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SCHEDULE 1

The New Provisions

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APPENDIX 3—RULES OF THE NATS SECTION

PART 2:

BENEFITS AND THE ADMINISTRATION OF BENEFITS

39.

INCREASES IN PENSIONS IN PAYMENT

39.1 Pensions in course of payment from the NATS Section shall be increased in each year on 1 April by the percentage increase in the cost of living over the past year as shown in the Index for the month of February prior to the relevant 1 April or, in the case of a pension which commenced to be paid within the year to 31 March by a proportional amount calculated on a basis determined by the Trustees with the advice of the Actuary; provided always that

- (a) increases under this Rule to a Member's pension shall, after attainment by the Member of State Pensionable Age, be calculated in respect only of that part (if any) of the Member's pension which is in excess of his Guaranteed Minimum Pension except that this proviso shall not be applied in respect of a Member until the 1 April after the 1 April which next follows his attainment of State Pensionable Age; and
- (b) increases under this Rule to a pension payable under the NATS Section to a Member's Spouse shall be calculated in respect only of that part (if any) of the Spouse's pension which exceeds the Spouse's Guaranteed Minimum Pension in respect of the Member or, in the case of a pension payable at the rate described in Rule 28.3(a), that part (if any) of the Spouse's pension which exceeds twice the Spouse's Guaranteed Minimum Pension in respect of the Member at the date of his death except that this proviso shall not be applied in respect of the first increase to be made under this Rule to any pension payable to the Spouse of a Member who has died before attainment of State Pensionable Age; and
- (c) the said pensions shall be increased at least to such extent and on such dates as are necessary to comply with the provisions of Chapter I of Part V of the Pension Schemes Act 1993⁽¹⁾ and the requirements of the Department of Social Security in relation to the increase in pensions in payment; and
- (d) if there is a percentage decrease in the cost of living as shown in the Index references in this Rule 39 to increases and increasing a Member's pension shall be taken to be references to decreases and decreasing a Member's pension but such decreases shall be such as the Trustees with the consent of the Employers may determine and shall not apply:
 - (i) to pensions of a Member who became entitled to a deferred pension hereunder upon ceasing to be a Current Member more than 365 days before Normal Pension Date; or
 - (ii) so as to reduce a Member's pension from the NATS Section below the level of such pension at the date of its commencement,

and provided further that paragraphs (a) and (b) above shall not apply if the person to whom such pension is payable is not in receipt of the increases paid by the State in respect of the notional state pension to which the Guaranteed Minimum Pension or Spouse's Guaranteed Minimum Pension corresponds.

(1) 1993 c. 48.

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Increases in accordance with this Rule 39 shall be not less in amount than are required to satisfy sections 51 to 54 of the Pensions Act 1995(2) and shall satisfy any other requirements of that Act relating to such increases including requirements relating to amounts of increases and to dates of payment and other terms and conditions relating thereto.

(2) 1995 c. 26; section 51 was amended by the Welfare Reform and Pensions Act 1999 (c. 30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 51; section 53 was amended by that Act, section 84(1) and Schedule 12, Part I, paragraphs 43 and 52; section 54 was amended by that Act, section 18 and Schedule 2, paragraph 13.