Draft Regulations laid before Parliament under section 33(3) of the Pensions Act 2011, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2014 No. 0000

PENSIONS

The Pensions Act 2011(Consequential and Supplementary Provisions) Regulations 2014

Made - - - - ***

Coming into force in accordance with regulation 1(2)

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 31(1) and 33(1)(a), (b) and (c) of the Pensions Act 2011(**1**).

A draft of these Regulations has been laid before and approved by resolution of each House of Parliament in accordance with section 33(3) of the Pensions Act 2011.

Citation and commencement

1.—(1) These Regulations may be cited as the Pensions Act 2011 (Consequential and Supplementary Provisions) Regulations 2014.

(2) These Regulations come into force on the day after the day on which they are made.

Application to the Imperial Home Decor Pension Scheme

2. These Regulations do not apply to or in relation to the Imperial Home Decor Pension Scheme.

Amendment of the Pension Schemes Act 1993

3.—(1) The Pension Schemes Act 1993(**2**) is amended as follows.

(2) In section 84 (basis of revaluation)(**3**)—

(a) in subsection (1), for "Subject to subsections (2) and (3)" substitute "Subject to subsections (2) to (3B)";

(b) after subsection (3) insert—

(**1**) 2011 c. 19.
(**2**) 1993 c. 48.
(**3**) Section 84 was amended by sections 151 and 177 of, paragraph 62 of Schedule 5 to, and Part III of Schedule 7 to the Pensions Act 1995 (c. 26); section 281 of the Pensions Act 2004 (c. 35), section 19(1), (2) and (3) of the Pensions Act 2011 (c. 19) and S.I. 2005/2053.

"(3A) If—

(a) any such benefit as is mentioned in section 83(1)(a) is a cash balance benefit in respect of which the available sum is not calculated by reference to final salary;

(b) the benefit is attributable to periods of pensionable service falling on or after the day on which section 29 of the Pensions Act 2011 (definition of money purchase benefits) comes into force; and

(c) it appears to the trustees or managers of the scheme under which it is payable that it is appropriate to revalue the benefit by the cash balance method,

then the benefit shall be revalued using that method.

(3B) Where a cash balance benefit in respect of which the available sum is not calculated by reference to final salary—

(a) is attributable to periods of pensionable service falling partly before and partly on or after the day on which section 29 of that Act comes into force; and

(b) it appears to the trustees or managers of the scheme under which it is payable that it is appropriate to revalue so much of the benefit as is attributable to the member's pensionable service falling on or after that day by the cash balance method,

then so much of the benefit as is attributable to the member's pensionable service falling on or after that day shall be revalued using that method."; and

(c) in subsection (4)—

(i) after the definition of "average salary benefit" insert—

""cash balance benefit" has the meaning given by regulation 2 of the Pensions Act 2011 (Transitional, Consequential and Supplementary Provisions) Regulations 2014;

"final salary", in relation to a member to or in respect of whom benefits under a pension scheme are payable, means the member's pensionable earnings, or highest, average or representative pensionable earnings, in a specified period ending at, or defined by reference to, the time when the member's pensionable service in relation to that scheme ends;";

(ii) in the definition of ""average salary method", "final salary method", "flat rate method" and "money purchase method"", after ""average salary method"," insert ""cash balance method","; and

(iii) after the definition of ""average salary method", "final salary method", "flat rate method" and "money purchase method"" insert—

""pensionable earnings", in relation to a member of a pension scheme, means earnings by reference to which benefits under the scheme are calculated.".

(3) After paragraph 3 of Schedule 3 (the average salary method) insert—

"**The cash balance method**

3A. The cash balance method of revaluing a cash balance benefit is to revalue the available sum in respect of the benefit in any way in which it would have been revalued if the member's pensionable service had not terminated.".