.
- (3) The benefit must be revalued using the default method unless it is—

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- (a) a money purchase benefit (see subsection (4)),
 - (b) a salary related benefit (see subsections (5) and (6)), or
 - (c) a flat rate benefit revalued in accordance with subsection (7).
- (4) If the benefit is a money purchase benefit it must be revalued using the money purchase method.
- (5) If the benefit is a salary related benefit it must be revalued using the final salary method unless it is revalued in accordance with subsection (6).
- (6) If the benefit is an average salary benefit it must be revalued using the average salary method if the trustees or managers of the scheme consider the average salary method to be more appropriate than the final salary method.
- (7) If the benefit is a flat rate benefit it must be revalued using the final salary method if the trustees or managers of the scheme consider the final salary method to be more appropriate than the default method.

84C New basis of revaluation: personal pension schemes

- (1) A benefit of the kind mentioned in section 83(1)(b) must be revalued in accordance with this section if it is attributable to contributions received on or after the 2015 Act commencement date.
- (2) The benefit must be revalued using the default method unless it is a money purchase benefit.
- (3) If the benefit is a money purchase benefit it must be revalued using the money purchase method.

84D Hybrid benefits

- (1) This section modifies the revaluation requirements in this Chapter in relation to hybrid benefits.
- (2) “Hybrid benefit” means a benefit the rate or amount of which depends on which of two or more alternative methods of calculation produces the highest, or lowest, rate or amount.
- (3) For hybrid benefits—
 - (a) first, calculate the benefit using each of those methods and revalue in accordance with this Chapter, and
 - (b) then, determine which method of calculation produces the highest, or lowest, rate or amount.

84E Revaluation by other methods: general

The fact that an occupational pension scheme provides for the amount of the pension or other benefit for a member or for any other person in respect of the member to be increased during the pre-pension period—

- (a) by the percentages specified during that period under section 151(1) of the Social Security Administration Act 1992 (directions specifying percentage increases for up-rating purposes), or

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- (b) under any arrangement which, in the opinion of the Secretary of State, maintains the value of the pension or other benefit by reference to the rise in the general level of prices in Great Britain during that period,

does not in itself result in conflict with section 84 or 84B, if the increase falls to be determined by reference to an amount from which the guaranteed minimum for a member or a member's widow, widower, surviving same sex spouse or surviving civil partner has not been deducted.

84F Revaluation by other methods: transitional protection in certain cases

- (1) This section applies to a scheme which, before the 2015 Act commencement date, provided for any description of benefits to which this Chapter applies to be revalued by a method that the scheme was allowed to use under subsection (3A) or (3B) of old section 84.
- (2) The scheme may continue to use that method of revaluation in relation to that description of benefits for so long as it continues to contain that provision.
- (3) In subsection (1), “the old section 84” means section 84 as it had effect immediately before the substitution made by Schedule 1 to the Pension Schemes Act 2015.”