
STATUTORY INSTRUMENTS

2005 No. 670

The Pension Protection Fund (Compensation) Regulations 2005

PART 6

**Compensation in respect of protected transfer
payment or protected contribution repayment**

Modification of admissible rules

16.—(1) For the purposes of paragraph 20(4) of Schedule 7 to the Act (calculation of amount of compensation in accordance with admissible rules in respect of scheme right to transfer payment or contribution refund) where the Board is satisfied that it is not possible to apply the admissible rules in order to calculate the amount of the protected transfer payment or protected contribution repayment the Board shall apply the admissible rules as if they included—

- (a) the formula in paragraph (2) in order to calculate the amount of the protected transfer payment; or
- (b) the provision specified in paragraph (4) in order to calculate the amount of the protected contribution repayment.

(2) Subject to paragraph (3), the formula referred to in paragraph (1)(a) is—

$$AR \times PE \times PS$$

where—

- a AR is the person's annual accrual rate in respect of the value of benefits accrued to him under the scheme rules;
- b PE is the person's annual pensionable earnings in respect of the value of benefits accrued to him under the scheme rules; and
- c PS is the person's pensionable service in respect of the value of benefits accrued to him under the scheme rules in years (including any fraction of a year).

(3) In any case where the Board is satisfied that it is not possible to identify one or more of the elements of the formula in paragraph (2), the Board may, having regard to the admissible rules, determine how the protected transfer payment is to be calculated.

(4) The provision specified in this paragraph is that the protected contribution repayment shall be calculated by reference to the amount of contributions actually made by the person or on his behalf to the scheme.

Disapplication of paragraphs 8, 10, 11 and 14 of Schedule 7

17.—(1) In the case of a person who, in respect of the same pensionable service under the scheme would be entitled to compensation under paragraph 20 of Schedule 7 to the Act (compensation for persons who were active members immediately before assessment date), paragraphs 8, 10, and 11 of that Schedule are modified in their effect, as if after sub-paragraph (8) of those paragraphs there were inserted the following sub-paragraph—

“(9) Compensation shall not be payable in accordance with the provisions of this paragraph, where a person is entitled to compensation in accordance with the provisions of paragraph 20.”.

(2) In the case of a person who, in respect of the same pensionable service under the scheme would be entitled to compensation under paragraph 20 of Schedule 7 to the Act (compensation for persons who were active members immediately before assessment date), paragraph 14 of that Schedule is modified in its effect, as if after sub-paragraph (9) of that paragraph, there were inserted the following sub-paragraph—

“(10) Compensation shall not be payable in accordance with the provisions of this paragraph, where a person is entitled to compensation in accordance with the provisions of paragraph 20.”.

Transitional provisions

18. Where compensation would be payable under paragraph 20 of Schedule 7 to the Act if Chapter 5 of Part 4 of the Pension Schemes Act 1993⁽¹⁾ were in force, paragraph 20(1)(c) and (d) shall have effect, as if Chapter 5 were in force.

⁽¹⁾ Chapter 5 is substituted by section 264 of the Pensions Act 2004.