STATUTORY INSTRUMENTS

2017 No. 301

PENSIONS

The Pensions Act 2014 (Pension Protection Fund: Increased Compensation Cap for Long Service) (Pension Compensation Sharing on Divorce) (Transitional Provision) Order 2017

Made - - - -	*8th March 2017*
Coming into force - -	*6th April 2017*

The Secretary of State for Work and Pensions makes the following Order in exercise of the powers conferred by section 56(8) of, and paragraph 22(1) of Schedule 20 to, the Pensions Act 2014(**1**).

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Pensions Act 2014 (Pension Protection Fund: Increased Compensation Cap for Long Service) (Pension Compensation Sharing on Divorce) (Transitional Provision) Order 2017 and comes into force on 6th April 2017.

(2) In this Order—

"the 2004 Act" means the Pensions Act 2004(**2**);

"the 2008 Act" means the Pensions Act 2008(**3**);

"the 2014 Act" means the Pensions Act 2014.

Transitional provision in connection with the Pension Protection Fund: increased compensation cap for long service and compensation sharing on divorce etc.

2.—(1) This article applies in relation to a person if—

(a) compensation is payable under Chapter 1 of Part 3 of the 2008 Act (pension compensation on divorce etc.); and

(b) the compensation is restricted in accordance with regulations made under paragraph 18 of Schedule 5 to that Act (compensation cap)(**4**).

(**1**) 2014 c. 19.
(**2**) 2004 c. 35.
(**3**) 2008 c. 30.
(**4**) Paragraph 18 is amended by section 50 of, and paragraph 7 of Schedule 20 to, the Pensions Act 2014 (c. 19) ("the 2014 Act") with effect from 6th April 2017.

(2) Part 3 of Schedule 20 to the 2014 Act (effect of change in transitional cases) has effect in relation to a person to whom this article applies as it has effect in relation to compensation payable under Schedule 7 to the 2004 Act (pension compensation provisions) subject to the following modifications.

(3) Paragraph 8 (recalculation of periodic compensation going forwards) has effect as if the reference in—

(a) sub-paragraph (1)(a) to compensation under paragraph 3, 11 or 15 of Schedule 7 to the 2004 Act (which relate to compensation payable to, respectively, pensioners, active members and deferred members)(**5**) were to compensation under paragraph 4 or 6 of Schedule 5 to the 2008 Act (compensation payable to transferee)(**6**);

(b) sub-paragraph (1)(b) to the restriction in paragraph 26 of Schedule 7 to the 2004 Act (compensation cap)(**7**) were to the restriction in regulations made under paragraph 18 of Schedule 5 to the 2008 Act (compensation cap);

(c) sub-paragraph (2) to the protected pension rate were, in both places where that reference appears, a reference to the initial annual rate of compensation for the purposes of paragraph 4 or 6 of Schedule 5 to the 2008 Act; and

(d) sub-paragraph (5) to paragraph 28 of Schedule 7 to the 2004 Act (annual increase in periodic compensation)(**8**) were to paragraph 17 of Schedule 5 to the 2008 Act (annual increase in periodic compensation)(**9**).

(4) Paragraph 9 (new cap does not generally affect old payments) has effect as if—

(a) the reference to periodic compensation were a reference to periodic compensation within paragraph 4 or 6 of Schedule 5 to the 2008 Act; and

(b) sub-paragraph (1)(b) and the definition of "lump sum compensation" in sub-paragraph (2) were omitted.

(5) Paragraph 10 (survivors' compensation) has effect as if the reference to—

(a) paragraph 4(3), 13(3) or 18(3) of Schedule 7 to the 2004 Act(**10**) were to paragraph 5(3)(**11**) or 7(3)(**12**) of Schedule 5 to the 2008 Act (compensation payable to widow, widower or surviving civil partner); and

(b) paragraph 8 were to that paragraph as modified by this Order.

(6) Paragraph 11 (cases involving early payment or postponement of compensation) has effect as if the reference to—

(a) paragraph 25 of Schedule 7 to the 2004 Act (early payment of compensation)(**13**) were to paragraph 10 of Schedule 5 to the 2008 Act (early payment of compensation); and

(**5**) Paragraph 3 was amended by section 122 of, and paragraphs 1 and 2 of Schedule 8 to, the Pensions Act 2008 (c. 30) ("the 2008 Act") and by section 22 of, and paragraph 37(1) and (2) of Schedule 4 to, the Pensions Act 2011 (c. 19) ("the 2011 Act"); paragraph 11 was amended by section 122 of, and paragraphs 1 and 4 of Schedule 8 to, the 2008 Act and by section 22 of, and paragraphs 21 and 23(5) of Schedule 4 to, the 2011 Act; paragraph 15 was amended by section 122 of, and paragraphs 1 and 7 of Schedule 8 to, the 2008 Act and by section 22 of, and paragraphs 21 and 23(7) of Schedule 4 to, the 2011 Act.

(**6**) Paragraphs 4 and 6 were amended by section 22 of, and paragraphs 29 and 31 of Schedule 4 to, the 2011 Act.

(**7**) Paragraph 26 was amended by section 22 of, and paragraphs 21 and 23(9) of Schedule 4 to, the 2011 Act and (with retrospective effect) by section 51 of the 2014 Act and is amended by section 50 of, and paragraphs 1, 2, 4 and 6(1) and (3) of Schedule 20 to, the 2014 Act with effect from 6th April 2017.

(**8**) Paragraph 28 was amended by sections 20(1) to (3) and 22 of, and paragraphs 21, 19(1) and (3)(d), 21 and 27 of Schedule 4 to, the 2011 Act.

(**9**) Paragraph 17 was amended by sections 20(5) to (7) and 22 of, and paragraphs 29 and 35 of Schedule 4 to, the 2011 Act.

(**10**) Paragraphs 13(3) and 18(3) were amended by section 22 of, and paragraphs 21 and 24(3) and (4) of Schedule 4 to, the 2011 Act.

(**11**) Paragraph 5 was amended by section 22 of, and paragraphs 29 and 32(1) of Schedule 4 to, the 2011 Act.

(**12**) Paragraph 7 was amended by paragraphs 2, 29 and 32(2) of Schedule 4 to, the 2011Act.

(**13**) Paragraph 25 was amended by section 122 of, and paragraphs 1 and 12 of Schedule 8 to, the 2008 Act and by section 22 of, and paragraph 19(1) and (3) of Schedule 4 to, the 2011 Act.