
STATUTORY INSTRUMENTS

2005 No. 670

The Pension Protection Fund (Compensation) Regulations 2005

PART 1

Preliminary

Citation commencement and interpretation

1.—(1) These Regulations may be cited as the Pension Protection Fund (Compensation) Regulations 2005 and shall come into force on 6th April 2005.

(2) In these Regulations—

[^{F1}“the 2004 Act” means the Finance Act 2004;]

“the Act” means the Pensions Act 2004;

[^{F2}“the assessment date” means the date on which the assessment period in relation to the scheme or section, or (where there has been more than one such assessment period) the last one, began;]

[^{F3}“the basic element” and “the bridging element”, in relation to a pension which falls within regulation 28(1)(b) (variable-rate schemes which provide for a decrease in annual rate of pension: modification of Schedule 7 to the Act), have the meanings given in regulation 28(2);]

[^{F4}“commutation limit” means the amount specified in paragraph 7(4) of Schedule 29 to the 2004 Act (trivial commutation lump sum);]

[^{F1}“commutation period” means the period beginning with the day on which a trivial commutation lump sum or PPF trivial commutation lump sum is first paid to the member and ending 12 months after that day;]

“early retirement age” means the age specified in the scheme rules as being the date on which a member may, subject to actuarial adjustment, become entitled to payment of a pension prior to attaining normal pension age;

[^{F5}“employer”, in relation to—

- (a) an occupational pension scheme which is not a multi-employer scheme; or
- (b) a single-employer section of a segregated scheme,

which has no active members, includes the person who was the employer of persons in the description of employment to which the scheme or section relates immediately before the time at which the scheme or section ceased to have any active members in relation to it;]

[^{F6}“employer”, in relation to a non-segregated scheme or a multi-employer section of a segregated scheme—

- (a) in an assessment period, includes any person who before the assessment date has ceased to be the employer of persons in the description of employment to which the scheme or section relates unless condition A, B, C or D is satisfied where—

- (i) condition A is that a debt under section 75 of the Pensions Act 1995 (deficiencies in the assets) became due from that employer and the full amount of the debt has been paid before the assessment date;
 - (ii) condition B is that—
 - (aa) such a debt became due;
 - (bb) a legally enforceable agreement has been entered into the effect of which is to reduce the amount which may be recovered in respect of the debt; and
 - (cc) the reduced amount has been paid in full before the assessment date;
 - (iii) condition C is that such a debt became due but before the assessment date it is excluded from the value of the assets of the scheme or section because it is unlikely to be recovered without disproportionate costs or within a reasonable time;
 - (iv) condition D is that at the time at which any such person ceased to be the employer of persons in the description of employment to which the scheme or section relates the value of the assets of the scheme or section was such that no such debt was treated as becoming due;
- (b) in any other case, includes any person who has ceased to be the employer of persons in the description of employment to which the scheme or section relates unless condition A, B, C or D is satisfied where—
- (i) condition A is that a debt under section 75 of the Pensions Act 1995 became due from that employer and the full amount of the debt has been paid;
 - (ii) condition B is that—
 - (aa) such a debt became due;
 - (bb) a legally enforceable agreement has been entered into the effect of which is to reduce the amount which may be recovered in respect of the debt; and
 - (cc) the reduced amount has been paid in full;
 - (iii) condition C is that such a debt became due but it is excluded from the value of the assets of the scheme or section because it is unlikely to be recovered without disproportionate costs or within a reasonable time;
 - (iv) condition D is that at the time at which any such person ceased to be the employer of persons in the description of employment to which the scheme or section relates the value of the assets of the scheme or section was such that no such debt was treated as becoming due;]

“employment” means any trade, business, profession, office or vocation;

[^{F1}“lump sum compensation” means—

- (a) any lump sum compensation payments made in relation to a person, payable under the pension compensation provisions as specified in section 162(2) of the Act (the pension compensation provisions); or
- (b) any lump sum payments made in relation to a person, payable under section 166 of the Act (duty to pay scheme benefits unpaid at assessment date etc.);]

[^{F7}“non-segregated scheme” means a multi-employer scheme which is not a segregated scheme;]

[^{F1}“PPF compensation” means any payments made under the pension compensation provisions specified in section 162 of the Act (the pension compensation provisions);]

[^{F8}“PPF trivial commutation lump sum” has the meaning given in regulation 20(2) (circumstances in which the portion of compensation to be commuted may exceed 25 per cent);]

^{F9} ...

[^{F1}“periodic compensation” means—

- (a) any periodic compensation payments made in relation to a person, payable under the pension compensation provisions specified in section 162(2) of the Act; or
- (b) any periodic payments made in relation to a person, payable under section 166 of the Act;]

“qualifying course” means a full time educational or vocational course at a recognised educational establishment where in pursuit of that course, the time spent receiving instruction or tuition, undertaking supervised study, examination or practical work or taking part in any exercise, experiment or project for which provision is made in the curriculum of the course, exceeds 12 hours per week in normal term time, and shall include any gaps between the ending of one course and the commencement of another, where the person is enrolled on and commences the latter course;

[^{F10}“the register” means the system for keeping records provided under section 30(2) of the Civil Partnership Act 2004 (the Registrar General and the register);

[^{F1}“registered pension scheme” has the meaning given in section 150(2) of the 2004 Act (meaning of pension schemes);]

[^{F11}“relevant partner” means a person who was not married to, or in a civil partnership with, the member but who was living with the member as if that person and the member were a married couple [^{F12}or civil partners];]

“retail prices index” means the general index (for all items) published by the Office for National Statistics or, if that index is not published for a relevant month, any substituted index or index figures published by that office ^{M1};

“scheme” in the case of a section or a segregated part of a scheme, which for the purposes of Part 2 of the Act, is an eligible scheme, includes that section or segregated part of a scheme;

“scheme benefit age”, in relation to a scheme, means the earliest age at which a person who has pension credit rights under the scheme is entitled to receive a pension by virtue of those rights (disregarding any scheme rule making special provision as to early payment of pension on grounds of ill-health or otherwise);

“scheme pension age”, in relation to a scheme and a member's pensionable service under it, means—

- (a) in a case where the scheme provides for the member only a guaranteed minimum pension, the earliest date at which the member is entitled to receive the guaranteed minimum pension on retirement from any employment to which the scheme applies; and
- (b) in any other case, the earliest age at which the member is entitled to receive benefits (other than a guaranteed minimum pension) on his retirement from such employment;

[^{F13}“segregated scheme” means a multi-employer scheme which is divided into two or more sections where—

- (a) any contributions payable to the scheme by an employer in relation to the scheme or by a member are allocated to that employer's or that member's section; and
- (b) a specified proportion of the assets of the scheme is attributable to each section of the scheme and cannot be used for the purposes of any other section;]

[^{F1}“standard lifetime allowance” means—

- (a) for the tax year 2006-07, the amount specified in section 218(2) of the 2004 Act (individual's lifetime allowance and standard lifetime allowance); and
- (b) for each subsequent tax year the amount specified in the relevant order for that tax year made under section 218(3) of that Act;]

“surviving dependant” means—

- (a) a child of the family who is financially dependent on the member, and who is aged less than 18; or
- (b) a child of the family who is financially dependent on the member, who is aged less than 25 and who is—
 - (i) either attending a qualifying course; or
 - (ii) incapable of engaging in full time paid employment due to a condition that falls within the definition of a disability under the Disability Discrimination Act 1995^{M2},

“transferor” has the meaning given by section 29(8) of the Welfare Reform and Pensions Act 1999 (creation of pension credits and debits);

[^{F1}“tax year” has the meaning given in section 279(1) of the 2004 Act (other definitions);]

[^{F1}“trivial commutation lump sum” has the meaning given in paragraph 7 of Schedule 29 to the 2004 Act (trivial commutation lump sum).

^{F14} ...]

Textual Amendments

- F1** Words in reg. 1(2) inserted (6.4.2006) by [The Pension Protection Fund \(General and Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/580\)](#), regs. 1(1)(b), **22(2)(a)**
- F2** Words in reg. 1(2) inserted (19.8.2005) by [Occupational Pension Schemes \(Miscellaneous Amendments\) Regulations 2005 \(S.I. 2005/2113\)](#), regs. 1(1), **4(1)**, (2)(a)
- F3** Words in reg. 1(2) inserted (24.2.2018) by [The Pension Protection Fund \(Compensation\) \(Amendment\) Regulations 2018 \(S.I. 2018/95\)](#), regs. 1, **2(2)**
- F4** Words in reg. 1(2) inserted (30.4.2013) by [The Pension Protection Fund, Occupational and Personal Pension Schemes \(Miscellaneous Amendments\) Regulations 2013 \(S.I. 2013/627\)](#), regs. 1(1), **3(2)**
- F5** Words in reg. 1(2) substituted (19.8.2005) by [Occupational Pension Schemes \(Miscellaneous Amendments\) Regulations 2005 \(S.I. 2005/2113\)](#), regs. 1(1), **5(1)**, (2)(a)
- F6** Words in reg. 1(2) substituted (19.8.2005) by [Occupational Pension Schemes \(Miscellaneous Amendments\) Regulations 2005 \(S.I. 2005/2113\)](#), regs. 1(1), **6(1)**, (2)(a)
- F7** Words in reg. 1(2) inserted (19.8.2005) by [Occupational Pension Schemes \(Miscellaneous Amendments\) Regulations 2005 \(S.I. 2005/2113\)](#), regs. 1(1), **7(1)**, (2)(a)
- F8** Words in reg. 1(2) substituted (6.4.2016) by [The Pension Protection Fund and Occupational and Personal Pension Schemes \(Miscellaneous Amendments\) Regulations 2016 \(S.I. 2016/294\)](#), regs. 1, **4(2)**
- F9** Words in reg. 1(2) omitted (retrospectively) by virtue of [The Pension Protection Fund \(Pensionable Service\) and Occupational Pension Schemes \(Investment and Disclosure\) \(Amendment and Modification\) Regulations 2018 \(S.I. 2018/988\)](#), regs. 1(2)(b), **2(2)** (as amended by [Pension Schemes Act 2021 \(c. 1\)](#), **ss. 126(1)**, 131(1); S.I. 2021/620, **reg. 2(2)(c)**)
- F10** Words in reg. 1(2) inserted (5.12.2005) by [Occupational Pension Schemes \(Miscellaneous Amendments\) Regulations 2005 \(S.I. 2005/2113\)](#), regs. 1(3), **9(2)(a)**
- F11** Words in reg. 1(2) substituted (E.W.) (13.3.2014) by [The Marriage \(Same Sex Couples\) Act 2013 \(Consequential Provisions\) Order 2014 \(S.I. 2014/107\)](#), art. 1(2), **Sch. 1 para. 35**; and (S)

(16.12.2014) by The Marriage and Civil Partnership (Scotland) Act 2014 and Civil Partnership Act 2004 (Consequential Provisions and Modifications) Order 2014 (S.I. 2014/3229), art. 1(2), **Sch. 6 para. 24**

F12 Words in reg. 1(2) inserted (2.12.2019) by The Civil Partnership (Opposite-sex Couples) Regulations 2019 (S.I. 2019/1458), reg. 1(2), **Sch. 3 para. 72**

F13 Words in reg. 1(2) inserted (19.8.2005) by Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2113), regs. 1(1), **8(1)**, (2)(a)

F14 Words in reg. 1(2) omitted (5.12.2005) by virtue of Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2113), regs. 1(3), **9(2)(b)**

Marginal Citations

M1 The retail prices index is available from www.statistics.gov.uk.

M2 1995 c. 50.

Changes to legislation:

There are currently no known outstanding effects for the The Pension Protection Fund (Compensation) Regulations 2005, Section 1.