



House of Commons

Tuesday 28 October 2014

PUBLIC BILL COMMITTEE PROCEEDINGS

PENSION SCHEMES BILL

[FIFTH AND SIXTH SITTINGS]

Clauses 1 to 4 agreed to.

Steve Webb

Clause 5, page 3, line 4, after “circumstances” insert “and meets any other requirements that may be specified in regulations” *Agreed to 41*

Clause, as amended, agreed to.

Clauses 6 and 7 agreed to.

Steve Webb

Clause 8, page 4, line 23, leave out “that use expressions defined by this Part” and insert “to do with Parts 1 and 3”. *Agreed to 6*

Clause, as amended, agreed to.

Steve Webb

That clause 8 be transferred to the end of line 6 on page 15 *Agreed to*

Steve Webb

Schedule 1, page 19, line 2, at end insert “, or
(c) a shared risk scheme under which all the benefits that may be provided are money purchase benefits or collective benefits.” *Agreed to 29*

Pension Schemes Bill, *continued*

Steve Webb

Agreed to 30

Schedule 1, page 19, line 4, at end insert—

“““collective benefit” has the meaning given by section 19 of the Pension Schemes Act 2014;””

Steve Webb

Agreed to 55

Schedule 1, page 19, line 13, at end insert—

“9A In section 37 (payment of surplus to employer), in subsection (1A)—

(a) after “does not apply in the case of” insert “—

(a) ”;

(b) at the end insert—

“(b) any payments out of funds held for the purposes of providing collective benefits under the scheme (but see section (*Payment of amounts out of collective benefit funds*) of the Pension Schemes Act 2014).””

Steve Webb

Agreed to 31

Schedule 1, page 19, line 24, leave out paragraphs 13 and 14 and insert—

“13 In section 73 (preferential liabilities on winding up), for subsection (2) substitute—

“(2) This section applies to a pension scheme that is—

(a) an occupational defined benefits scheme,

(b) an occupational shared risk scheme, or

(c) an occupational defined contributions scheme,

unless subsection (2A) provides for the scheme to be exempt.

(2A) A scheme is exempt from this section if it is—

(a) a scheme under which all the benefits that may be provided are money purchase benefits, or

(b) a prescribed scheme or a scheme of a prescribed description.”

14 In section 75 (employer debt where deficiency in assets on winding up etc), for subsection (1) substitute—

“(1) This section applies in relation to a pension scheme that is—

(a) an occupational defined benefits scheme,

(b) an occupational shared risk scheme, or

(c) an occupational defined contributions scheme,

unless subsection (1A) provides for the scheme to be exempt.

(1A) A scheme is exempt from this section if it is—

(a) a scheme under which all the benefits that may be provided are money purchase benefits,

(b) a scheme under which all the benefits that may be provided are collective benefits,

(c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or

(d) a prescribed scheme or a scheme of a prescribed description.

(1B) Where—

Pension Schemes Bill, *continued*

- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
- (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),
- the scheme is to be treated for the purposes of this Part as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”
- 14A (1) Section 87 (schedules of payments to money purchase schemes) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) This section applies to an occupational pension scheme that is a scheme under which —
- (a) all the benefits that may be provided are money purchase benefits, or
- (b) all the benefits that may be provided are money purchase benefits or collective benefits,
- other than a scheme falling within a prescribed class or description.”
- (3) In subsection (2)(a), after “members of the scheme” insert “in respect of money purchase benefits”.
- (4) In the heading, for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”.
- 14B For the italic cross-heading above section 87 substitute “Schemes providing money purchase benefits”.
- 14C In the heading to section 88 (schedules of payments to money purchase schemes: supplementary), for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”.”

Steve Webb

Agreed to 32

Schedule 1, page 19, line 40, at end insert—

“““collective benefit” has the meaning given by section 19 of the Pension Schemes Act 2014;”””

Steve Webb

Agreed to 33

Schedule 1, page 19, line 44, at end insert—

“““occupational”, in relation to a defined benefits scheme, shared risk scheme or defined contributions scheme, means an occupational pension scheme of that description;”””

Steve Webb

Agreed to 34

Schedule 1, page 20, line 35, at end insert—

- “22A In section 17 (power of the Regulator to recover unpaid contributions), in subsection (3)—
- (a) in paragraph (b) of the definition of “due date”, for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”;
- (b) in paragraph (a) of the definition of “employer contribution”, for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”.”

Pension Schemes Bill, *continued*

Steve Webb

Agreed to 35

Schedule 1, page 21, line 16, leave out paragraphs 24 to 28 and insert—
 “24 In section 38 (contribution notices where avoidance of employer debt), for subsection (1) substitute—

“(1) This section applies in relation to a pension scheme that is—
 (a) an occupational defined benefits scheme,
 (b) an occupational shared risk scheme, or
 (c) an occupational defined contributions scheme,
 unless subsection (1A) provides for the scheme to be exempt.

(1A) A scheme is exempt from this section if it is—
 (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 (b) a scheme under which all the benefits that may be provided are collective benefits,
 (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 (d) a prescribed scheme or a scheme of a prescribed description.

(1B) Where—
 (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),
 the scheme is to be treated for the purposes of this section and sections 38A to 42 as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”

25 (1) Section 43 (financial support directions) is amended as follows.
 (2) For subsection (1) substitute—

“(1) This section applies in relation to a pension scheme that is—
 (a) an occupational defined benefits scheme,
 (b) an occupational shared risk scheme, or
 (c) an occupational defined contributions scheme,
 unless subsection (1A) provides for the scheme to be exempt.

(1A) A scheme is exempt from this section if it is—
 (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 (b) a scheme under which all the benefits that may be provided are collective benefits,
 (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 (d) a prescribed scheme or a scheme of a prescribed description.

(1B) Where—
 (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),

Pension Schemes Bill, *continued*

the scheme is to be treated for the purposes of this section and sections 43A to 51 as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”

- (3) In subsection (2), for “such a scheme” substitute “a scheme to which this section applies”.
- 26 In section 52 (restoration orders where transactions at an undervalue), for subsection (1) substitute—
- “(1) This section applies in relation to a pension scheme that is—
- (a) an occupational defined benefits scheme,
 - (b) an occupational shared risk scheme, or
 - (c) an occupational defined contributions scheme,
- unless subsection (1A) provides for the scheme to be exempt.
- (1A) A scheme is exempt from this section if it is—
- (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 - (b) a scheme under which all the benefits that may be provided are collective benefits,
 - (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 - (d) a prescribed scheme or a scheme of a prescribed description.
- (1B) Where—
- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 - (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),
- the scheme is to be treated for the purposes of this section and sections 53 to 56 as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.””
- 27 In section 90 (codes of practice), in subsection (2)(i), for “money purchase schemes” substitute “certain schemes”.
- 28 In section 126 (schemes eligible for pension protection), for subsection (1) substitute—
- “(1) Subject to the following provisions of this section, in this Part references to an “eligible scheme” are to a pension scheme that is—
- (a) an occupational defined benefits scheme,
 - (b) an occupational shared risk scheme, or
 - (c) an occupational defined contributions scheme.
- (1A) A scheme is not an eligible scheme if it is—
- (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 - (b) a scheme under which all the benefits that may be provided are collective benefits,
 - (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 - (d) a prescribed scheme or a scheme of a prescribed description.
- (1B) Where—
- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and

Pension Schemes Bill, *continued*

(b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),

the scheme is to be treated for the purposes of this Part as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”

28A For section 221 (application of scheme funding rules) substitute—

“221 Pension schemes to which this Part applies

(1) The provisions of this Part apply to a pension scheme that is—

- (a) an occupational defined benefits scheme,
- (b) an occupational shared risk scheme, or
- (c) an occupational defined contributions scheme,

unless subsection (2) provides for the scheme to be exempt.

(2) A scheme is exempt from this Part if it is—

- (a) a scheme under which all the benefits that may be provided are money purchase benefits,
- (b) a scheme under which all the benefits that may be provided are collective benefits,
- (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
- (d) a prescribed scheme or a scheme of a prescribed description.

(3) Where—

- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
- (b) the scheme does not fall within paragraph (c) or (d) of subsection (2),

the scheme is to be treated for the purposes of this Part as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.

(4) Regulations under subsection (2)(d) may provide for exemptions from all or any of the provisions of this Part, but for the purposes of subsection (3)(b) a scheme falls within subsection (2)(d) only if it is exempt from all of the provisions of this Part.”

Steve Webb

Agreed to 36

Schedule 1, page 22, line 9, leave out “in subsection (1)” and insert “subsection (1) is amended as follows.

() At the appropriate places insert—

““collective benefit” has the meaning given by section 19 of the Pension Schemes Act 2014;”

““defined benefits scheme” has the meaning given by section 2 of the Pension Schemes Act 2014;”

““defined contributions scheme” has the meaning given by section 4 of the Pension Schemes Act 2014;”

““occupational”, in relation to a defined benefits scheme, shared risk scheme or defined contributions scheme, means an occupational pension scheme of that description;”

““shared risk scheme” has the meaning given by section 3 of the Pension Schemes Act 2014;”.”

Pension Schemes Bill, continued

Steve Webb

Agreed to 56

Schedule 1, page 22, line 10, at end insert—

“() In subsection (3)—

(a) in paragraph (a), after sub-paragraph (vii) insert—

“(viii) regulations made under Part 3 of the Pension Schemes Act 2014;”;

(b) in paragraph (b), after sub-paragraph (v) insert—

“(vi) regulations made under section (*Regulations under Part 3: overriding requirements*) of the Pension Schemes Act 2014.””*Schedule, as amended, agreed to.*

Steve Webb

That Schedule 1 be transferred to the end of line 29 on page 32 *Agreed to*

Steve Webb

Agreed to 7

Clause 9, page 4, line 36, leave out paragraph (b)

Member's explanatory statement*This amendment removes the power to confer functions on a specified person in connection with the enforcement of regulations made under clause 9. This is because there are existing powers that are considered sufficient and appropriate to deal with enforcement in relation to any breaches of those regulations.*

Steve Webb

Agreed to 8

Clause 9, page 4, line 43, at end insert—

““trustees or managers” means—

(a) in relation to a scheme established under a trust, the trustees, and

(b) in relation to any other scheme, the managers.”

*Clause, as amended, agreed to.**Clause 10 agreed to.*

Steve Webb

Agreed to 9

Clause 11, page 5, line 42, leave out “non-salary related benefit,” and insert “benefit falling within subsection (1A),”;

(b) after subsection (1) insert—

“(1A) The following fall within this subsection—

(a) collective benefits;

Pension Schemes Bill, *continued*

- (b) benefits calculated otherwise than by reference to the member's salary.””

Steve Webb

Agreed to **10**

Clause **11**, page **6**, line **15**, leave out paragraph (c)

Steve Webb

Agreed to **11**

Clause **11**, page **6**, line **47**, at end insert—

- “() In section 74 (computation of short service benefit), in subsections (3) and (4), after “so much of any benefit” insert “, other than collective benefit.””

Clause, as amended, agreed to.

Steve Webb

Agreed to **4**

Schedule **2**, page **26**, line **12**, at end insert—

- “() Where this Chapter applies in relation to a benefit payable by virtue of a pension credit right, then—
 - (a) if entitlement to the relevant pension credit arose before the 2014 Act commencement date, the benefit is to be treated for the purposes of sections 84(1) and 84B(1) as attributable to pensionable service before that date;
 - (b) if entitlement to the relevant pension credit arose on or after the 2014 Act commencement date, the benefit is to be treated for the purposes of sections 84(1) and 84B(1) as attributable to pensionable service on or after that date.”

Steve Webb

Agreed to **37**

Schedule **2**, page **26**, line **40**, at end insert—

- “() A benefit of the kind mentioned in section 83(1)(a) that is a collective benefit must be revalued using the default method.”

Steve Webb

Agreed to **38**

Schedule **2**, page **26**, line **41**, after “section 83(1)(a)” insert “that is not a collective benefit”

Steve Webb

Agreed to **39**

Schedule **2**, page **26**, line **42**, after “with” insert “the following provisions of”

Schedule, as amended, agreed to.

Pension Schemes Bill, *continued*

Clause 13 agreed to.

Steve Webb

Agreed to 57

Schedule 3, page 31, line 15, at end insert—

“() In subsection (2A)—

(a) in paragraph (a), after sub-paragraph (ix) insert—

“(x) regulations made under Part 3 of the Pension Schemes Act 2014;”;

(b) in paragraph (b), after sub-paragraph (vii) insert—

“(viii) regulations made under section (*Regulations under Part 3: overriding requirements*) of the Pension Schemes Act 2014.””

Steve Webb

Agreed to 5

Schedule 3, page 32, line 29, at end insert—

“Pension credits: transfer values

10 Chapter 2 of Part 4A of the Pension Schemes Act 1993 (pension credit benefit: transfer values) is amended as follows.

11 In section 101F (power to give transfer notice), in subsection (4)(a), for “salary related occupational pension scheme” substitute “scheme to which section 101H applies”.

12 In section 101G (restrictions on power to give transfer notice), in subsection (1), for “salary related occupational pension scheme” substitute “scheme to which section 101H applies”.

13 (1) Section 101H (salary related schemes: statements of entitlement) is amended as follows.

(2) For subsection (1) substitute—

“(1) This section applies to a qualifying scheme that is—

(a) a defined benefits scheme,

(b) a shared risk scheme, or

(c) a defined contributions scheme that is not a scheme under which all the benefits that may be provided are money purchase benefits,

other than a scheme that falls within a prescribed class.

(1A) The trustees or managers of a scheme to which this section applies must, on the application of any eligible member, provide the member with a written statement of the amount of the cash equivalent of the member’s pension credit benefit under the scheme.”

(3) In subsections (2) and (3), for “(1)” substitute “(1A)”.

(4) In subsection (4)—

(a) for “to whom subsection (1)” substitute “of a scheme to which this section”;

(b) for “that subsection” substitute “subsection (1A)”.

Pension Schemes Bill, *continued*

- (5) In the heading, for “Salary related schemes” substitute “Schemes with a promise or target”.
- 14 (1) Section 101J (time for compliance with transfer notice) is amended as follows.
- (2) In subsection (1), for paragraphs (a) and (b) substitute—
- “(a) in the case of a scheme to which section 101H applies, within 6 months of the valuation date, and
- (b) in the case of any other scheme, within 6 months of the date on which the notice is given.”
- (3) For subsection (7) substitute—
- “(7) In subsection (1)(a), “valuation date” means the date by reference to which the amount shown in the relevant statement under section 101H is determined.”
- 15 (1) Section 101P (interpretation) is amended as follows.
- (2) Omit subsection (2).
- (3) In subsection (3), for “salary related occupational pension scheme” substitute “scheme to which that section applies”.

Schedule, as amended, agreed to.

Steve Webb

Agreed to 12

Clause 18, page 8, line 35, at end insert—

- “() In section 67 (the subsisting rights provisions)—
- (a) in subsection (3), omit paragraph (b) and the “or” before it;
- (b) after subsection (3) insert—
- “(3A) Regulations may provide for cases in which the subsisting rights provisions do not apply.””

Member’s explanatory statement

This amendment relates to the subsisting rights provisions. The amendment replaces the existing regulation making power with a broader power to provide for cases in which the subsisting rights provisions do not apply, so for example, in relation to collective benefits.

Steve Webb

Agreed to 13

Clause 18, page 9, line 3, at end insert—

- “(ab) on taking effect would or might result in any subsisting right of a member of the scheme which is a right to retirement income in respect of which there is a pensions promise becoming, or being replaced with, a right to benefits other than retirement income,
- (ac) on taking effect would or might result in any subsisting right of—
- (i) a member of the scheme, or
- (ii) a survivor of a member of the scheme,
- being replaced with a right or entitlement to collective benefits under the scheme rules.”

Pension Schemes Bill, *continued*

Steve Webb

Clause 18, page 9, line 3, at end insert—

Agreed to 14

“() In subsection (3)(b) of that section, after “rules” insert “, other than a pension that is a collective benefit”.”

Steve Webb

Clause 18, page 9, line 4, after “(aa)” insert “, (ab), (ac)”

Agreed to 15

Steve Webb

Clause 18, page 9, line 4, at end insert—

Agreed to 42

“() In subsection (9)—

(a) in paragraph (a), after sub-paragraph (vii) insert—

“(viii) regulations made under Part 3 of the Pension Schemes Act 2014;”;

(b) in paragraph (b), after sub-paragraph (v) insert—

“(vi) regulations made under section (*Regulations under Part 3: overriding requirements*) of the Pension Schemes Act 2014.””

Steve Webb

Clause 18, page 9, line 5, leave out “place” and insert “places”

Agreed to 16

Steve Webb

Clause 18, page 9, line 8, at end insert—

Agreed to 17

“““retirement income” has the meaning given by section 7 of the Pension Schemes Act 2014;”.”

Clause, as amended, agreed to.

Steve Webb

That clauses 9 to 18 be transferred to the end of line 6 on page 15 *Agreed to**Question proposed, that Clause 19 stand part of the Bill.*

[Adjourned until Thursday at 11.30 am