SUPPLEMENT TO THE VOTES AND PROCEEDINGS

Tuesday 18 October 2011
REPORT STAGE PROCEEDINGS

PENSIONS BILL [LORDS], AS AMENDED

Rachel Reeves
Mr Liam Byrne
Gregg McClymont

Withdrawn 1

Page 1, line 6 [Clause 1], leave out ‘December 1953’ and insert ‘April 1955’.

Rachel Reeves
Mr Liam Byrne
Gregg McClymont

Not selected 2

Page 1, line 7 [Clause 1], leave out subsection (3) and insert—
‘(3) In sub-paragraph (4) leave out “6 April 1959” and insert “6 April 1955”.’.

Rachel Reeves
Mr Liam Byrne
Gregg McClymont

Negatived on division 3

Page 1, line 8 [Clause 1], leave out subsection (4).

Rachel Reeves
Mr Liam Byrne
Gregg McClymont

Not called 4

Page 2 [Clause 1], leave out lines 12 to 18 and insert—

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Pensions Bill [Lords], continued

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Secretary Iain Duncan Smith

Page 2 [Clause 1], leave out lines 14 to 18 and insert—

‘6th January 1954 to 5th February 1954 6th May 2019
6th February 1954 to 5th March 1954 6th July 2019
6th March 1954 to 5th April 1954 6th September 2019
6th April 1954 to 5th May 1954 6th November 2019
6th May 1954 to 5th June 1954 6th January 2020
6th June 1954 to 5th July 1954 6th March 2020
6th July 1954 to 5th August 1954 6th May 2020
6th August 1954 to 5th September 1954 6th July 2020

Secretary Iain Duncan Smith

Page 2, line 19 [Clause 1], leave out “1960” substitute “1954” and insert “5th April 1960” substitute “5th October 1954”.

Agreed to 13

Agreed to 14
NEW CLAUSES RELATING TO PART 2

Qualifying schemes: administration charges

Secretary Iain Duncan Smith

To move the following Clause:—

‘(1) Section 16 of the 2008 Act (qualifying schemes) is amended as follows.

(2) In subsection (3) for paragraph (a) substitute—

“(a) administration charges due from J while J is an active member exceed a prescribed amount,

(aa) administration charges due from former active members while J is an active member exceed a prescribed amount,

(ab) while J is an active member, the scheme contains provision under which administration charges that will be due from J when J is no longer an active member will exceed a prescribed amount, or will do so in particular circumstances,.”.

(3) After that subsection insert—

“(4) For the purposes of subsection (3) administration charges are due from a person to the extent that—

(a) any payments made to the scheme by, or on behalf or in respect of, the person,

(b) any income or capital gain arising from the investment of such payments, or

(c) the value of the person’s rights under the scheme,
Pensions Bill [Lords], continued

may be used to defray the administrative expenses of the scheme, to pay commission or in any other way that does not result in the provision of pension benefits for or in respect of members.

(5) In subsection (3)(aa) “former active member” means a person who at some time after the automatic enrolment date was both a jobholder and an active member but is no longer an active member.”.

Obligation to inform scheme members about provider and product options

Harriett Baldwin
Dame Anne Begg
Andrea Leadsom
Claire Perry
Neil Parish
Brandon Lewis

Not called NC1

To move the following Clause:—

‘Providers of Qualifying Schemes under section 16 of the Pensions Act 2008 (c.30) must, when informing members of their own range of annuity and similar products, explain clearly that alternative and more suitable options from other providers may be available.’.

Duty to establish a review into transfers into the National Employment Savings Trust (NEST)

Mr Liam Byrne
Gregg McClymont
Stephen Timms

Not called NC9

To move the following Clause:—

‘Within two years of the passing of this Act the Secretary of State shall establish a review into allowing transfers into the National Employment Savings Trust (NEST).’.
Duty to review any order on contribution limits in the National Employment Savings Trust

Mr Liam Byrne  
Gregg McClymont  
Stephen Timms  

To move the following Clause:—

‘In section 70 of the 2008 Act (Contribution Limits) at the end of subsection (1) insert—

(1A) Any order under this section shall be reviewed by the Secretary of State within two years of the Pension Scheme being opened to members.’.

Page 6, line 37 [Clause 6], leave out ‘three’ and insert ‘one’.

Page 8, line 1 [Clause 8], at beginning insert ‘Subject to subsection (2A),’.

Page 8, line 4 [Clause 8], at end insert—

‘(2A) An order made under subsection (2) must not increase the amount in section 3(1)(c) by more than—

(a) the general level of earning; or

(b) in percentage terms by more than the percentage increase in the Lower Earnings Limit for national insurance purposes.’.

Secretary Iain Duncan Smith  

Page 11, line 40 [Clause 14], leave out ‘In section 30(5) of the 2008 Act’ and insert—

‘( ) Section 30 of the 2008 Act is amended as follows.

( ) In subsection (5).’.
NEW CLAUSES RELATING TO THE MEANING OF MONEY PURCHASE BENEFITS

Definition of money purchase benefits

Secretary Iain Duncan Smith

To move the following Clause:

‘(1) In section 181 of the Pension Schemes Act 1993 (interpretation), in the definition of “money purchase benefits” in subsection (1), for “which are not average salary benefits” substitute “which fall within section 181B”.

(2) After section 181A of that Act insert—

“181B Money purchase benefits: supplementary

(1) This section applies for the purposes of the definition of “money purchase benefits” in section 181(1).

(2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member.

(3) A benefit which is a pension in payment falls within this section if—

(a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and

(b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).

(4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this section references to a pension do not include income withdrawal or dependants’ income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004).’

(3) In section 99 of the Pensions Act 2008 (interpretation) in the definition of “money purchase benefits” for “which are not average salary benefits” substitute “which fall within section 99A”.

(4) After that section insert—

“99A Money purchase benefits: supplementary

(1) This section applies for the purposes of the definition of “money purchase benefits” in section 99.

(2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because
Pensions Bill [Lords], continued

of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member.

(3) A benefit which is a pension in payment falls within this section if—
(a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and
(b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).

(4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this section references to a pension do not include income withdrawal or dependants’ income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004).”

(5) In paragraph 1(2) of Schedule 10A to the Building Societies Act 1986 (disclosures about directors etc), in the definition of “money purchase benefits”, for “which are not average salary benefits” substitute “which fall within paragraph 1A”.

(6) In that Schedule, after paragraph 1 insert—

“1A (1) This paragraph applies for the purposes of the definition of “money purchase benefits” in paragraph 1(2).

(2) A benefit other than a pension in payment falls within this paragraph if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the director.

(3) A benefit which is a pension in payment falls within this paragraph if—
(a) its provision to or in respect of the director is secured by an annuity contract or insurance policy made or taken out with an insurer, and
(b) at all times before coming into payment the pension was a benefit falling within this paragraph by virtue of sub-paragraph (2).

(4) For the purposes of sub-paragraph (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this paragraph references to a pension do not include income withdrawal or dependants’ income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004).”

(7) The amendments made by subsections (1) and (2) are to be regarded as having come into force on 1 January 1997.

(8) The amendments made by subsections (3) and (4) are to be regarded as having come into force at the same time as section 99 of the Pensions Act 2008.”
Transitional

Secretary Iain Duncan Smith

To move the following Clause:—

‘(1) The Secretary of State may by regulations make transitional provision in relation to the coming into force of the amendments in section [Definition of money purchase benefits].

(2) That provision includes in particular—

(a) provision disapplying the amendments in section [Definition of money purchase benefits] in relation to an occupational or personal pension scheme which is wound up before the coming into force of that section;

(b) provision disapplying the amendments in section [Definition of money purchase benefits] to any extent, or as regards any period, in respect of an occupational or personal pension scheme in relation to which those amendments would otherwise have applied on the coming into force of that section;

(c) provision modifying the application of an enactment in respect of an occupational or personal pension scheme in relation to which the amendments in section [Definition of money purchase benefits] apply on the coming into force of that section;

(d) provision requiring trustees or managers of an occupational pension scheme in relation to which the amendments in section [Definition of money purchase benefits] apply on the coming into force of that section to obtain an actuarial valuation of a description specified in the regulations.

(3) In subsection (2) “occupational pension scheme” and “personal pension scheme” have the meanings given by section 1 of the Pension Schemes Act 1993.’

Consequential and supplementary

Secretary Iain Duncan Smith

To move the following Clause:—

‘(1) The Secretary of State may by regulations make consequential or supplementary provision in relation to the amendments made by section [Definition of money purchase benefits].

(2) In section 307 of the Pensions Act 2004 (modification of Act) in subsection (2) after paragraph (b) insert—

“(ba) Part 3 (scheme funding),”.’
Pensions Bill  [Lords], continued

Power to make further provision

Secretary Iain Duncan Smith

To move the following Clause:—

‘(1) The Secretary of State may by regulations amend for any purpose the definition of “money purchase benefit” in the Pension Schemes Act 1993, the Pensions Act 2008 or Schedule 10A to the Building Societies Act 1986.

(2) Regulations under subsection (1) may in particular amend the provisions inserted by section [Definition of money purchase benefits] above).

(3) Regulations under this section may include transitional, consequential or supplementary provision.’

Regulations

Secretary Iain Duncan Smith

To move the following Clause:—

‘(1) Regulations under this Part may—

(a) make different provision for different cases (including different provision for pension schemes of different descriptions);
(b) provide for a person to exercise a discretion in dealing with any matter;
(c) amend Acts (as well as other enactments);
(d) have retrospective effect.

(2) Regulations under this Part must be made by statutory instrument.

(3) A statutory instrument containing regulations under this Part which amend an Act may not be made unless a draft of the instrument has been laid before, and approved by resolution of, each House of Parliament.

(4) A statutory instrument containing any other regulations under this Part is subject to annulment in pursuance of a resolution of either House of Parliament.’
Pensions Bill [Lords], continued

REMAINING NEW CLAUSE

Uprating of the state pensions

Hywel Williams

To move the following Clause:—

‘Section 150 of the Social Security Administration Act 1992 is amended as follows—

After subsection (2)(a), insert—

“(aa) that the general level of prices assessed by the Secretary of State shall include both the Retail Prices Index and the Consumer Prices Index, and the higher of the two indices must be used to calculate the annual uprating of the state pensions; and”.’.

Secretary Iain Duncan Smith

Page 22, line 1 [Clause 32], at end insert—

‘( ) sections [Transitional] to [Regulations];’.

Bill read the third time on division and passed with amendments.