



House of Commons

NOTICES OF AMENDMENTS

given on

Wednesday 19 November 2014

CONSIDERATION OF BILL

PENSION SCHEMES BILL, AS AMENDED

Secretary Iain Duncan Smith

Title, line 3, at end insert “and provision designed to give people greater flexibility in accessing benefits and to help them make informed decisions about what to do with benefits” 1

Secretary Iain Duncan Smith

Clause 2, page 2, line 2, at end insert “, and
(d) such other requirements as may be specified in regulations are met.” 2
Member’s explanatory statement
This amendment enables the Secretary of State to make regulations to prescribe additional requirements which must be met in order for a scheme to fall within the defined benefit scheme definition.

Secretary Iain Duncan Smith

Clause 5, page 3, line 4, at end insert— 3
“() A promise about the level of retirement income is not to be treated as a pensions promise if—
(a) the promise is conditional on the retirement income coming into payment by a particular date,
(b) the scheme provides for the member to be first given the promise during such period ending on that date as may be specified in regulations, and
(c) the promise is not of a description specified in regulations.”
Member’s explanatory statement
Under clause 5 a pensions promise is a promise made at a time before the benefit comes into payment. This amendment makes an exception to that provision.

Secretary Iain Duncan Smith

Clause 7, page 4, line 5, at end insert— 4

Pension Schemes Bill, continued

““regulations” means regulations made by the Secretary of State;”

Member’s explanatory statement

This amendment is consequential on amendment 34. Provision about by whom regulations may be made is now to be dealt with in the relevant Part or clause.

Secretary Iain Duncan Smith

5

Clause 19, page 8, line 29, at end insert—

“() set out matters that the trustees or managers must take into account, or principles they must follow, in formulating the policy;”

Member’s explanatory statement

The amendment allows regulations which require trustees or managers to have a policy relating to a deficit or surplus to make provision about matters to take into account and principles they must follow.

Secretary Iain Duncan Smith

6

Clause 19, page 8, line 36, after “policy” insert “, or any requirements imposed by regulations under section (*Power to impose requirements about dealing with a deficit or surplus*),”

Member’s explanatory statement

This amendment allows regulations to require that the policy on deficits and surpluses explains the possible effect on members of any requirements imposed by regulations made under NC3.

Secretary Iain Duncan Smith

7

Clause 22, page 9, line 24, after “in” insert “the following—

(a) ”

Member’s explanatory statement

This is one of a group of amendments to ensure the policy on calculating cash equivalents applies in all cases where trustees or managers need to calculate a cash equivalent for the member’s benefits.

Secretary Iain Duncan Smith

8

Clause 22, page 9, line 25, leave out “93A(1ZB)” and insert “93A(3)”

Member’s explanatory statement

This is consequential on NS1, which replaces the provision mentioned in clause 22(2).

Secretary Iain Duncan Smith

9

Clause 22, page 9, line 25, at end insert—

“(b) section 101H(1) of that Act;

(c) section 29(2) and (3) of the Welfare Reform and Pensions Act 1999;

(d) any other provision specified in regulations.”

Member’s explanatory statement

This amendment extends the scope of the policy on calculating cash equivalents to cover cash equivalents calculated for the purposes of provisions about transfers of pension credit rights and pension sharing on divorce and for other purposes specified in regulations.

Secretary Iain Duncan Smith

10

Clause 22, page 9, line 26, leave out “The regulations” and insert “Regulations

Pension Schemes Bill, *continued*

under subsection (1)”
Member’s explanatory statement
This is consequential on amendment 9.

Secretary Iain Duncan Smith 11

Clause 22, page 9, line 29, after “97” insert “or 101F”
Member’s explanatory statement
This is consequential on amendment 9.

Secretary Iain Duncan Smith 12

Clause 22, page 9, line 30, at end insert “or section 30 of the Welfare Reform and Pensions Act 1999 or any other specified requirements”
Member’s explanatory statement
This is consequential on amendment 9.

Secretary Iain Duncan Smith 13

Clause 22, page 9, line 31, at end insert—
 “() set out matters that the trustees or managers must take into account, or principles they must follow, in formulating the policy;”
Member’s explanatory statement
The amendment allows regulations which require trustees or managers to have a policy on calculating cash equivalents to make provision about matters to take into account and principles they must follow.

Secretary Iain Duncan Smith 14

Clause 23, page 9, line 34, at end insert—
 “() Regulations may make provision about the winding up of a pension scheme under which collective benefits may be provided or part of such a scheme.
 () The regulations may, in particular, make provision about—
 (a) the distribution of assets (including any order of priority);
 (b) the operation of the scheme during winding up;
 (c) the discharge of liabilities;
 (d) excess assets on winding up.”
Member’s explanatory statement
This confers a broader power to make provision about the winding up of schemes that provide collective benefits or parts of those schemes. Where appropriate, this will enable provision to be made that is neither corresponding nor similar to the provisions currently listed in clause 23.

Secretary Iain Duncan Smith 15

Clause 23, page 9, line 35, at the beginning insert “The”
Member’s explanatory statement
This is consequential on amendment 14.

Secretary Iain Duncan Smith 16

Clause 23, page 9, line 35, after “may” insert “, in particular”
Member’s explanatory statement
This is consequential on amendment 14.

Pension Schemes Bill, *continued*

- Secretary Iain Duncan Smith 17
- Clause 23, page 9, line 36, leave out “modify and” insert “amend or otherwise modify”
Member’s explanatory statement
This allows the provisions listed in clause 23 to be amended.
- Secretary Iain Duncan Smith 18
- Clause 23, page 9, line 36, after “sections” insert “38,”
Member’s explanatory statement
This adds to the list of winding up provisions that may be disapplied or modified etc under clause 23.
- Secretary Iain Duncan Smith 19
- Clause 23, page 9, line 36, leave out “and 74” and insert “, 74 and 76”
Member’s explanatory statement
This adds to the list of winding up provisions that may be disapplied or modified etc under clause 23.
- Secretary Iain Duncan Smith 20
- Clause 23, page 9, line 37, leave out “in relation to collective benefits”
Member’s explanatory statement
This amendment and amendment 21 broaden the power to make provision about winding up. In a case where a scheme contains a mixture of benefits, it might be necessary to make provision about the non-collective benefits as well as the collective benefits.
- Secretary Iain Duncan Smith 21
- Clause 23, page 9, line 39, leave out “in relation to collective benefits”
Member’s explanatory statement
See Member’s explanatory statement for amendment 20.
- Secretary Iain Duncan Smith 22
- Clause 24, page 10, line 5, leave out “required by regulations under this Part”
Member’s explanatory statement
This amendment extends the power to specify when trustees and managers must seek actuarial advice so that it can relate to decisions and actions that are beyond the scope of regulations made under Part 2 of the Bill.
- Secretary Iain Duncan Smith 23
- Clause 29, page 10, line 34, at end insert—
 ““deficit”, in respect of a collective benefit, has the meaning given by section 19 (but this definition does not apply in section 20, which contains its own definition);”
Member’s explanatory statement
This amendment inserts a definition of “deficit” into clause 29, and gives it the same meaning as the definition included in clause 19.

Pension Schemes Bill, continued

- Secretary Iain Duncan Smith 24
- Clause 29, page 10, line 38, at end insert—
 ““regulations” means regulations made by the Secretary of State;”
Member’s explanatory statement
See Member’s explanatory statement for amendment 4.
- Secretary Iain Duncan Smith 25
- Clause 29, page 11, line 2, at end insert—
 ““surplus”, in respect of a collective benefit, has the meaning given by
 section 19;”
Member’s explanatory statement
*This amendment inserts a definition of “surplus” into clause 29, and gives it the same meaning as
 the definition included in clause 19.*
- Secretary Iain Duncan Smith 26
- Clause 30, page 11, line 17, leave out “Regulations may” and insert “The Secretary
 of State may by regulations”
Member’s explanatory statement
See Member’s explanatory statement for amendment 4.
- Secretary Iain Duncan Smith 27
- Clause 31, page 11, line 40, leave out “Regulations may” and insert “The Secretary
 of State may by regulations”
Member’s explanatory statement
See Member’s explanatory statement for amendment 4.
- Secretary Iain Duncan Smith 28
- Page 14, line 26, leave out Clause 35
Member’s explanatory statement
Clause 35 and Schedule 2 are superseded by NC24 and NS1.
- Secretary Iain Duncan Smith 29
- Page 14, line 28, leave out Clause 36
Member’s explanatory statement
*This amendment removes clause 36. For the replacement provision imposing restrictions on
 transfers out of public service defined benefits schemes in Great Britain, see NC25.*
- Secretary Iain Duncan Smith 30
- Clause 43, page 17, line 32, leave out “cash balance benefits or other money
 purchase” and insert “flexible”
Member’s explanatory statement
This amendment is consequential on amendment 56.
- Secretary Iain Duncan Smith 31
- Clause 45, page 18, line 24, at end insert—

Pension Schemes Bill, *continued*

- “() The power under section 18(5) of the Public Service Pensions Act 2013 is to include power to provide for exceptions in the case of a person who—
- (a) served as a fee-paid judge before 1 April 2012, and
 - (b) has been notified by the appropriate Minister that he or she will potentially be eligible for benefits under a scheme under this section in relation to that service,
- (and section 18(6) to (8) of the 2013 Act apply accordingly).
- () The power under section 18(5) of the Public Service Pensions Act (Northern Ireland) 2014 is to include power to provide for exceptions in the case of a person who—
- (a) served as a fee-paid judge before 1 April 2012, and
 - (b) has been notified by the appropriate Minister that he or she will potentially be eligible for benefits under a scheme under this section in relation to that service,
- (and section 18(7) to (9) of the 2014 Act apply accordingly).”

Member’s explanatory statement

Among other things this amendment would allow regulations to be made ensuring that fee-paid judges who are subsequently appointed to the salaried judiciary are extended the same transitional protection rights as members moving between existing public service pension schemes.

Secretary Iain Duncan Smith

32

Page 19, line 37, leave out clause 49

Member’s explanatory statement

The purpose behind this amendment and amendments 43, 47, 51, 52, 53, 54 and 55 is to move the text of clause 49 into Schedule 3 to the Bill. This is desirable because of structural changes made to the Bill as amended in Public Bill Committee.

Secretary Iain Duncan Smith

33

Clause 50, page 20, line 21, after “State” insert “or the Treasury”

Member’s explanatory statement

This gives the Treasury power to make consequential amendments etc under clause 50.

Secretary Iain Duncan Smith

34

Clause 51, page 20, line 30, leave out subsection (1)

Member’s explanatory statement

See Member’s explanatory statement for amendment 4.

Secretary Iain Duncan Smith

35

Clause 51, page 20, line 32, after “Regulations” insert “made by the Secretary of State or the Treasury”

Member’s explanatory statement

This amendment is consequential upon amendment 33.

Secretary Iain Duncan Smith

36

Clause 51, page 20, line 32, at end insert—

Pension Schemes Bill, continued

“() A power of the Department for Social Development in Northern Ireland to make regulations under this Act is exercisable by statutory rule for the purposes of the Statutory Rules (Northern Ireland) Order 1979 (S.I. 1979/1573 (N.I. 12)).”

Member’s explanatory statement

This amendment is consequential on the new clauses to do with independent advice and drawdown.

Secretary Iain Duncan Smith

37

Clause 51, page 20, line 40, at end insert—

“() Regulations made by the Department for Social Development in Northern Ireland under this Act are subject to negative resolution within the meaning of section 41(6) of the Interpretation Act (Northern Ireland) 1954 (c. 33 (N.I.)).”

Member’s explanatory statement

This amendment is consequential on the new clauses to do with independent advice and drawdown.

Secretary Iain Duncan Smith

38

Clause 52, page 21, line 5, at end insert—

“() section 31,”

Member’s explanatory statement

This amendment ensures that clause 31 applies to schemes managed by or on behalf of the Crown.

Secretary Iain Duncan Smith

39

Clause 52, page 21, line 7, at end insert—

- “() section (*Independent advice in respect of conversions and transfers: Great Britain*),
- () section (*Power to require employer to arrange advice for purposes of section (Independent advice in respect of conversions and transfers: Great Britain)*),
- () section (*Independent advice in respect of conversions and transfers: Northern Ireland*),
- () section (*Power to require employer to arrange advice for purposes of section (Independent advice in respect of conversions and transfers: Northern Ireland)*),
- () section (*Sums or assets that may be designated as available for drawdown: Great Britain*),
- () section (*Provision about conversion of certain benefits for drawdown: Great Britain*),
- () section (*Provision about calculation of lump sums: Great Britain*),
- () section (*Sums or assets that may be designated as available for drawdown: Northern Ireland*),
- () section (*Provision about conversion of certain benefits for drawdown: Northern Ireland*), and
- () section (*Provision about calculation of lump sums: Northern Ireland*).”

Member’s explanatory statement

This amendment ensures that the provisions listed in the amendment apply to schemes managed by or on behalf of the Crown.

Secretary Iain Duncan Smith

40

Clause 53, page 21, line 24, leave out subsection (4) and insert—

“() The following extend also to Northern Ireland—

Pension Schemes Bill, continued

- (a) section (*Independent advice: income tax exemption*)(3);
- (b) section (*Meaning of “flexible benefit”*);
- (c) section (*Meaning of “cash balance benefit”*);
- (d) section (*Interpretation of Part 4*);
- (e) this Part.”

Member’s explanatory statement

This amendment ensures that the provisions listed have UK extent. It also replicates the effect of the subsection left out by the amendment, whilst taking account of the changes described in the Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

41

Clause 53, page 21, line 24, at end insert—

“() The following extend to Northern Ireland only—

- (a) section (*Independent advice in respect of conversions and transfers: Northern Ireland*);
- (b) section (*Power to require employer to arrange advice for purposes of section (Independent advice in respect of conversions and transfers: Northern Ireland)*);
- (c) section (*Sums or assets that may be designated as available for drawdown: Northern Ireland*);
- (d) section (*Provision about conversion of certain benefits for drawdown: Northern Ireland*);
- (e) section (*Provision about calculation of lump sums: Northern Ireland*);
- (f) section (*Restriction on transfers out of public service defined benefits schemes: Northern Ireland*)(8) and (9).”

Member’s explanatory statement

This amendment provides for the provisions listed in the amendment to extend to Northern Ireland only.

Secretary Iain Duncan Smith

42

Clause 54, page 21, line 26, at end insert—

- “() section 43;
- () section (*Independent advice: income tax exemption*);
- () section (*Provision about conversion of certain benefits for drawdown: Great Britain*);
- () section (*Provision about calculation of lump sums: Great Britain*);
- () section (*Provision about conversion of certain benefits for drawdown: Northern Ireland*);
- () section (*Provision about calculation of lump sums: Northern Ireland*);
- () section (*Rights to transfer benefits*);
- () section (*Reduction of cash equivalents: funded public service defined benefits schemes: Great Britain*)(1) and (4);
- () section (*Public service defined benefits schemes: consequential amendments: Great Britain*);
- () section (*Reduction of cash equivalents: funded public service defined benefits schemes: Northern Ireland*)(1) and (4);
- () section (*Public service defined benefits schemes: consequential amendments: Northern Ireland*);
- () section (*Meaning of “flexible benefit”*);

Pension Schemes Bill, continued

- () section (*Meaning of “cash balance benefit”*);
- () section (*Interpretation of Part 4*);
- () Schedule 4;
- () Schedule (*Rights to transfer benefits*);”

Member’s explanatory statement

This amendment provides the provisions listed in the amendment to come into force on Royal Assent. The Bill currently provides for clause 43 and Schedule 4 (which are about the giving of pensions guidance) to be brought into force by regulations.

Secretary Iain Duncan Smith

43

Clause 54, page 21, line 28, leave out “, apart from section 49”

Member’s explanatory statement

See Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

44

Clause 54, page 21, line 29, at end insert—

“() The following come into force on 6 April 2015—

- (a) section (*Independent advice in respect of conversions and transfers: Great Britain*);
- (b) section (*Power to require employer to arrange advice for purposes of section (Independent advice in respect of conversions and transfers: Great Britain)*);
- (c) section (*Independent advice: consequential amendments - Great Britain*);
- (d) section (*Independent advice in respect of conversions and transfers: Northern Ireland*);
- (e) section (*Power to require employer to arrange advice for purposes of section (Independent advice in respect of conversions and transfers: Northern Ireland)*);
- (f) section (*Independent advice: consequential amendments - Northern Ireland*);
- (g) section (*Sums or assets that may be designated as available for drawdown: Great Britain*);
- (h) section (*Restrictions on conversion of benefits during winding up etc: Great Britain*);
- (i) section (*Restriction on payment of lump sums during PPF assessment period: Great Britain*);
- (j) section (*Sums or assets that may be designated as available for drawdown: Northern Ireland*);
- (k) section (*Restrictions on conversion of benefits during winding up etc: Northern Ireland*);
- (l) section (*Restriction on payment of lump sums during PPF assessment period: Northern Ireland*);
- (m) section (*Restriction on transfers out of public service defined benefits schemes: Great Britain*);
- (n) section (*Reduction of cash equivalents: funded public service defined benefits schemes: Great Britain*)(2) and (3);
- (o) section (*Restriction on transfers out of public service defined benefits schemes: Northern Ireland*);

Pension Schemes Bill, *continued*

- (p) section (*Reduction of cash equivalents: funded public service defined benefits schemes: Northern Ireland*)(2) and (3).”

Member’s explanatory statement

This amendment provides for the provisions listed in the amendment to come into force on 6 April 2015.

Secretary Iain Duncan Smith

45

Clause 54, page 21, line 31, after “regulations” insert “made by the Secretary of State”

Member’s explanatory statement

See Member’s explanatory statement for amendment 4.

Secretary Iain Duncan Smith

46

Clause 54, page 21, line 32, leave out “4” and insert “3”

Member’s explanatory statement

This amendment is consequential on amendment 42.

Secretary Iain Duncan Smith

47

Clause 54, page 21, line 33, leave out “, 47 and 49” and insert “and 47”

Member’s explanatory statement

See Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

48

Clause 54, page 21, line 36, leave out “Regulations may” and insert “The Secretary of State or the Department for Social Development in Northern Ireland may by regulations”

Member’s explanatory statement

See Member’s explanatory statement for amendment 4.

Secretary Iain Duncan Smith

49

Page 28, line 4, leave out Schedule 2

Member’s explanatory statement

See Member’s explanatory statement for amendment 28.

Secretary Iain Duncan Smith

50

Schedule 3, page 32, line 10, leave out paragraphs 3 to 5

Member’s explanatory statement

The paragraphs left out by this amendment are superseded by NC24 and NS1.

Secretary Iain Duncan Smith

51

Schedule 3, page 36, line 2, at end insert—

“26A In section 13 (improvement notices), in subsection (7)—

(a) omit the “or” at the end of paragraph (d);

Pension Schemes Bill, continued

- (b) after paragraph (e) insert “, or
- (f) the Pension Schemes Act 2014.”

Member’s explanatory statement

See Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

52

Schedule 3, page 38, line 14, leave out “In section 90 (codes of practice)” and insert—

- “(1) Section 90 (codes of practice) is amended as follows.
- (2) .”

Member’s explanatory statement

See Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

53

Schedule 3, page 38, line 15, at end insert—

- “(3) In subsection (6), in the definition of “the pensions legislation”—
- (a) omit the “or” at the end of paragraph (c);
- (b) after paragraph (d) insert—
- “(e) Schedule 18 to the Pensions Act 2014, or
- (f) the Pension Schemes Act 2014.”

Member’s explanatory statement

See Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

54

Schedule 3, page 39, line 20, at end insert—

- “34A In section 254 (representative of non-European scheme to be treated as trustee), in subsection (3)—
- (a) omit the “or” at the end of paragraph (c);
- (b) after paragraph (d) insert “, or
- (e) the Pension Schemes Act 2014.”

Member’s explanatory statement

See Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

55

Schedule 3, page 39, line 34, at end insert—

- “36A In section 291 (duty of trustees or managers to act consistently with law of host member state), in subsection (4)—
- (a) omit the “or” at the end of paragraph (c);
- (b) after paragraph (d) insert “, or
- (e) the Pension Schemes Act 2014.”

Member’s explanatory statement

See Member’s explanatory statement for amendment 32.

Secretary Iain Duncan Smith

56

Schedule 4, page 43, line 30, leave out “cash balance benefits or other money

Pension Schemes Bill, continued

purchase” and insert “flexible”

Member’s explanatory statement

This amendment provides for the definition of “pensions guidance” to reflect the new language of “flexible benefits” introduced by amendment NC31.

Secretary Iain Duncan Smith

57

Schedule 4, page 43, leave out lines 33 to 36 and insert—

““flexible benefit” has the meaning given by section (*Meaning of “flexible benefit”*) of the Pension Schemes Act 2014;”

Member’s explanatory statement

This amendment provides that “flexible benefit” in Part 20A of the Financial Services and Markets Act 2000 will have the same meaning as in the Bill - see NC31.

Secretary Iain Duncan Smith

58

Schedule 4, page 43, line 38, leave out “150(1) of the Finance Act 2004” and insert “1(5) of the Pension Schemes Act 1993”

Member’s explanatory statement

This amendment is consequential on amendments 56 and 57.

Secretary Iain Duncan Smith

59

Schedule 4, page 45, leave out lines 1 and 2

Member’s explanatory statement

This amendment removes subsection (3) of new section 333D of the Financial Services and Markets Act 2000. It is not needed as a matter of law (silence produces the same result).

Secretary Iain Duncan Smith

60

Schedule 4, page 45, line 30, at end insert—

“Co-operation and information sharing

333EA Co-operation and information sharing

- (1) The following must co-operate with one another in matters relating to the giving of pensions guidance—
 - (a) each designated guidance provider;
 - (b) the Treasury.
- (2) Designated guidance providers and the Treasury may share information for the purposes of subsection (1).”

Member’s explanatory statement

The new section inserted into the Financial Services and Markets Act 2000 by this amendment requires designated guidance providers and the Treasury to co-operate in delivering pensions guidance and provides that they may share information for this purpose.

Secretary Iain Duncan Smith

61

Schedule 4, page 46, line 35, at end insert—

“() Standards set under this section—

- (a) may make different provision for different cases and may, in particular, make different provision in respect of different

Pension Schemes Bill, *continued*

classes of designated guidance providers or different types of pensions guidance;

- (b) may include incidental, supplemental, consequential or transitional provision.”

Member’s explanatory statement

This amendment provides for the FCA’s power to set standards in new section 333G of the Financial Services and Markets Act 2000 to include the setting of different standards in different cases and regarding different groups of guidance providers and the making of incidental, supplemental, consequential and transitional provision.

Secretary Iain Duncan Smith

62

Schedule 4, page 47, line 36, after “person” insert “(other than in section 165(11)(d))”

Member’s explanatory statement

This amendment provides for an amendment to subsection (2) of new section 333H of the Financial Services and Markets Act 2000 such that the connections set out in Schedule 15 to that Act apply.

Secretary Iain Duncan Smith

63

Schedule 4, page 48, line 19, at end insert—

- “(4) If the power conferred by section 333E(3) to revoke a designation is exercised before the power in subsection (1) the reference in subsection (1) to a designated guidance provider is to be read as a reference to a person who, at the time of the failure to comply, was a designated guidance provider.”

Member’s explanatory statement

This amendment provides for the FCA’s power to make recommendations in new section 333I of the Financial Services and Markets Act 2000 to be effective where, following failure to comply with the standards, the designation of the guidance provider has been revoked by the Treasury under new section 333E(3).

Secretary Iain Duncan Smith

64

Schedule 4, page 52, line 22, leave out from “guidance” to “whether” in line 24

Member’s explanatory statement

This amendment is consequential on amendment 65.

Secretary Iain Duncan Smith

65

Schedule 4, page 52, line 32, at end insert—

- “() For the purposes of subsection (10)(b) “expenses of designated guidance providers”—
- (a) includes expenses incurred by virtue of sections 333G(2), 333I, 333L and 333P, and
- (b) where a recommendation or direction has been made by virtue of section 333I(4) or 333M(2), includes expenses of a former designated guidance provider.”

Member’s explanatory statement

This amendment confirms that the “expenses of designated guidance providers” in subsection (10)(b) of new section 333Q include expenses specified in paragraph (a) and expenses of former guidance providers as specified by paragraph (b).

Pension Schemes Bill, *continued*

Secretary Iain Duncan Smith

66

Schedule 4, page 52, line 37, at end insert—

“3A In section 1M (FCA’s general duty to consult), after “section 1B” insert “and its duties under section 333N”.

3B In section 1S (reviews by independent person into discharge of FCA functions), in subsection (3) (excluded functions), after “(4)” insert “or its duties under section 333N(1) and (2)(a)”.”

Member’s explanatory statement

This amendment provides for amendments to sections 1M and 1S of the Financial Services and Markets Act 2000 in consequence of new section 333N of that Act.

Secretary Iain Duncan Smith

67

Schedule 4, page 52, line 44, leave out “cash balance benefits or other money purchase” and insert “flexible”

Member’s explanatory statement

This amendment is consequential on amendments 56 and 57.

Secretary Iain Duncan Smith

68

Schedule 4, page 53, line 9, leave out “cash balance benefits or other money purchase” and insert “flexible”

Member’s explanatory statement

This amendment is consequential on amendments 56 and 57.

Secretary Iain Duncan Smith

69

Schedule 4, page 53, leave out lines 12 to 15 and insert—

““flexible benefit” has the meaning given by section (*Meaning of “flexible benefit”*) of the Pension Schemes Act 2014;”

Member’s explanatory statement

This amendment is consequential on amendments 56 and 57.

Secretary Iain Duncan Smith

70

Schedule 4, page 53, line 23, at end insert—

“4A (1) Section 138F (notification of rules) is amended as follows.

(2) The existing text becomes subsection (1).

(3) After that subsection insert—

“(2) Subsection (1)(b) does not apply to rules made under or by virtue of section 137FB, 333P or 333Q.””

Member’s explanatory statement

This amendment provides for an amendment to section 138F of the Financial Services and Markets Act 2000 in consequence of new sections 137FB, 333P and 333Q of that Act.

Secretary Iain Duncan Smith

71

Schedule 4, page 54, line 17, at end insert—

“11A In that Schedule, in paragraph 21 (FCA financial penalty scheme), in subparagraph (2) (list of “regulated persons” who may benefit from the scheme)—

(a) omit the “and” at the end of paragraph (c);

Pension Schemes Bill, *continued*

- (b) at the end of paragraph (d) insert “, and
(e) designated guidance providers.”

Member’s explanatory statement

This amendment provides for an amendment to paragraph 21 of Schedule 1ZA to the Financial Services and Markets Act 2000 in consequence of new section 333F of that Act.

Secretary Iain Duncan Smith

72

Schedule 4, page 55, line 44, leave out “cash balance benefits or other money purchase” and insert “flexible”

Member’s explanatory statement

This amendment is consequential on amendments 56 and 57.

Secretary Iain Duncan Smith

NC1

To move the following Clause—

“Policy about factors used to determine each benefit

- (1) Regulations may require the trustees or managers of a pension scheme—
 - (a) to have a policy as to the factors to be used to determine what proportion of the amount available for the provision of any collective benefits by the scheme is to be available for the provision of a particular collective benefit, and
 - (b) to follow that policy in calculating any collective benefit.
- (2) The regulations may, in particular—
 - (a) require the trustees or managers to consult about the policy;
 - (b) make provision about the content of the policy;
 - (c) set out matters that the trustees or managers must take into account, or principles they must follow, in formulating the policy;
 - (d) make provision about reviewing and revising the policy.”

Member’s explanatory statement

This amendment allows regulations to require trustees or managers to have a policy on the factors used to calculate members’ benefits and to follow it. The amendment also provides that regulations may make various provisions about the policy such as content and matters or principles that should be followed.

Secretary Iain Duncan Smith

NC2

To move the following Clause—

“Power to impose requirements about factors used to determine each benefit

Regulations may make provision as to the factors to be used to determine what proportion of the amount available for the provision of any collective benefits by a pension scheme is to be available for the provision of a particular collective benefit.”

Member’s explanatory statement

This amendment allows regulations to set out the factors that must be used to calculate members’ benefits.

Pension Schemes Bill, *continued*

Secretary Iain Duncan Smith

NC3

To move the following Clause—

“Power to impose requirements about dealing with a deficit or surplus

- (1) Regulations may specify circumstances in which a deficit or surplus in respect of any collective benefits that may be provided by a pension scheme must be dealt with in a particular way.
- (2) The regulations may, in particular, specify steps that must be taken by the trustees or managers and the period or periods within which any steps must be taken.”

Member’s explanatory statement

The amendment allows regulations to set out how a deficit or surplus must be dealt with in specific circumstances, the steps trustees or managers may be required to take and the time period within which those steps must be taken.

Secretary Iain Duncan Smith

NC4

To move the following Clause—

“Requirement to wind up scheme in specified circumstances

- (1) Regulations may require the trustees or managers of a pension scheme under which collective benefits may be provided to wind up the whole or part of the scheme in specified circumstances.
- (2) The regulations may, in particular—
 - (a) provide for the winding up of the scheme or part to be as effective in law as if it had been made under powers conferred by or under the scheme;
 - (b) require the scheme or part to be wound up in spite of any legislative provision or rule of law, or any scheme rule, which would otherwise operate to prevent the winding up;
 - (c) require the scheme or part to be wound up without regard to any legislative provision, rule of law or scheme rule that would otherwise require, or might otherwise be taken to require, the implementation of any procedure or the obtaining of any consent with a view to the winding up.”

Member’s explanatory statement

This allows regulations to require the trustees or managers of a pension scheme under which collective benefits may be provided to wind up the scheme or part of it in circumstances specified in the regulations.

Secretary Iain Duncan Smith

NC5

To move the following Clause—

“Policies about winding up

- (1) Regulations may require the trustees or managers of a pension scheme under which collective benefits may be provided—
 - (a) to have a policy about the winding up of the scheme or part of it;
 - (b) to follow that policy.
- (2) The regulations may, in particular—
 - (a) require the trustees or managers to consult about the policy;

Pension Schemes Bill, *continued*

- (b) make provision about the content of the policy;
 - (c) set out matters that the trustees or managers must take into account, or principles they must follow, in formulating the policy;
 - (d) make provision about reviewing and revising the policy.
- (3) The regulations may, in particular, require the policy—
- (a) to contain an explanation of the circumstances in which the trustees or managers are permitted or required to wind up the scheme or part and any requirements about the distribution of assets (including any order of priority);
 - (b) to contain an explanation of how the trustees or managers intend to use any powers to wind up the scheme or part and how they intend to use any powers in relation to the distribution of assets (including any order of priority);
 - (c) to contain an explanation of how the costs of winding up are required to be met or how the trustees or managers will use any powers to decide how those costs are to be met.”

Member’s explanatory statement

This allows regulations to be made requiring the trustees or managers of a pension scheme under which collective benefits may be provided to have a policy about winding up.

Secretary Iain Duncan Smith

NC6

To move the following Clause—

“Working out which assets are available for the provision of which benefits

Regulations may make provision, in relation to a scheme under which any of the benefits that may be provided are collective benefits, about how to work out—

- (a) which assets held by the scheme are held for the purposes of providing collective benefits;
- (b) which assets held by the scheme are held for the purposes of providing which collective benefits;
- (c) which assets held by the scheme are held for the purposes of providing any benefits other than collective benefits.”

Member’s explanatory statement

This regulation making power will allow provision to be made about how to work out which assets are held for the purposes of providing which benefits.

Secretary Iain Duncan Smith

NC7

To move the following Clause—

“Independent advice in respect of conversions and transfers: Great Britain

- (1) Where a member of a pension scheme has subsisting rights in respect of any safeguarded benefits, or a survivor of a member has subsisting rights in respect of any safeguarded benefits, the trustees or managers must check that the member or survivor has received appropriate independent advice before—
 - (a) converting any of the benefits into different benefits that are flexible benefits under the scheme;
 - (b) making a transfer payment in respect of any of the benefits with a view to acquiring flexible benefits for the member or survivor under another pension scheme.

Pension Schemes Bill, continued

- (2) The Secretary of State may by regulations make provision about—
 - (a) what the trustees or managers must do to check that a member or survivor has received appropriate independent advice for the purposes of subsection (1), and
 - (b) when the check must be carried out for the purposes of that subsection.
- (3) The Secretary of State may by regulations create exceptions to subsection (1).
- (4) In subsection (1)(b) the reference to another pension scheme includes a scheme established in a country or territory outside Great Britain.
- (5) Where the trustees or managers fail to carry out a check required by this section, section 10 of the Pensions Act 1995 (civil penalties) applies to any trustee or manager who failed to take reasonable steps to ensure that the check was carried out.
- (6) Failure to carry out a check required by this section does not affect the validity of any transaction.
- (7) In this section—
 - “appropriate independent advice” has the meaning given by regulations made by the Secretary of State;
 - “safeguarded benefits” means any benefits other than—
 - (a) money purchase benefits, and
 - (b) cash balance benefits.”

Member’s explanatory statement

This provides that before trustees or managers of a pension scheme (in Great Britain) in which a person has safeguarded benefits convert them into flexible benefits, or make a transfer to another scheme to acquire flexible benefits, they must check that the person has received appropriate independent advice.

Secretary Iain Duncan Smith

NC8

To move the following Clause—

**“Power to require employer to arrange advice for purposes of section
(Independent advice in respect of conversions and transfers: Great Britain)**

- (1) The Secretary of State may by regulations specify circumstances in which an employer must arrange or pay for a member of a pension scheme, or a survivor of a member of a pension scheme, to receive appropriate independent advice for the purpose of satisfying a requirement imposed by section (*Independent advice in respect of conversions and transfers: Great Britain*).
- (2) Regulations under subsection (1) may, in particular—
 - (a) impose limitations on the amount that an employer may be required to pay;
 - (b) prohibit an employer from seeking in any way to recover, from a member or survivor, costs incurred by the employer in complying with the regulations;
 - (c) provide for section 10 of the Pensions Act 1995 (civil penalties) to apply to a failure by an employer to comply with the regulations.
- (3) In this section “employer” has the meaning given by regulations made by the Secretary of State.”

Member’s explanatory statement

This gives the Secretary of State the ability to make regulations requiring an employer to pay for the advice required by NC7 in the circumstances specified in the regulations.

Pension Schemes Bill, *continued*

Secretary Iain Duncan Smith

NC9

To move the following Clause—

“Independent advice: consequential amendments - Great Britain

- (1) The Pension Schemes Act 1993 is amended as follows.
- (2) In section 99 (trustees’ duties after exercise of option), after subsection (1) insert—
 - “(1A) Subsection (2) does not apply if—
 - (a) the trustees or managers have been unable to carry out the check required by section (*Independent advice in respect of conversions and transfers: Great Britain*) of the Pension Schemes Act 2014 by reason of factors outside their control, or
 - (b) the trustees or managers have carried out the check required by section (*Independent advice in respect of conversions and transfers: Great Britain*) of the Pension Schemes Act 2014 but the check did not confirm that the member had received appropriate independent advice.”
- (3) In section 101J (time for compliance with transfer notice in respect of pension credit benefits), after subsection (2) insert—
 - “(2A) Subsection (1) does not apply if—
 - (a) the trustees or managers have been unable to carry out the check required by section (*Independent advice in respect of conversions and transfers: Great Britain*) of the Pension Schemes Act 2014 by reason of factors outside their control, or
 - (b) the trustees or managers have carried out the check required by section (*Independent advice in respect of conversions and transfers: Great Britain*) of the Pension Schemes Act 2014 but the check did not confirm that the member had received appropriate independent advice.””

Member’s explanatory statement

This amendment is consequential upon NC7.

Secretary Iain Duncan Smith

NC10

To move the following Clause—

“Independent advice in respect of conversions and transfers: Northern Ireland

- (1) Where a member of a pension scheme has subsisting rights in respect of any safeguarded benefits, or a survivor of a member has subsisting rights in respect of any safeguarded benefits, the trustees or managers must check that the member or survivor has received appropriate independent advice before—
 - (a) converting any of the benefits into different benefits that are flexible benefits under the scheme;
 - (b) making a transfer payment in respect of any of the benefits with a view to acquiring flexible benefits for the member or survivor under another pension scheme.
- (2) The Department for Social Development in Northern Ireland may by regulations make provision about—

Pension Schemes Bill, *continued*

- (a) what the trustees or managers must do to check that a member or survivor has received appropriate independent advice for the purposes of subsection (1), and
- (b) when the check must be carried out for the purposes of that subsection.
- (3) The Department for Social Development in Northern Ireland may by regulations create exceptions to subsection (1).
- (4) In subsection (1)(b) the reference to another pension scheme includes a scheme established in a country or territory outside Northern Ireland.
- (5) Where the trustees or managers fail to carry out a check required by this section, Article 10 of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) (civil penalties) applies to any trustee or manager who failed to take reasonable steps to ensure that the check was carried out.
- (6) Failure to carry out a check required by this section does not affect the validity of any transaction.
- (7) In this section—
 - “appropriate independent advice” has the meaning given by regulations made by the Department for Social Development in Northern Ireland;
 - “safeguarded benefits” means any benefits other than —
 - (c) money purchase benefits, and
 - (d) cash balance benefits.”

Member’s explanatory statement

This provides that before trustees or managers of a pension scheme (in Northern Ireland) in which a person has safeguarded benefits convert them into flexible benefits, or make a transfer to another scheme to acquire flexible benefits, they must check that the person has received appropriate independent advice.

Secretary Iain Duncan Smith

NC11

To move the following Clause—

**“Power to require employer to arrange advice for purposes of section
(Independent advice in respect of conversions and transfers: Northern Ireland)**

- (1) The Department for Social Development in Northern Ireland may by regulations specify circumstances in which an employer must arrange or pay for a member of a pension scheme, or a survivor of a member of a pension scheme, to receive appropriate independent advice for the purpose of satisfying a requirement imposed by section (*Independent advice in respect of conversions and transfers: Northern Ireland*).
- (2) Regulations under subsection (1) may, in particular—
 - (a) impose limitations on the amount that an employer may be required to pay;
 - (b) prohibit an employer from seeking in any way to recover, from a member or survivor, costs incurred by the employer in complying with the regulations;
 - (c) provide for Article 10 of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) (civil penalties) to apply to a failure by an employer to comply with the regulations.
- (3) In this section “employer” has the meaning given by regulations made by the Department for Social Development in Northern Ireland.”

Member’s explanatory statement

The Department for Social Development in Northern Ireland can make regulations requiring an employer to pay for the advice required by NC10 in the circumstances specified in the regulations.

Pension Schemes Bill, continued

Secretary Iain Duncan Smith

NC12

To move the following Clause—

“Independent advice: consequential amendments - Northern Ireland

- (1) The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- (2) In section 95 (trustees’ duties after exercise of option), after subsection (1) insert—
 - “(1A) Subsection (2) does not apply if—
 - (a) the trustees or managers have been unable to carry out the check required by section (*Independent advice in respect of conversions and transfers: Northern Ireland*) of the Pension Schemes Act 2014 by reason of factors outside their control, or
 - (b) the trustees or managers have carried out the check required by section (*Independent advice in respect of conversions and transfers: Northern Ireland*) of the Pension Schemes Act 2014 but the check did not confirm that the member had received appropriate independent advice.”
- (3) In section 97J (time for compliance with transfer notice in respect of pension credit benefits), after subsection (2) insert—
 - “(2A) Subsection (1) does not apply if—
 - (a) the trustees or managers have been unable to carry out the check required by section (*Independent advice in respect of conversions and transfers: Northern Ireland*) of the Pension Schemes Act 2014 by reason of factors outside their control, or
 - (b) the trustees or managers have carried out the check required by section (*Independent advice in respect of conversions and transfers: Northern Ireland*) of the Pension Schemes Act 2014 but the check did not confirm that the member had received appropriate independent advice.””

Member’s explanatory statement

This amendment is consequential upon NC10.

Secretary Iain Duncan Smith

NC13

To move the following Clause—

“Independent advice: income tax exemption

- (1) In Part 4 of the Income Tax (Earnings and Pensions) Act 2003 (employment income: exemptions), in Chapter 9 (exemptions: pension provision), after section 308A insert—

“308B Independent advice in respect of conversions and transfers of pension scheme benefits

- (1) No liability to income tax arises in respect of—
 - (a) the provision to an employee or former employee of appropriate independent advice, or
 - (b) the payment or reimbursement, to or in respect of an employee or former employee, of the cost of such advice,
 if conditions A to C are met.

Pension Schemes Bill, continued

- (2) Condition A is that the provision, payment or reimbursement is required by regulations under section (*Power to require employer to arrange advice for purposes of section (Independent advice in respect of conversions and transfers: Great Britain)*) or (*Power to require employer to arrange advice for purposes of section (Independent advice in respect of conversions and transfers: Northern Ireland)*) of the Pension Schemes Act 2014 (power to require employer to arrange independent advice in respect of conversions and transfers).
- (3) If condition A is met only as respects part of the payment or reimbursement because the amount of the payment or reimbursement exceeds the amount required to be paid or reimbursed, subsection (1) applies in respect of that part.
- (4) Condition B is that the provision, payment or reimbursement is not pursuant to relevant salary sacrifice arrangements.
- (5) Condition C is that such other requirements as may be specified in regulations made by the Treasury are satisfied in relation to the provision, payment or reimbursement.
- (6) In this section—
- “appropriate independent advice”—
- (a) in relation to England and Wales and Scotland, has the meaning given by regulations under section (*Independent advice in respect of conversions and transfers: Great Britain*) of the Pension Schemes Act 2014;
- (b) in relation to Northern Ireland, has the meaning given by regulations under section (*Independent advice in respect of conversions and transfers: Northern Ireland*) of that Act;
- “relevant salary sacrifice arrangements” means arrangements (whenever made, whether before or after the employment began) under which an employee gives up the right to receive an amount of general earnings or specific employment income in return for the provision of appropriate independent advice or the payment or reimbursement of the cost of such advice.”
- (2) In that Part of that Act, in section 228 (effect of exemptions on liability under provisions outside Part 2), in subsection (2), after paragraph (d) insert—
- “(da) section 308B (independent advice in respect of conversions and transfers of pension scheme benefits),”.
- (3) The amendments made by this section have effect for the tax year 2015-16 and subsequent tax years.”

Member's explanatory statement

This amendment is consequential upon NC7, NC8, NC10 and NC11. It prevents the cost of independent financial advice, relating to the conversion or transfer of certain pension benefits, that is paid for or reimbursed by an employer from being treated as a taxable benefit in kind for income tax purposes if conditions are met.

Secretary Iain Duncan Smith

NC14

To move the following Clause—

Pension Schemes Bill, *continued*

“Sums or assets that may be designated as available for drawdown: Great Britain

- (1) In the case of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of drawdown pension for the member under the scheme are sums or assets held for the purposes of providing money purchase benefits to or in respect of the member.
- (2) In the case of a survivor of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of dependants’ drawdown pension for the survivor under the scheme are sums or assets held for the purposes of providing money purchase benefits to the survivor.
- (3) This section overrides any provision of an occupational pension scheme to the extent that there is a conflict.
- (4) This section does not apply in relation to sums or assets designated before 6 April 2015.”

Member’s explanatory statement

This ensures that occupational pension schemes may only pay drawdown pensions out of assets held for the purpose of providing money purchase benefits. The requirement applies to assets designated on or after 6 April 2015 as available for payment of drawdown, and overrides any conflicting provision in scheme rules.

Secretary Iain Duncan Smith

NC15

To move the following Clause—

“Provision about conversion of certain benefits for drawdown: Great Britain

- (1) The Secretary of State may by regulations make provision about the conversion of benefits under an occupational pension scheme in circumstances where—
 - (a) a member of the scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
 - (b) the member or survivor exercises an option to convert any of the benefits into money purchase benefits for the purposes of enabling sums or assets to be designated as available for the payment of drawdown pension or dependants’ drawdown pension.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any benefits not converted are to be calculated in future.
- (3) In relation to a conversion that takes place before the member or survivor reaches normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of converting them into money purchase benefits;
 - (b) the use of any power to reduce benefits.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.”

Member’s explanatory statement

This provides a power to make regulations in relation to the conversion of flexible benefits into money purchase benefits for the purpose of paying a drawdown pension, where an occupational scheme offers that option to members or their survivors. The clause outlines particular areas which such regulations may cover.

Secretary Iain Duncan Smith

NC16

To move the following Clause—

Pension Schemes Bill, *continued*

“Provision about calculation of lump sums: Great Britain

- (1) The Secretary of State may by regulations make provision about the calculation of lump sums in circumstances where—
 - (a) a member of an occupational pension scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
 - (b) the member or survivor exercises an option to be paid a lump sum in respect of any of those benefits.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any remaining benefits are to be calculated in future.
- (3) In a case where a member or survivor exercises an option to be paid a lump sum before reaching normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of determining the amount available for the payment of the lump sum;
 - (b) the use of any power to reduce the amount of the lump sum.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.”

Member’s explanatory statement

This provides a power to make regulations in relation to the payment of lump sums by occupational pension schemes in respect of flexible benefits. The clause outlines particular areas which such regulations may cover.

Secretary Iain Duncan Smith

NC17

To move the following Clause—

“Restrictions on conversion of benefits during winding up etc: Great Britain

- (1) In section 73A of the Pensions Act 1995 (operation of scheme during winding up period), after subsection (6) insert—

“(6A) During the winding up period no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”
- (2) In section 73B of that Act (sections 73 and 73A: supplementary), in subsections (1) and (3), after “section 73A(3)” insert “or (6A)”.
- (3) In section 135 of the Pensions Act 2004 (restrictions on winding up, discharge of liabilities etc during assessment period), in subsection (4), before paragraph (a) insert—

“(za) no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.””

Member’s explanatory statement

Where an occupational pension scheme is winding up or being assessed for transfer into the Pension Protection Fund, this amendment prevents any right under the scheme to a benefit which is not a money purchase benefit being converted into a money purchase benefit.

Secretary Iain Duncan Smith

NC18

To move the following Clause—

Pension Schemes Bill, *continued*

“Restriction on payment of lump sums during PPF assessment period: Great Britain

- (1) Section 138 of the Pensions Act 2004 (payment of scheme benefits during assessment period) is amended as follows.
- (2) In subsection (1), after “Subsections (2)” insert “, (2A)”.
- (3) After subsection (2) insert—
 - “(2A) Benefits in the form of a lump sum may be paid to or in respect of a member under the scheme rules during the assessment period only in the circumstances in which, and to the extent to which, lump sum compensation would be payable to or in respect of the member in accordance with this Chapter if—
 - (a) the Board assumed responsibility for the scheme in accordance with this Chapter, and
 - (b) the assessment date referred to in Schedule 7 were the date on which the assessment period began.”
- (4) In subsection (3), omit “But”.
- (5) In subsection (5), for “subsection (2)” substitute “subsections (2) and (2A)”.
- (6) In subsection (6), for “subsection (3)” substitute “subsections (2A) and (3)”.
- (7) In subsection (7), after “Subsections (2),” insert “(2A),”.
- (8) In subsection (8), after “subsections (2)” insert “, (2A)”.
- (9) In subsection (9), for “subsections (2) and (3)” substitute “subsections (2) to (3)”.
- (10) After subsection (9) insert—
 - “(9A) Regulations may make provision as to circumstances in which benefits in the form of a lump sum are to be treated for the purposes of subsection (2A) as being paid in the circumstances in which lump sum compensation would be payable in accordance with this Chapter.
 - (9B) Regulations may create exceptions to subsection (2A).”
- (11) In subsection (12), for “subsection (2)” substitute “subsections (2) and (2A)”.
- (12) In subsection (13), after “subsection (2)” insert “, (2A)”.

Member’s explanatory statement

This clarifies restrictions on the payment of benefits by an occupational pension scheme which is being assessed for transfer into the Pension Protection Fund. It specifies the types of lump sums that can be paid, and includes a power to make further provision in relation to particular circumstances.

Secretary Iain Duncan Smith

NC19

To move the following Clause—

“Sums or assets that may be designated as available for drawdown: Northern Ireland

- (1) In the case of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of drawdown pension for the member under the scheme are sums or assets held for the purposes of providing money purchase benefits to or in respect of the member.
- (2) In the case of a survivor of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of dependants’ drawdown pension for the survivor under the scheme are sums or assets held for the purposes of providing money purchase benefits to the survivor.

Pension Schemes Bill, continued

- (3) This section overrides any provision of an occupational pension scheme to the extent that there is a conflict.
- (4) This section does not apply in relation to sums or assets designated before 6 April 2015.”

Member’s explanatory statement

This ensures that occupational pension schemes may only pay drawdown pensions out of assets held for the purpose of providing money purchase benefits. The requirement applies to assets designated on or after 6 April 2015 as available for payment of drawdown, and overrides any conflicting provision in scheme rules.

Secretary Iain Duncan Smith

NC20

To move the following Clause—

“Provision about conversion of certain benefits for drawdown: Northern Ireland

- (1) The Department for Social Development in Northern Ireland may by regulations make provision about the conversion of benefits under an occupational pension scheme in circumstances where—
 - (a) a member of the scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
 - (b) the member or survivor exercises an option to convert any of the benefits into money purchase benefits for the purposes of enabling sums or assets to be designated as available for the payment of drawdown pension or dependants’ drawdown pension.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any benefits not converted are to be calculated in future.
- (3) In relation to a conversion that takes place before the member or survivor reaches normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of converting them into money purchase benefits;
 - (b) the use of any power to reduce benefits.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.”

Member’s explanatory statement

This provides a power to make regulations in relation to the conversion of flexible benefits into money purchase benefits for the purpose of paying a drawdown pension, where an occupational scheme offers that option to members or their survivors. The clause outlines particular areas which such regulations may cover.

Secretary Iain Duncan Smith

NC21

To move the following Clause—

“Provision about calculation of lump sums: Northern Ireland

- (1) The Department for Social Development in Northern Ireland may by regulations make provision about the calculation of lump sums in circumstances where—
 - (a) a member of an occupational pension scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and

Pension Schemes Bill, *continued*

- (b) the member or survivor exercises an option to be paid a lump sum in respect of any of those benefits.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any remaining benefits are to be calculated in future.
- (3) In a case where a member or survivor exercises an option to be paid a lump sum before reaching normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of determining the amount available for the payment of the lump sum;
 - (b) the use of any power to reduce the amount of the lump sum.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.”

Member’s explanatory statement

This provides a power to make regulations in relation to the payment of lump sums by occupational pension schemes in respect of flexible benefits. The clause outlines particular areas which such regulations may cover.

Secretary Iain Duncan Smith

NC22

To move the following Clause—

“Restrictions on conversion of benefits during winding up etc: Northern Ireland

- (1) In Article 73A of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) (operation of scheme during winding up period), after paragraph (6) insert—
 - “(6A) During the winding up period no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”
- (2) In Article 73B of that Order (Articles 73 and 73A: supplementary), in paragraphs (1) and (3), after “Article 73A(3)” insert “or (6A)”.
- (3) In Article 119 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)) (restrictions on winding up, discharge of liabilities etc during assessment period), in paragraph (4), before sub-paragraph (a) insert—
 - “(za) no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”

Member’s explanatory statement

Where an occupational pension scheme is winding up or being assessed for transfer into the Pension Protection Fund, this amendment prevents any right under the scheme to a benefit which is not a money purchase benefit being converted into a money purchase benefit.

Secretary Iain Duncan Smith

NC23

To move the following Clause—

Pension Schemes Bill, *continued*

**“Restriction on payment of lump sums during PPF assessment period:
Northern Ireland**

- (1) Article 122 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)) (payment of scheme benefits during assessment period) is amended as follows.
- (2) In paragraph (1), after “Paragraphs (2)” insert “, (2A)”.
- (3) After paragraph (2) insert—
 - “(2A) Benefits in the form of a lump sum may be paid to or in respect of a member under the scheme rules during the assessment period only in the circumstances in which, and to the extent to which, lump sum compensation would be payable to or in respect of the member in accordance with this Chapter if—
 - (a) the Board assumed responsibility for the scheme in accordance with this Chapter, and
 - (b) the assessment date referred to in Schedule 6 were the date on which the assessment period began.”
- (4) In paragraph (3), omit “But”.
- (5) In paragraph (5), for “paragraph (2)” substitute “paragraphs (2) and (2A)”.
- (6) In paragraph (6), for “paragraph (3)” substitute “paragraphs (2A) and (3)”.
- (7) In paragraph (7), after “Paragraphs (2),” insert “(2A),”.
- (8) In paragraph (8), after “paragraphs (2)” insert “, (2A)”.
- (9) In paragraph (9), for “paragraphs (2) and (3)” substitute “paragraphs (2) to (3)”.
- (10) After paragraph (9) insert—
 - “(9A) Regulations may make provision as to circumstances in which benefits in the form of a lump sum are to be treated for the purposes of paragraph (2A) as being paid in the circumstances in which lump sum compensation would be payable in accordance with this Chapter.
 - (9B) Regulations may create exceptions to paragraph (2A).”
- (11) In paragraph (12), for “paragraph (2)” substitute “paragraphs (2) and (2A)”.
- (12) In paragraph (13), after “paragraph (2)” insert “, (2A)”.

Member’s explanatory statement

This clarifies restrictions on the payment of benefits by an occupational pension scheme which is being assessed for transfer into the Pension Protection Fund. It specifies the types of lump sums that can be paid, and includes a power to make further provision in relation to particular circumstances.

Secretary Iain Duncan Smith

NC24

To move the following Clause—

“Rights to transfer benefits

Schedule (*Rights to transfer benefits*) contains amendments that confer new statutory rights to transfer benefits.”

Member’s explanatory statement

This introduces a new Schedule which makes changes to the right a member has to transfer their pension savings prior to accessing those savings.

Pension Schemes Bill, *continued*

Secretary Iain Duncan Smith

NC25

To move the following Clause—

“Restriction on transfers out of public service defined benefits schemes: Great Britain

- (1) The Pension Schemes Act 1993 is amended as follows.
- (2) In section 95 (ways of taking right to cash equivalent), in subsection (2), after “occupational pension scheme” insert “that is not an unfunded public service defined benefits scheme”.
- (3) In section 95, after subsection (2) insert—
 - “(2A) In the case of a member of an occupational pension scheme that is an unfunded public service defined benefits scheme, the ways referred to in subsection (1) are—
 - (a) for acquiring transfer credits allowed under the rules of another occupational pension scheme if—
 - (i) the benefits that may be provided under the other scheme by virtue of the transfer credits are not flexible benefits,
 - (ii) the trustees or managers of the other scheme are able and willing to accept payment in respect of the member’s transferrable rights, and
 - (iii) the other scheme satisfies requirements prescribed in regulations made by the Secretary of State or the Treasury;
 - (b) for acquiring rights allowed under the rules of a personal pension scheme if—
 - (i) the benefits that may be provided under the personal pension scheme by virtue of the acquired rights are not flexible benefits,
 - (ii) the trustees or managers of the personal pension scheme are able and willing to accept payment in respect of the member’s transferrable rights, and
 - (iii) the personal pension scheme satisfies requirements prescribed in regulations made by the Secretary of State or the Treasury;
 - (c) for purchasing from one or more insurers such as are mentioned in section 19(4)(a), chosen by the member and willing to accept payment on account of the member from the trustees or managers, one or more annuities which satisfy requirements prescribed in regulations made by the Secretary of State or the Treasury;
 - (d) for subscribing to other pension arrangements which satisfy requirements prescribed in regulations made by the Secretary of State or the Treasury.
 - (2B) The Treasury may by regulations provide for sub-paragraph (i) of subsection (2A)(a) or (b) not to apply in prescribed circumstances or in relation to prescribed schemes or schemes of a prescribed description.
 - (2C) In subsection (2A) “unfunded public service defined benefits scheme” means a public service pension scheme that—

Pension Schemes Bill, *continued*

- (a) is a defined benefits scheme within the meaning given by section 37 of the Public Service Pensions Act 2013, and
- (b) meets some or all of its liabilities otherwise than out of a fund accumulated for the purpose during the life of the scheme.”
- (4) In section 95(5)(a), for “subsection (2) is” substitute “subsections (2) and (2A) are”.
- (5) In section 95(6)—
 - (a) after “subsections (2)” insert “, (2A)”;
 - (b) after “subsection (2)” insert “or (2A)”.
- (6) In section 96 (further provisions concerning exercise of option under section 95), in subsection (2)(b), after “subsection (2)” insert “, subsection (2A)”.
- (7) In section 100 (withdrawal of applications), in subsection (2), after “subsection (2)” insert “, subsection (2A)”.
- (8) The amendments made by this section have no effect in relation to an application made under section 95(1) of the Pension Schemes Act 1993 before 6 April 2015.
- (9) Until the coming into force of the first regulations made under a provision of section 95(2A) of the Pension Schemes Act 1993 specified in the first column of the table, regulations made under the provision of section 95(2) of that Act specified in the corresponding entry in the second column apply (with any necessary modifications) for the purposes of the provision specified in the first column—

<i>Provision of section 95(2A)</i>	<i>Provision of section 95(2)</i>
Paragraph (a)(iii)	Paragraph (a)(ii)
Paragraph (b)(iii)	Paragraph (b)(ii)
Paragraph (c)	Paragraph (c)
Paragraph (d)	Paragraph (d).”

Member’s explanatory statement

This amendment restricts the right under the Pension Schemes Act 1993 to transfer from one pension scheme to another, so as to prevent a member of an unfunded public service defined benefits scheme using that right to transfer to another pension scheme in which they can obtain flexible benefits.

Secretary Iain Duncan Smith

NC26

To move the following Clause—

“Reduction of cash equivalents: funded public service defined benefits schemes: Great Britain

- (1) The Pension Schemes Act 1993 is amended as follows.
- (2) In section 97 (calculation of cash equivalents), in subsection (1)—
 - (a) after “verified” insert “—
 - (a) ”;
 - (b) at the end insert “, and
 - (b) where a designation has been made under section 97A or 97B, in accordance with regulations under section 97C.”

Pension Schemes Bill, *continued*

- (3) After section 97 insert—

“97A Designation of funded public service defined benefits schemes

- (1) This section applies to funded public service defined benefits schemes other than schemes to which section 97B applies (equivalent provision for certain Scottish schemes).

A scheme to which this section applies is referred to below as an “eligible scheme”.

- (2) The relevant person may designate an eligible scheme as a scheme to which regulations under section 97C are to apply for a specified period of no more than 2 years.
- (3) The power under subsection (2) may be exercised only if the relevant person considers that—
- (a) there is an increased likelihood of payments out of public funds, or increased payments out of public funds, having to be made into the scheme so that it can meet its liabilities, and
 - (b) the increased likelihood is connected with the exercise or expected future exercise of rights to take a cash equivalent acquired under section 94.
- (4) The power under subsection (2) may be exercised in relation to the whole or any part of a scheme.
- (5) In the application of subsection (3) to part of a scheme, paragraph (a) is to be read as if it referred to the scheme’s liabilities relating to that part.
- (6) A designation under subsection (2)—
- (a) may be extended (on more than one occasion) for a period of no more than 2 years;
 - (b) may be revoked.
- (7) The relevant person must give notice in writing of a designation or its extension or revocation to the trustees or managers of the scheme (except in a case where the relevant person is the trustees or managers).
- (8) If the trustees or managers of an eligible scheme, or part of such a scheme, which is not designated under this section consider that the conditions in paragraphs (a) and (b) of subsection (3) are met in relation to the scheme or part they must notify—
- (a) the Treasury, and
 - (b) (where relevant) each Minister of the Crown by whom, or with whose approval, the scheme was established.
- (9) If the trustees or managers of a scheme, or part of a scheme, which is designated under this section consider that the conditions in paragraphs (a) and (b) of subsection (3) are no longer met in relation to the scheme or part they must notify—
- (a) the Treasury, and
 - (b) (where relevant) each Minister of the Crown by whom, or with whose approval, the scheme was established.
- (10) In this section—
- “eligible scheme” has the meaning given by subsection (1);
 - “funded public service defined benefits scheme” means a public service pension scheme that—

Pension Schemes Bill, *continued*

(c) is a defined benefits scheme within the meaning given by section 37 of the Public Service Pensions Act 2013, and

(d) meets its liabilities out of a fund accumulated for the purpose during the life of the scheme;

“local authority” means—

(e) a county or district council in England,

(f) a county or county borough council in Wales,

(g) a London borough council,

(h) the Greater London Authority,

(i) the Common Council of the City of London in its capacity as a local authority, or

(j) the Council of the Isles of Scilly;

“payment out of public funds” means a payment provided directly or indirectly—

(k) out of—

(i) the Consolidated Fund or any other account or source of money which cannot be drawn or spent other than by, or with the authority of, the Treasury, or

(ii) the Welsh Consolidated Fund, or

(l) by a local authority;

“the relevant person” means—

(m) in relation to a scheme established by virtue of paragraph 12 of Schedule 6 to the Constitutional Reform and Governance Act 2010 (or treated as so established), the Independent Parliamentary Standards Authority and the trustees of the Parliamentary Contributory Pension Fund;

(n) in relation to a scheme established by virtue of paragraph 16 of Schedule 6 to the Constitutional Reform and Governance Act 2010 (or treated as so established), the trustees of the Parliamentary Contributory Pension Fund;

(o) in any other case, either of the following—

(i) the Treasury, or

(ii) any Minister of the Crown by whom, or with whose approval, the scheme was established.

(11) The Treasury may by regulations modify the definitions of “local authority” and “the relevant person” in subsection (10).

**97B Designation of funded public service defined benefits schemes:
Scotland**

(1) This section applies to a funded public service defined benefits scheme that is—

(a) a scheme established by, or with the approval of, the Scottish Ministers;

(b) a scheme established by virtue of sections 73 and 74 of the Transport Act 1962 the liabilities in respect of which were transferred to the Scottish Transport Group by paragraph (c) of section 28(2) of the Transport Act 1968 in so far as that paragraph related to liabilities regarding the securities of David MacBrayne Limited or the Caledonian Steam Packet Company Limited);

Pension Schemes Bill, *continued*

- (c) a scheme established by virtue of paragraph 3 of Schedule 3 to the Scottish Development Agency Act 1975;
- (d) a scheme established by virtue of paragraph 15(2) of Schedule 1 to the Enterprise and New Towns (Scotland) Act 1990 (read with paragraph 7 of Schedule 3 to that Act);
- (e) a scheme established by virtue of section 81(4)(b) of, or paragraph 3(4)(b) of Schedule 2 to, the Scotland Act 1998.

A scheme to which this section applies is referred to below as an “eligible scheme”.

- (2) The relevant person may designate an eligible scheme as a scheme to which regulations under section 97C are to apply for a specified period of no more than 2 years.
- (3) The power under subsection (2) may be exercised only if the relevant person considers that—
 - (a) there is an increased likelihood of payments out of public funds, or increased payments out of public funds, having to be made into the scheme so that it can meet its liabilities, and
 - (b) the increased likelihood is connected with the exercise or expected future exercise of rights to take a cash equivalent acquired under section 94.
- (4) The power under subsection (2) may be exercised in relation to the whole or any part of a scheme.
- (5) In the application of subsection (3) to part of a scheme, paragraph (a) is to be read as if it referred to the scheme’s liabilities relating to that part.
- (6) A designation under subsection (2)—
 - (a) may be extended (on more than one occasion) for a period of no more than 2 years;
 - (b) may be revoked.
- (7) The relevant person must give notice in writing of a designation or its extension or revocation to the trustees or managers of the scheme (except in a case where the relevant person is the trustees or managers).
- (8) If the trustees or managers of an eligible scheme, or part of such a scheme, which is not designated under this section consider that the conditions in paragraphs (a) and (b) of subsection (3) are met in relation to the scheme or part they must notify the Scottish Ministers.
- (9) If the trustees or managers of a scheme, or part of a scheme, that is designated under this section consider that the conditions in paragraphs (a) and (b) of subsection (3) are no longer met in relation to the scheme or part they must notify the Scottish Ministers.
- (10) In this section—
 - “eligible scheme” has the meaning given by subsection (1);
 - “funded public service defined benefits scheme” means a public service pension scheme that—
 - (p) is a defined benefits scheme within the meaning given by section 37 of the Public Service Pensions Act 2013, and
 - (q) meets its liabilities out of a fund accumulated for the purpose during the life of the scheme;

Pension Schemes Bill, *continued*

“payment out of public funds” means a payment provided directly or indirectly—

- (r) out of the Scottish Consolidated Fund, or
- (s) by a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994;

“the relevant person” means—

- (t) in relation to a scheme falling within subsection (1)(a) to (d), the Scottish Ministers;
- (u) in relation to a scheme falling with subsection (1)(e), the trustees of the Scottish Parliamentary Contributory Pension Fund.

(11) The Scottish Ministers may by regulations modify the definition of “the relevant person” in subsection (10).”

(4) After section 97B (inserted by subsection (3)) insert—

“97C Reduction of cash equivalents in case of designated schemes

- (1) The Treasury may by regulations provide that where, under section 95(1), a member of a designated scheme requires the trustees or managers to use a cash equivalent for acquiring flexible benefits under the rules of another pension scheme the cash equivalent must be reduced by an amount determined in accordance with the regulations.
- (2) Regulations under subsection (1) may not require a reduction in cases where a scheme ceases to be a designated scheme before the date on which the trustees or managers do what is needed to carry out what the member requires.
- (3) Regulations under subsection (1) may produce the result (alone or in conjunction with regulations under section 97) that the amount by which a cash equivalent is to be reduced is such an amount that a member has no right to receive anything.
- (4) In subsection (1), “designated scheme” means a funded public service defined benefits scheme, or part of such a scheme, that (on the date of the application under section 95(1)) is designated under section 97A or 97B.””

Member’s explanatory statement

This amendment provides power for the relevant person to require reductions in transfer values, in the event that transfers from a funded public service defined benefits scheme to a scheme in which flexible benefits can be obtained increase the likelihood or level of payments from public funds to support a scheme.

Secretary Iain Duncan Smith

NC27

To move the following Clause—

“Public service defined benefits schemes: consequential amendments: Great Britain

(1) In the Pension Schemes Act 1993, in section 182 (orders and regulations: general provisions), after subsection (1) insert—

“(1A) Subsection (1) does not apply to the power of the Scottish Ministers to make regulations under section 97B(11).”

Pension Schemes Bill, *continued*

- (2) In that Act, in section 185 (consultations about other regulations), after subsection (5) insert—
- “(5A) Subject to subsection (5C), before the Treasury (acting alone) make any regulations under section 95, 97A or 97C they shall consult such persons as they may consider appropriate.
- (5B) Subject to subsection (5C), before the Scottish Ministers make any regulations under section 97B(11) they shall consult such persons as they may consider appropriate.
- (5C) Subsections (5A) and (5B) do not apply to regulations in the case of which the Treasury or (as the case may be) the Scottish Ministers consider consultation inexpedient because of urgency or to regulations of the type described in subsection (2)(b) or (e).”
- (3) In that Act, in section 186 (Parliamentary control of orders and regulations)—
- (a) in subsection (1) (negative procedure), after “Secretary of State” insert “or the Treasury”;
- (b) in subsection (3) (affirmative procedure), after paragraph (e) insert “, or
(f) regulations made under section 97A(11)”;
- (c) after subsection (5) insert—
- “(6) Regulations made by the Scottish Ministers under section 97B(11) are subject to the affirmative procedure (see Part 2 of the Interpretation and Legislative Reform (Scotland) Act 2010 (asp 10)).”
- (4) In the Pensions Act 2004, in section 18 (pension liberation: interpretation), in subsection (4)(a) (meaning of “authorised way”), omit “subsection (2) or, as the case may be, subsection (3) of”.
- (5) The consultation requirement in section 185(5A) of the Pension Schemes Act 1993 (inserted by subsection (1)) may be satisfied by things done before the day on which this Act is passed.”

Member’s explanatory statement

This amendment makes amendments to pensions legislation that are consequential on NC25 and NC26.

Secretary Iain Duncan Smith

NC28

To move the following Clause—

**“Restriction on transfers out of public service defined benefits schemes:
Northern Ireland**

- (1) The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- (2) In section 91(2), after “occupational pension scheme” insert “that is not an unfunded public service defined benefits scheme”.
- (3) In section 91, after subsection (2) insert—
- “(2A) In the case of a member of an occupational pension scheme that is an unfunded public service defined benefits scheme, the ways referred to in subsection (1) are—
- (a) for acquiring transfer credits allowed under the rules of another occupational pension scheme if—
- (i) the benefits that may be provided under the other scheme by virtue of the transfer credits are not flexible benefits,

Pension Schemes Bill, *continued*

- (ii) the trustees or managers of the other scheme are able and willing to accept payment in respect of the member's transferrable rights, and
 - (iii) the other scheme satisfies requirements prescribed in regulations made by the Department or the Department of Finance and Personnel;
 - (b) for acquiring rights allowed under the rules of a personal pension scheme if—
 - (i) the benefits that may be provided under the personal pension scheme by virtue of the acquired rights are not flexible benefits,
 - (ii) the trustees or managers of the personal pension scheme are able and willing to accept payment in respect of the member's transferrable rights, and
 - (iii) the personal pension scheme satisfies requirements prescribed in regulations made by the Department or the Department of Finance and Personnel;
 - (c) for purchasing from one or more insurers such as are mentioned in section 15(4)(a), chosen by the member and willing to accept payment on account of the member from the trustees or managers, one or more annuities which satisfy requirements prescribed in regulations made by the Department or the Department of Finance and Personnel;
 - (d) for subscribing to other pension arrangements which satisfy requirements prescribed in regulations made by the Department or the Department of Finance and Personnel.
- (2B) The Department of Finance and Personnel may by regulations provide for sub-paragraph (i) of subsection (2A)(a) or (b) not to apply in specified circumstances or in relation to specified schemes or schemes of a specified description.
- (2C) In subsection (2A) “unfunded public service defined benefits scheme” means a public service pension scheme that—
- (a) is a defined benefits scheme within the meaning given by section 34 of the Public Service Pensions Act (Northern Ireland) 2014, and
 - (b) meets some or all of its liabilities otherwise than out of a fund accumulated for the purpose during the life of the scheme.”
- (4) In section 91(5)(a), for “subsection (2) is” substitute “subsections (2) and (2A) are”.
- (5) In section 91(6)—
- (a) after “subsections (2)” insert “, (2A)”;
 - (b) after “subsection (2)” insert “or (2A)”.
- (6) In section 92 (further provisions concerning exercise of option under section 91), in subsection (2)(b), after “subsection (2)” insert “, subsection (2A)”.
- (7) In section 96 (withdrawal of applications), in subsection (2), after “subsection (2)” insert “, subsection (2A)”.
- (8) The amendments made by this section have no effect in relation to an application made under section 91 of the Pension Schemes (Northern Ireland) Act 1993 before 6 April 2015.
- (9) Until the coming into force of the first regulations made under a provision of section 91(2A) of the Pension Schemes (Northern Ireland) Act 1993 specified in the first column of the table, regulations made under the provision of section

Pension Schemes Bill, *continued*

91(2) of that Act specified in the corresponding entry in the second column apply (with any necessary modifications) for the purposes of the provision specified in the first column—

<i>Provision of section 91(2A)</i>	<i>Provision of section 91(2)</i>
Paragraph (a)(iii)	Paragraph (a)(ii)
Paragraph (b)(iii)	Paragraph (b)(ii)
Paragraph (c)	Paragraph (c)
Paragraph (d)	Paragraph (d).”

Member’s explanatory statement

This amendment makes for Northern Ireland provision parallel to that made by NC25.

Secretary Iain Duncan Smith

NC29

To move the following Clause—

“Reduction of cash equivalents: funded public service defined benefits schemes: Northern Ireland

- (1) The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- (2) In section 93 (calculation of cash equivalents), in subsection (1)—
 - (a) after “verified” insert “—
(a) ”;
 - (b) at the end insert “, and
(b) where a designation has been made under section 93A, in accordance with regulations under section 93B.”
- (3) After section 93 insert—

“93A Designation of funded public service defined benefits schemes

- (1) The relevant Department may designate a funded public service defined benefits scheme as a scheme to which regulations under section 93B are to apply for a specified period of no more than 2 years.
- (2) The power under subsection (1) may be exercised only if the relevant person considers that—
 - (a) there is an increased likelihood of payments out of public funds, or increased payments out of public funds, having to be made into the scheme so that it can meet its liabilities, and
 - (b) the increased likelihood is connected with the exercise or expected future exercise of rights to take a cash equivalent acquired under section 90.
- (3) The power under subsection (1) may be exercised in relation to the whole or any part of a scheme.
- (4) In the application of subsection (2) to part of a scheme, paragraph (a) is to be read as if it referred to the scheme’s liabilities relating to that part.
- (5) A designation under subsection (1)—

Pension Schemes Bill, *continued*

- (a) may be extended (on more than one occasion) for a period of no more than 2 years;
 - (b) may be revoked.
- (6) The relevant Department must give notice in writing of a designation or its extension or revocation to the trustees or managers of the scheme (except in a case where the relevant Department is the trustees or managers).
- (7) If the trustees or managers of a funded public service defined benefits scheme, or part of such a scheme, that is not designated under this section consider that the conditions in paragraphs (a) and (b) of subsection (2) are met in relation to the scheme or part they must notify—
- (a) the Department of Finance and Personnel, and
 - (b) (where relevant) each Northern Ireland department by whom, or with whose approval, the scheme was established.
- (8) If the trustees or managers of a scheme, or part of a scheme, that is designated under this section consider that the conditions in paragraphs (a) and (b) of subsection (2) are no longer met in relation to the scheme or part they must notify—
- (a) the Department of Finance and Personnel, and
 - (b) (where relevant) each Northern Ireland department by whom, or with whose approval, the scheme was established.
- (9) In this section—
- “funded public service defined benefits scheme” means a public service pension scheme that—
- (v) is a defined benefits scheme within the meaning given by section 34 of the Public Service Pensions Act (Northern Ireland) 2014, and
 - (w) meets its liabilities out of a fund accumulated for the purpose during the life of the scheme;
- “local authority” means a district council constituted under section 1 of the Local Government Act (Northern Ireland) 1972;
- “payment out of public funds” means a payment provided directly or indirectly—
- (x) out of the Northern Ireland Consolidated Fund;
 - (y) by a local authority;
- “the relevant Department”, in relation to a funded public service defined benefits scheme, means either of the following—
- (z) the Department of Finance and Personnel, or
 - (aa) any Northern Ireland department by whom, or with whose approval, the scheme was established.
- (10) The Department of Finance and Personnel may by regulations make modifications of the definition of “the relevant Department” in subsection (9).”
- (4) After section 93A (inserted by subsection (3)) insert—
- “93B Reduction of cash equivalents in case of section 93A designated schemes**
- (1) The Department of Finance and Personnel may by regulations provide that where, under section 91(1), a member of a designated scheme

Pension Schemes Bill, *continued*

requires the trustees or managers to use a cash equivalent for acquiring flexible benefits under the rules of another pension scheme the cash equivalent must be reduced by an amount determined in accordance with the regulations.

- (2) Regulations under subsection (1) may not require a reduction in cases where a scheme ceases to be a designated scheme before the date on which the trustees or managers do what is needed to carry out what the member requires.
- (3) Regulations under subsection (1) may produce the result (alone or in conjunction with regulations under section 93) that the amount by which a cash equivalent is to be reduced is such an amount that a member has no right to receive anything.
- (4) In subsection (1), “designated scheme” means a funded public service defined benefits scheme, or part of such a scheme, that (on the date of the application under section 91(1)) is designated under section 93A.””

Member’s explanatory statement

This amendment makes for Northern Ireland provision parallel to that made by NC26.

Secretary Iain Duncan Smith

NC30

To move the following Clause—

**“Public service defined benefits schemes: consequential amendments:
Northern Ireland**

- (1) In the Pension Schemes (Northern Ireland) Act 1993, in section 176 (general interpretation), in subsection (1), in the definition of “regulations”, after “means” insert “, unless the context otherwise requires,”.
- (2) In that Act, in section 181 (Assembly etc control of regulations and orders)—
 - (a) in subsection (2) (regulations and orders subject to confirmatory procedure), at the end insert “and to regulations made by the Department of Finance and Personnel under section 93A(10)”;
 - (b) in subsection (4) (regulations and orders subject to negative resolution), for “shall” substitute “and regulations made by the Department of Finance and Personnel under section 91 or 93B shall”.
- (3) In the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)), in Article 14 (pension liberation: interpretation), in paragraph (4)(a) (meaning of “authorised way”), omit “subsection (2) or, as the case may be, subsection (3) of”.

Member’s explanatory statement

This amendment makes amendments to pensions legislation that are consequential on NC28 and NC29.

Secretary Iain Duncan Smith

NC31

To move the following Clause—

“Meaning of “flexible benefit”

In this Part “flexible benefit”, in relation to a member of a pension scheme, means—

- (a) a money purchase benefit,

Pension Schemes Bill, continued

- (b) a cash balance benefit, or
- (c) a benefit, other than a money purchase benefit or cash balance benefit, calculated by reference to an amount available for the provision of benefits to or in respect of the member (whether the amount so available is calculated by reference to payments made by the member or any other person in respect of the member or any other factor)."

Member's explanatory statement

This is to be added to Part 4 of the Bill. The definitions are intended to govern the interpretation of the new clauses about independent advice, drawdown and lump sums (also to be added to Part 4). The definitions are also applied by some of the amendments to other legislation.

Secretary Iain Duncan Smith

NC32

To move the following Clause—

“Meaning of “cash balance benefit”

- (1) In this Part “cash balance benefit”, in relation to a member of a pension scheme, means a benefit calculated by reference to an amount available for the provision of benefits to or in respect of the member (“the available amount”) where there is a promise about that amount.
- (2) But a benefit is not a “cash balance benefit” if, under the scheme—
 - (a) a pension may be provided from the available amount to or in respect of the member, and
 - (b) there is a promise about the rate of that pension.
- (3) The promise mentioned in subsection (1) includes, in particular, a promise about the change in the value of, or the return from, payments made by the member or any other person in respect of the member.
- (4) The promise mentioned in subsection (2)(b) includes a promise that—
 - (a) the available amount will be sufficient to provide a pension of a particular rate;
 - (b) the rate of a pension will represent a particular proportion of the available amount.
- (5) A benefit is not excluded from the definition of “cash balance benefit” by subsection (2) merely because under the scheme there is a promise that—
 - (a) the rate or amount of the benefit payable in respect of a deceased member will be a particular proportion of the rate or amount of the benefit which was (or would have been) payable to the member, or
 - (b) the amount of a lump sum payable to a member, or in respect of a deceased member, will represent a particular proportion of the available amount.”

Member's explanatory statement

This is to be added to Part 4 of the Bill. The definitions are intended to govern the interpretation of the new clauses about independent advice, drawdown and lump sums (also to be added to Part 4). The definitions are also applied by some of the amendments to other legislation.

Secretary Iain Duncan Smith

NC33

To move the following Clause—

“Interpretation of Part 4*UK definitions*

- (1) In this Part—

Pension Schemes Bill, *continued*

“cash balance benefit” has the meaning given by section (*Meaning of “cash balance benefit”*);

“dependants’ drawdown pension”, in relation to a member, has the meaning given by paragraph 18 of Schedule 28 to the Finance Act 2004;

“drawdown pension”, in relation to a survivor, has the meaning given by paragraph 4 of Schedule 28 to the Finance Act 2004;

“flexible benefit” has the meaning given by section (*Meaning of “flexible benefit”*);

“normal pension age”, in relation to a benefit for a member of a pension scheme or a survivor of a member, means—

(e) the earliest age at which, or earliest occasion on which, the member or survivor is entitled to receive the benefit without adjustment for taking it early or late (disregarding any special provision as to early payment on the grounds of ill health or otherwise), or

(f) if there is no such age or occasion, normal minimum pension age as defined by section 279(1) of the Finance Act 2004;

“subsisting right”—

(g) in relation to a member of a pension scheme means—

(i) any right which has accrued to or in respect of the member to future benefits under the scheme, or

(ii) any entitlement to benefits under the scheme,

(h) in relation to a survivor of a member of a pension scheme, means any right to future benefits, or entitlement to benefits, which the survivor has under the scheme in respect of the member;

“survivor”, in relation to a member of an occupational pension scheme, means a person who has survived the member and has a right to future benefits, or is entitled to benefits, under the scheme in respect of the member;

“trustees or managers” means—

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

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

Great Britain only definitions

(2) In any provision of this Part as it extends to England and Wales and Scotland—

“money purchase benefits” has the meaning given by section 181 of the Pension Schemes Act 1993;

“occupational pension scheme” has the meaning given by section 1 of the Pension Schemes Act 1993;

“pension scheme” has the meaning given by section 1(5) of the Pension Schemes Act 1993.

Northern Ireland only definitions

(3) In any provision of this Part as it extends to Northern Ireland—

“money purchase benefits” has the meaning given by section 176 of the Pension Schemes (Northern Ireland) Act 1993;

“occupational pension scheme” has the meaning given by section 1 of the Pension Schemes (Northern Ireland) Act 1993;

“pension scheme” has the meaning given by section 1(5) of the Pension Schemes (Northern Ireland) Act 1993.”

Member’s explanatory statement

This is expected to be added to Part 4 of the Bill and is intended to govern the interpretation of the new clauses about independent advice, drawdown and lump sums (which are also expected to be added to Part 4).

Pension Schemes Bill, *continued*

Secretary Iain Duncan Smith

NS1

To move the following Schedule—

“RIGHTS TO TRANSFER BENEFITS

PART 1

GREAT BRITAIN AMENDMENTS

Pension Schemes Act 1993 (c. 48)

- 1 The Pension Schemes Act 1993 is amended as follows.
- 2 (1) Chapters 4 and 5 of Part 4 of the Act become Chapters 1 and 2 of a new Part 4ZA.
- (2) Accordingly—

- (a) before section 93 (and before the Chapter heading above it) insert—

“PART 4ZA

TRANSFERS AND CONTRIBUTION REFUNDS”;

- (b) for the Chapter heading above section 93 substitute—

“CHAPTER 1

TRANSFER RIGHTS: GENERAL”;

- (c) for the Chapter heading above section 101AA substitute—

“CHAPTER 2

EARLY LEAVERS: CASH TRANSFER SUMS AND CONTRIBUTION REFUNDS”.

- 3 Until the coming into force of its repeal by Schedule 13 to the Pensions Act 2014, section 56 of the Pension Schemes Act 1993 (payment of state scheme premiums on termination of certified status: supplementary) has effect as if, in subsection (4)(b), for “Chapter 5 of Part 4” there were substituted “Chapter 2 of Part 4ZA”.
- 4 In section 73 (form of short service benefit and its alternatives), in subsection (3), for “Chapter IV of this Part” substitute “Chapter 1 of Part 4ZA”.
- 5 For sections 93 to 94 substitute—

“93 Scope of Chapter 1

- (1) This Chapter applies to a member of a pension scheme if all of the following conditions are met.
- (2) Condition 1 is that the member has accrued rights to any category of benefits under the scheme rules.
- (3) Condition 2 is that no crystallisation event has occurred in relation to the member’s accrued rights to benefits in that category (see subsection (7)).
- (4) Condition 3 is that—
 - (a) the member is no longer accruing rights to benefits in that category (see subsection (8)), and

Pension Schemes Bill, *continued*

- (b) in the case of benefits that are not flexible benefits, the member stopped accruing those rights at least one year before normal pension age.
- (5) But this Chapter does not apply to—
 - (a) a member of a salary related occupational pension scheme whose pensionable service terminated before 1 January 1986 and in respect of whom prescribed requirements are satisfied;
 - (b) a member of a personal pension scheme which is comprised in an annuity contract made before 4 January 1988.
- (6) In this Chapter a reference to a “category” of benefits is to one of the following three categories—
 - (a) money purchase benefits;
 - (b) flexible benefits other than money purchase benefits;
 - (c) benefits that are not flexible benefits.
- (7) For the purposes of Condition 2 a crystallisation event occurs in relation to a member’s accrued rights to benefits in a category when—
 - (a) payment of a pension in respect of any of the benefits has begun,
 - (b) in the case of money purchase benefits, sums or assets held for the purpose of providing any of the benefits are designated as available for the payment of drawdown pension (as defined by paragraph 4 of Schedule 28 to the Finance Act 2004), or
 - (c) in the case of a personal pension scheme, sums or assets held for the purpose of providing any of the benefits are applied for purchasing an annuity or insurance policy.
- (8) For the purposes of Condition 3 a member stops accruing rights to a category of benefits when there are no longer arrangements in place for the accrual of rights to benefits in that category for or in respect of the member.
- (9) In this section a reference to accrued rights does not include pension credit rights.
- (10) Regulations may—
 - (a) provide for this Chapter not to apply in relation to a person of a prescribed description;
 - (b) modify the application of this Chapter in relation to a member who has accrued rights to benefits of a prescribed description.
- (11) In the following provisions of this Chapter—
 - (a) a reference to a “member” of a pension scheme is a reference to a member to whom this Chapter applies, and
 - (b) a reference to a member’s “transferrable rights” are to any rights in relation to a category of benefits by virtue of which this Chapter applies to the member.

93A Right to statement of entitlement: benefits other than money purchase

- (1) The trustees or managers of a pension scheme must, on the application of any member, provide the member with a statement of entitlement in respect of the member’s transferrable rights in relation to categories of benefits other than money purchase benefits.

Pension Schemes Bill, *continued*

- (2) In the case of a member with transferrable rights in relation to two categories of benefits other than money purchase benefits, the application may relate to transferrable rights in relation to either or both of those categories.
- (3) For the purposes of this Chapter a member's "statement of entitlement" is a written statement of the amount of the cash equivalent at the guarantee date of the transferrable rights to which the application under subsection (1) relates.
- (4) In this Chapter "the guarantee date" means the date by reference to which the value of the cash equivalent is calculated, and must be—
 - (a) within the prescribed period beginning with the date of the application, and
 - (b) within the prescribed period ending with the date on which the statement of entitlement is provided to the member.
- (5) Regulations may make provision in relation to applications under this section and may, in particular, restrict the making of successive applications.
- (6) If the trustees or managers of a pension scheme fail to comply with subsection (1), section 10 of the Pensions Act 1995 (civil penalties) applies to any trustee or manager who has failed to take all reasonable steps to secure compliance.

94 Right to cash equivalent

- (1) A member of a pension scheme who has received a statement of entitlement under section 93A acquires a right to take the cash equivalent shown in that statement in accordance with this Chapter.
 - (2) A member of a pension scheme who has transferrable rights in relation to money purchase benefits acquires a right to take their cash equivalent in accordance with this Chapter."
- 6 (1) Section 95 (ways of taking right to cash equivalent) is amended as follows.
- (2) For subsection (1) substitute—
 - “(1) A member of a pension scheme who has acquired a right to take a cash equivalent in accordance with this Chapter may only take it by making an application in writing to the trustees or managers of the scheme requiring them to use the cash equivalent in one of the ways specified below.
 - (1A) In the case of a right acquired under section 94(1), the application must be made—
 - (a) within the period of 3 months beginning with the guarantee date shown in the relevant statement of entitlement, and
 - (b) if the cash equivalent relates to benefits that are not flexible benefits, by no later than the date that falls one year before the member attains normal pension age.”
 - (3) In subsections (2)(a)(i) and (b)(i) and (3)(a)(i) and (b)(i), for “accrued rights” substitute “transferrable rights”.
 - (4) Omit subsections (7) and (8).
- 7 (1) Section 96 (further provisions concerning exercise of option under section 95) is amended as follows.

Pension Schemes Bill, *continued*

(2) For subsection (1) substitute—

- “(1) A member who has acquired a right to take a cash equivalent under section 94(1) or (2) may exercise the option conferred by section 95(1) in relation to different portions of that cash equivalent in different ways, but a member who exercises that option must do so—
- (a) in relation to the whole of that cash equivalent, or
 - (b) if subsection (2) applies, in relation to the whole of the balance mentioned in subsection (3).”

(3) For subsection (4) substitute—

- “(4) Where a member of a pension scheme—
- (a) is entitled to make an application under section 95(1) in relation to any category of benefits, and
 - (b) is also entitled to give a transfer notice under section 101F(1) to the trustees or managers of the scheme in relation to benefits in the same category (or would be entitled to do so but for section 101G(2)),
- the member may not, if the scheme so provides, make an application under section 95(1) in relation to that category of benefits without also giving a transfer notice under section 101F(1) in relation to that category of benefits.”

8 (1) Section 97 (calculation of cash equivalents) is amended as follows.

(2) After subsection (1) insert—

- “(1A) Where a member applies under section 95 to take a cash equivalent that relates to money purchase benefits, the cash equivalent is to be calculated by reference to the date of the application.”

(3) In subsection (2)—

- (a) in the opening words, for “except guaranteed cash equivalents” substitute “that relate to money purchase benefits”;
- (b) in paragraph (aa), for “, including a guaranteed cash equivalent,” substitute “that relates to any category of benefits”.

(4) In subsection (3), omit paragraph (a).

(5) For subsection (3A) substitute—

- “(3A) For the purposes of subsection (3), the “appropriate date”—
- (a) in relation to a cash equivalent that relates to benefits other than money purchase benefits, means the guarantee date for the purposes of the relevant statement of entitlement under section 93A, and
 - (b) in relation to a cash equivalent that relates to money purchase benefits, means the date on which the trustees or managers receive an application from the member under section 95.”

9 For section 98 substitute—

“98 Loss of right to cash equivalent

- (1) A member of a pension scheme who acquires the right to take a cash equivalent under section 94(1) loses that right if no application to take the cash equivalent is made within the period specified in section 95(1A) (but this does not prevent the member later acquiring a new right to take a cash equivalent under section 94(1) in relation to the same benefits).

Pension Schemes Bill, *continued*

- (2) A member of a pension scheme loses the right to take a cash equivalent in accordance with this Chapter if the scheme is wound up.”
- 10 (1) Section 99 (trustees’ duties after exercise of option) is amended as follows.
- (2) For subsection (2) substitute—
- “(2) Subject to the following provisions of this section, if the trustees or managers of a scheme receive an application under section 95 they must do what is needed to carry out what the member requires—
- (a) in the case of an application that relates to benefits other than money purchase benefits, within 6 months beginning with the guarantee date shown in the relevant statement of entitlement, and
- (b) in the case of an application that relates to money purchase benefits, within 6 months beginning with the date of the application.”
- (3) In subsection (3)(a) omit “at any time before the expiry of the 12 months beginning with the termination date”.
- (4) Omit subsection (3A).
- 11 After section 100 insert—

“100A Prohibition on excluding future accruals etc

Except as mentioned in sections 96(4) and 101G(4), a pension scheme may not contain rules that would have the effect of—

- (a) preventing a member from exercising a right under this Chapter in relation to a category of benefits without also exercising a right under this Chapter or otherwise to require a transfer payment to be made in respect of another category of benefits, or
- (b) preventing a member who exercises a right under this Chapter in relation to a category of benefits from accruing rights to benefits in another category.

100B Meaning of “scheme rules”: occupational pension schemes

- (1) In this Chapter references to the scheme rules, in relation to an occupational pension scheme, are references to—
- (a) the rules of the scheme, except so far as overridden by a relevant legislative provision,
- (b) the relevant legislative provisions, to the extent that they have effect in relation to the scheme and are not reflected in the rules of the scheme, and
- (c) any provision which the rules of the scheme do not contain but which the scheme must contain if it is to conform with the requirements of Chapter 1 of Part 4 of this Act.
- (2) For the purposes of subsection (1)—
- (a) “relevant legislative provision” means any provision contained in any of the following provisions—
- (i) Schedule 5 to the Social Security Act 1989;
- (ii) this Part or Chapters 2 or 3 of Part 4 or regulations made under this Part or either of those Chapters;
- (iii) Part 4A of this Act or regulations made under that Part;
- (iv) section 110(1) of this Act;

Pension Schemes Bill, *continued*

- (v) Part 1 of the Pensions Act 1995 or subordinate legislation made or having effect as if made under that Part;
- (vi) section 31 of the Welfare Reform and Pensions Act 1999;
- (vii) any provision mentioned in section 306(2) of the Pensions Act 2004;
- (viii) regulations made under Schedule 17 to the Pensions Act 2014;
- (ix) regulations made under Schedule 18 to the Pensions Act 2014;
- (x) regulations made under Part 2 of the Pension Schemes Act 2014;
- (b) a relevant legislative provision is to be taken to override any of the provisions of the scheme if, and only if, it does so by virtue of any of the following provisions—
 - (i) paragraph 3 of Schedule 5 to the Social Security Act 1989;
 - (ii) section 129(1) of this Act;
 - (iii) section 117(1) of the Pensions Act 1995;
 - (iv) section 31(4) of the Welfare Reform and Pensions Act 1999;
 - (v) section 306(1) of the Pensions Act 2004;
 - (vi) regulations made under paragraph 17 of Schedule 17 to the Pensions Act 2014;
 - (vii) regulations made under paragraph 6 of Schedule 18 to the Pensions Act 2014;
 - (viii) regulations made under section 28 of the Pension Schemes Act 2014.

100C Meaning of “normal pension age” in this Chapter

- (1) In this Chapter “normal pension age”, in relation to a category of benefits under a pension scheme, means—
 - (a) in a case where the scheme is an occupational pension scheme and those benefits consist only of a guaranteed minimum pension, the earliest age at which the member is entitled to receive the guaranteed minimum pension on retirement from any employment to which the scheme applies,
 - (b) in a case where the scheme is an occupational pension scheme and the scheme provides for the member to become entitled to receive any of those benefits at a particular age on retirement from any employment to which the scheme applies, the earliest age at which the member becomes entitled to receive any of the benefits, and
 - (c) in any other case, normal minimum pension age as defined by section 279(1) of the Finance Act 2004.
- (2) For the purposes of subsection (1) any scheme rule making special provision as to early retirement on grounds of ill-health or otherwise is to be disregarded.

100D Interpretation of Chapter

In this Chapter—

Pension Schemes Bill, *continued*

“accrued rights”, in relation to a member of a pension scheme, means rights that have accrued to or in respect of the member to benefits under the scheme;

“category”, in relation to benefits, has the meaning given by section 93(6);

“flexible benefit” has the meaning given by section (*Meaning of “flexible benefit”*) of the Pension Schemes Act 2014;

“guarantee date”, in relation to a member who has received a statement of entitlement, has the meaning given by section 93A;

“member” is to be read in accordance with section 93(11);

“normal pension age” has the meaning given by section 100C;

“pension credit rights”, in relation to a member of a pension scheme, means rights to benefits under the scheme which are attributable (directly or indirectly) to a pension credit;

“salary related occupational pension scheme”: an occupational pension scheme is “salary related” if—

- (ab) the scheme is not a scheme under which all the benefits that may be provided are money purchase benefits, and
- (ac) the scheme does not fall within a prescribed class;

“scheme rules”, in relation to an occupational pension scheme, has the meaning given by section 100B;

“statement of entitlement” has the meaning given by section 93A;

“transferrable rights” is to be read in accordance with section 93(11).”

- 12 (1) In section 101F (power to give transfer notice) is amended as follows.
 - (2) In subsection (1), for “pension credit benefit” substitute “pension credit rights”.
 - (3) After subsection (3) insert—
 - “(3A) An eligible member who has pension credit rights in relation to more than one category of benefits under the scheme may exercise the power to give a transfer notice in relation to the pension credit rights in relation to any one or more of those categories.”
 - (4) For subsection (4) substitute—
 - “(4) The cash equivalent for the purposes of subsection (1) shall—
 - (a) in a case where the pension credit rights relate to a category of benefits other than money purchase benefits, be taken to be the amount shown in the relevant statement under section 101H, and
 - (b) in a case where the pension credit rights relate to money purchase benefits, be determined by reference to the date the notice under that subsection is given.”
 - (5) For subsection (6A) substitute—
 - “(6A) Regulations may—
 - (a) provide for this Chapter not to apply in prescribed circumstances in relation to a member of a prescribed scheme or schemes of a prescribed description;
 - (b) modify the application of this Chapter in relation to a member who has accrued rights to benefits of a prescribed description.
 - (6B) In this Chapter a reference to a “category” of benefits is to one of the following three categories—

Pension Schemes Bill, *continued*

- (a) money purchase benefits;
- (b) flexible benefits other than money purchase benefits;
- (c) benefits that are not flexible benefits.”

13 For section 101G (restrictions on power to give transfer notice) substitute—

“101G Restrictions on power to give transfer notice

- (1) An eligible member may not give a transfer notice in relation to a category of benefits if a crystallisation event has occurred in relation to any of the member’s pension credit rights to benefits in that category.
- (2) An eligible member may give a transfer notice in relation to a category of benefits other than money purchase benefits only if—
 - (a) the member has been provided with a statement under section 101H in relation to benefits in that category, and
 - (b) not more than 3 months have passed since the date by reference to which the amount shown in the statement is determined.
- (3) An eligible member may not give a transfer notice in relation to benefits other than flexible benefits if there is less than one year to go until the member reaches normal benefit age.
- (4) Where an eligible member of a qualifying scheme—
 - (a) is entitled to give a transfer notice in relation to any category of benefits, and
 - (b) is also entitled to make an application to the trustees or managers of the scheme under section 95(1) in relation to benefits in the same category (or would be entitled to do so but for section 95(1A)(a)),

the member may not, if the scheme so provides, give a transfer notice in relation to that category of benefits without also making an application under section 95(1) in relation to that category of benefits.
- (5) A transfer notice may not be given if a previous transfer notice given by the member to the trustees or managers of the scheme is outstanding.
- (6) For the purposes of subsection (1) a crystallisation event occurs in relation to a member’s pension credit rights to benefits in a category when—
 - (a) payment of a pension in respect of any of the benefits has begun,
 - (b) in the case of money purchase benefits, sums or assets held for the purpose of providing any of the benefits are designated as available for the payment of drawdown pension (as defined by paragraph 4 of Schedule 28 to the Finance Act 2004), or
 - (c) in the case of a personal pension scheme, sums or assets held for the purpose of providing any of the benefits are applied for purchasing an annuity or insurance policy.”

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

Pension Schemes Bill, *continued*

- (2) For subsection (1) substitute—
- “(1) The trustees or managers of a qualifying scheme must, on the application of an eligible member, provide the member with a written statement of the amount of the cash equivalent of the member’s pension credit rights in relation to categories of benefits other than money purchase benefits.
- (1A) In the case of a member with pension credit rights in relation to two categories of benefits other than money purchase benefits, the application may relate to pension credit rights in relation to either or both of those categories.”
- (3) In the heading for “Salary related schemes” substitute “Benefits other than money purchase”.
- 15 (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 an application that relates to benefits other than money purchase benefits, within 6 months beginning with the valuation date, and
- (b) in the case of an application that relates to money purchase benefits, 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.”
- 16 After section 101N insert—
- “101NA Prohibition on excluding transfers of some rights without others etc**
- Except as mentioned in sections 96(4) and 101G(4), a pension scheme may not contain rules that would have the effect of—
- (a) preventing a member from exercising a right under this Chapter in relation to a category of benefits without also exercising a right under this Chapter or otherwise to require a transfer payment to be made in respect of another category of benefits, or
- (b) preventing a member who exercises a right under this Chapter in relation to a category of benefits from accruing rights to benefits in another category.”
- 17 (1) Section 101P (interpretation) is amended as follows.
- (2) In subsection (1), at the appropriate places insert—
- ““category”, in relation to benefits, has the meaning given by section 101F(6B);”
- ““flexible benefit” has the meaning given by section (*Meaning of “flexible benefit”*) of the Pension Schemes Act 2014;”.
- (3) Omit subsection (2).
- (4) In subsection (3), for “given to the trustees or managers of a salary related occupational pension scheme” substitute “in relation to benefits other than money purchase benefits”.
- 18 Omit section 101Q.
- 19 In section 129 (overriding requirements) for “Chapters II, III, IV and V of Part IV” substitute “Chapters 2 and 3 of Part 4, Chapters 1 and 2 of Part 4ZA”.

Pension Schemes Bill, *continued*

- 20 In section 130 (extra-statutory benefits), in paragraph (b), for “Chapter II, IV or V of Part IV” substitute “Chapter 2 of Part 4 or Chapter 1 or 2 Part 4ZA”.
- 21 In section 153 (power to modify certain provisions), in subsection (1), for “Chapters II, III and IV of Part IV” substitute “Chapters 2 and 3 of Part 4 and Chapter 1 of Part 4ZA”.
- 22 In section 179 (linked qualifying service), in subsection (1)(a)—
- (a) in the opening words, for “Chapter 4 or 5 of Part 4” substitute “Chapter 1 or 2 of Part 4ZA”;
 - (b) in sub-paragraph (iii)—
 - (i) for “Chapter 4 of Part 4” substitute “Chapter 1 of Part 4ZA”;
 - (ii) for “Chapter 5” substitute “Chapter 2”.
- 23 In section 181 (interpretation), in subsection (1), in paragraph (b) of the definition of “transfer credits”, for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.

Pensions Act 1995 (c. 26)

- 24 The Pensions Act 1995 is amended as follows.
- 25 In section 67A (the subsisting rights provisions: interpretation), in subsection (9)(a), for sub-paragraph (ii) substitute—
- “(ii) Chapter 2 or 3 of Part 4 of the Pension Schemes Act 1993 (certain protection for early leavers) or regulations made under either of those Chapters;
 - (iia) Chapter 1 or 2 of Part 4ZA of that Act (transfers and contribution refunds) or regulations made under either of those Chapters;”.
- 26 In section 73 (preferential liabilities on winding up), in subsection (9), for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.
- 27 In section 73B (sections 73 and 73A: supplementary), in subsection (7), for “Chapter 4 of Part 4” substitute “Chapter 1 of Part 4ZA”.

Learning and Skills Act 2000 (c. 21)

- 28 In section 135 (pensions: interpretation), in subsection (4), for “section 93(1A)” substitute “section 100D”.

Pensions Act 2004 (c. 35)

- 29 The Pensions Act 2004 is amended as follows.
- 30 (1) Section 18 (pension liberation: interpretation) is amended as follows.
- (2) In subsection (2)(a)—
 - (a) after “accrued rights” insert “or an entitlement”;
 - (b) in sub-paragraph (ii), for “the applicable rules” substitute “the scheme rules”.
 - (3) In subsection (3)—
 - (a) for paragraph (a) substitute—
 - “(a) section 94 of the Pension Schemes Act 1993 (right to cash equivalent under Chapter 1 of Part 4ZA of that Act)”;
 - (b) in paragraph (b), for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.
 - (4) In subsection (4)(d), for “the applicable rules” substitute “the scheme rules”.
 - (5) Omit subsection (5).

Pension Schemes Bill, *continued*

- 31 In section 23 (freezing orders), in subsection (4)(g), for “salary related schemes” substitute “benefits other than money purchase”.
- 32 In section 24 (consequences of freezing order), in subsection (7), for paragraphs (a) and (b) substitute—
- “(a) Chapter 1 of Part 4ZA of the Pension Schemes Act 1993 (transfer rights: general), or
- (b) Chapter 2 of that Part (early leavers: cash transfer sums and contribution refunds).”
- 33 In section 73 (inspection of premises), in subsection (2)(d)—
- (a) for “Chapter 4 of Part 4” substitute “Chapter 1 of Part 4ZA”;
- (b) for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.
- 34 In section 135 (restrictions on winding up, discharge of liabilities etc), in subsection (6)(b), for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.
- 35 In section 138 (payment of scheme benefits), in subsection (3)(b), for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.
- 36 In section 318 (interpretation), in subsection (3)(a), for sub-paragraph (ii) substitute—
- “(ii) Chapter 2 or 3 of Part 4 of the Pension Schemes Act 1993 (certain protection for early leavers) or regulations made under either of those Chapters;
- (iia) Chapter 1 or 2 of Part 4ZA of that Act (transfers and contribution refunds) or regulations made under either of those Chapters;”.
- 37 (1) Schedule 7 (pension compensation provisions) is amended as follows.
- (2) In paragraph 20(1)(c), for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.
- (3) In paragraph 32(1)(b), for “Chapter 5 of Part 4” substitute “Chapter 2 of Part 4ZA”.

Pensions Act 2014 (c. 19)

- 38 The Pensions Act 2014 is amended as follows.
- 39 In section 34 (power to prohibit offer of incentives to transfer pension rights), in subsection (7), in the definition of “salary related occupational pension scheme”, for “section 93(1A)” substitute “section 100D”.
- 40 In Schedule 17 (automatic transfer of pension benefits etc), in paragraph 1—
- (a) in sub-paragraph (4)(d) for “applicable rules” substitute “scheme rules”;
- (b) for sub-paragraph (6) substitute—
- “(6) In sub-paragraph (4)—
- (a) the reference to “scheme rules” is, in relation to an occupational pension scheme, to be read in accordance with section 100B of the Pension Schemes Act 1993;
- (b) “benefits” means—
- (i) money purchase benefits other than money purchase benefits of a prescribed description, or
- (ii) benefits of a prescribed description.”

Pension Schemes Bill, *continued*

PART 2

NORTHERN IRELAND AMENDMENTS

Pension Schemes (Northern Ireland) Act 1993 (c. 49)

- 41 The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- 42 (1) Chapters 4 and 5 of Part 4 of the Act become Chapters 1 and 2 of a new Part 4ZA.
- (2) Accordingly—

- (a) before section 89 (and before the Chapter heading above it) insert—

“PART 4ZA

TRANSFERS AND CONTRIBUTION REFUNDS”;

- (b) for the Chapter heading above section 89 substitute—

“CHAPTER 1

TRANSFER RIGHTS: GENERAL”;

- (c) for the Chapter heading above section 97AA substitute—

“CHAPTER 2

EARLY LEAVERS: CASH TRANSFER SUMS AND CONTRIBUTION REFUNDS”.

- 43 In section 52 (payment of state scheme premiums on termination of certified status: supplementary), in subsection (4)(b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- 44 In section 69 (form of short service benefit and its alternatives), in subsection (3), for “Chapter IV of this Part” substitute “Chapter 1 of Part 4ZA”.
- 45 For sections 89 to 90 substitute—

“89 Scope of Chapter 1

- (1) This Chapter applies to a member of a pension scheme if all of the following conditions are met.
- (2) Condition 1 is that the member has accrued rights to any category of benefits under the scheme rules.
- (3) Condition 2 is that no crystallisation event has occurred in relation to the member’s accrued rights to benefits in that category (see subsection (7)).
- (4) Condition 3 is that—
- (a) the member is no longer accruing rights to benefits in that category (see subsection (8)), and
- (b) in the case of benefits that are not flexible benefits, the member stopped accruing those rights at least one year before normal pension age.
- (5) But this Chapter does not apply to—
- (a) a member of a salary related occupational pension scheme whose pensionable service terminated before 1 January 1986 and in respect of whom prescribed requirements are satisfied;

Pension Schemes Bill, *continued*

- (b) a member of a personal pension scheme which is comprised in an annuity contract made before 4 January 1988.
- (6) In this Chapter a reference to a “category” of benefits is to one of the following three categories—
 - (a) money purchase benefits;
 - (b) flexible benefits other than money purchase benefits;
 - (c) benefits that are not flexible benefits.
- (7) For the purposes of Condition 2 a crystallisation event occurs in relation to a member’s accrued rights to benefits in a category when—
 - (a) payment of a pension in respect of any of the benefits has begun,
 - (b) in the case of money purchase benefits, sums or assets held for the purpose of providing any of the benefits are designated as available for the payment of drawdown pension (as defined by paragraph 4 of Schedule 28 to the Finance Act 2004), or
 - (c) in the case of a personal pension scheme, sums or assets held for the purpose of providing any of the benefits are applied for purchasing an annuity or insurance policy.
- (8) For the purposes of Condition 3 a member stops accruing rights to a category of benefits when there are no longer arrangements in place for the accrual of rights to benefits in that category for or in respect of the member.
- (9) In this section a reference to accrued rights does not include pension credit rights.
- (10) Regulations may—
 - (a) provide for this Chapter not to apply in relation to a person of a prescribed description;
 - (b) modify the application of this Chapter in relation to a member who has accrued rights to benefits of a prescribed description.
- (11) In the following provisions of this Chapter—
 - (a) a reference to a “member” of a pension scheme is a reference to a member to whom this Chapter applies, and
 - (b) a reference to a member’s “transferrable rights” are to any rights in relation to a category of benefits by virtue of which this Chapter applies to the member.

89A Right to statement of entitlement: benefits other than money purchase

- (1) The trustees or managers of a pension scheme must, on the application of any member, provide the member with a statement of entitlement in respect of the member’s transferrable rights in relation to categories of benefits other than money purchase benefits.
- (2) In the case of a member with transferrable rights in relation to two categories of benefits other than money purchase benefits, the application may relate to transferrable rights in relation to either or both of those categories.
- (3) For the purposes of this Chapter a member’s “statement of entitlement” is a written statement of the amount of the cash

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equivalent at the guarantee date of the transferrable rights to which the application under subsection (1) relates.

- (4) In this Chapter “the guarantee date” means the date by reference to which the value of the cash equivalent is calculated, and must be—
 - (a) within the prescribed period beginning with the date of the application, and
 - (b) within the prescribed period ending with the date on which the statement of entitlement is provided to the member.
- (5) Regulations may make provision in relation to applications under this section and may, in particular, restrict the making of successive applications.
- (6) If the trustees or managers of a pension scheme fail to comply with subsection (1), Article 10 of the Pensions (Northern Ireland) Order 1995 (civil penalties) applies to any trustee or manager who has failed to take all reasonable steps to secure compliance.

90 Right to cash equivalent

- (1) A member of a pension scheme who has received a statement of entitlement under section 89A acquires a right to take the cash equivalent shown in that statement in accordance with this Chapter.
 - (2) A member of a pension scheme who has transferrable rights in relation to money purchase benefits acquires a right to take their cash equivalent in accordance with this Chapter.”
- 46 (1) Section 91 (ways of taking right to cash equivalent) is amended as follows.
- (2) For subsection (1) substitute—
 - “(1) A member of a pension scheme who has acquired a right to take a cash equivalent in accordance with this Chapter may only take it by making an application in writing to the trustees or managers of the scheme requiring them to use the cash equivalent in one of the ways specified below.
 - (1A) In the case of a right acquired under section 90(1), the application must be made—
 - (a) within the period of 3 months beginning with the guarantee date shown in the relevant statement of entitlement, and
 - (b) if the cash equivalent relates to benefits that are not flexible benefits, by no later than the date that falls one year before the member attains normal pension age.”
 - (3) In subsections (2)(a)(i) and (b)(i) and (3)(a)(i) and (b)(i), for “accrued rights” substitute “transferrable rights”.
 - (4) Omit subsections (7) and (8).
- 47 (1) Section 92 (further provisions concerning exercise of option under section 91) is amended as follows.
- (2) For subsection (1) substitute—
 - “(1) A member who has acquired a right to take a cash equivalent under section 90(1) or (2) may exercise the option conferred by section 91(1) in relation to different portions of that cash equivalent in different ways, but a member who exercises that option must do so—
 - (a) in relation to the whole of that cash equivalent, or

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- (b) if subsection (2) applies, in relation to the whole of the balance mentioned in subsection (3).”
- (3) For subsection (4) substitute—
- “(4) Where a member of a pension scheme—
- (a) is entitled to make an application under section 91(1) in relation to any category of benefits, and
- (b) is also entitled to give a transfer notice under section 97F(1) to the trustees or managers of the scheme in relation to benefits in the same category (or would be entitled to do so but for section 97G(2)),
- the member may not, if the scheme so provides, make an application under section 91(1) in relation to that category of benefits without also giving a transfer notice under section 97F(1) in relation to that category of benefits.”
- 48 (1) Section 93 (calculation of cash equivalents) is amended as follows.
- (2) After subsection (1) insert—
- “(1A) Where a member applies under section 91 to take a cash equivalent that relates to money purchase benefits, the cash equivalent is to be calculated by reference to the date of the application.”
- (3) In subsection (2)—
- (a) in the opening words, for “except guaranteed cash equivalents (as defined in section 90(1A))” substitute “that relate to money purchase benefits”;
- (b) in paragraph (aa), for “, including a guaranteed cash equivalent,” substitute “that relates to any category of benefits”.
- (4) In subsection (3), omit paragraph (a).
- (5) For subsection (3A) substitute—
- “(3A) For the purposes of subsection (3), the “appropriate date”—
- (a) in relation to a cash equivalent that relates to benefits other than money purchase benefits, means the guarantee date for the purposes of the relevant statement of entitlement under section 89A, and
- (b) in relation to a cash equivalent that relates to money purchase benefits, means the date on which the trustees or managers receive an application from the member under section 91.”
- 49 For section 94 substitute—
- “94 Loss of right to cash equivalent**
- (1) A member of a pension scheme who acquires the right to take a cash equivalent under section 90(1) loses that right if no application to take the cash equivalent is made within the period specified in section 91(1A) (but this does not prevent the member later acquiring a new right to take a cash equivalent under section 90(1) in relation to the same benefits).
- (2) A member of a pension scheme loses the right to take a cash equivalent in accordance with this Chapter if the scheme is wound up.”
- 50 (1) Section 95 (trustees’ duties after exercise of option) is amended as follows.

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(2) For subsection (2) substitute—

“(2) Subject to the following provisions of this section, if the trustees or managers of a scheme receive an application under section 91 they must do what is needed to carry out what the member requires—

- (a) in the case of an application that relates to benefits other than money purchase benefits, within 6 months beginning with the guarantee date shown in the relevant statement of entitlement, and
- (b) in the case of an application that relates to money purchase benefits, within 6 months beginning with the date of the application.”

(3) In subsection (3)(a) omit “at any time before the expiry of the 12 months beginning with the termination date”.

(4) Omit subsection (3A).

51 After section 96 insert—

“96A Prohibition on excluding future accruals etc

Except as mentioned in sections 92(4) and 97G(4), a pension scheme may not contain rules that would have the effect of—

- (a) preventing a member from exercising a right under this Chapter in relation to a category of benefits without also exercising a right under this Chapter or otherwise to require a transfer payment to be made in respect of another category of benefits, or
- (b) preventing a member who exercises a right under this Chapter in relation to a category of benefits from accruing rights to benefits in another category.

96B Meaning of “scheme rules”: occupational pension schemes

(1) In this Chapter references to the scheme rules, in relation to an occupational pension scheme, are references to—

- (a) the rules of the scheme, except so far as overridden by a relevant legislative provision,
- (b) the relevant legislative provisions, to the extent that they have effect in relation to the scheme and are not reflected in the rules of the scheme, and
- (c) any provision which the rules of the scheme do not contain but which the scheme must contain if it is to conform with the requirements of Chapter 1 of Part 4.

(2) For the purposes of subsection (1)—

- (a) “relevant legislative provision” means any provision contained in any of the following provisions—
 - (i) Schedule 5 to the Social Security (Northern Ireland) Order 1989;
 - (ii) this Part or Chapters 2 or 3 of Part 4 or regulations made under this Part or either of those Chapters;
 - (iii) Part 4A or regulations made under that Part;
 - (iv) section 106(1);
 - (v) Part 2 of the Pensions (Northern Ireland) Order 1995 or orders or regulations made or having effect as if made under that Part;

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- (vi) Article 28 of the Welfare Reform and Pensions (Northern Ireland) Order 1999;
- (vii) any provision mentioned in Article 279(2) of the Pensions (Northern Ireland) Order 2005;
- (b) a relevant legislative provision is to be taken to override any of the provisions of the scheme if, and only if, it does so by virtue of any of the following provisions—
 - (i) paragraph 3 of Schedule 5 to the Social Security (Northern Ireland) Order 1989;
 - (ii) section 125(1);
 - (iii) Article 114(1) of the Pensions (Northern Ireland) Order 1995;
 - (iv) Article 28(4) of the Welfare Reform and Pensions (Northern Ireland) Order 1999;
 - (v) Article 279(1) of the Pensions (Northern Ireland) Order 2005.

96C Meaning of “normal pension age” in this Chapter

- (1) In this Chapter “normal pension age”, in relation to a category of benefits under a pension scheme, means—
 - (a) in a case where the scheme is an occupational pension scheme and those benefits consist only of a guaranteed minimum pension, the earliest age at which the member is entitled to receive the guaranteed minimum pension on retirement from any employment to which the scheme applies,
 - (b) in a case where the scheme is an occupational pension scheme and the scheme provides for the member to become entitled to receive any of those benefits at a particular age on retirement from any employment to which the scheme applies, the earliest age at which the member becomes entitled to receive any of the benefits, and
 - (c) in any other case, normal minimum pension age as defined by section 279(1) of the Finance Act 2004.
- (2) For the purposes of subsection (1) any scheme rule making special provision as to early retirement on grounds of ill-health or otherwise is to be disregarded.

96D Interpretation of Chapter

In this Chapter—

“accrued rights”, in relation to a member of a pension scheme, means rights that have accrued to or in respect of the member to benefits under the scheme;

“category”, in relation to benefits, has the meaning given by section 89(6);

“flexible benefit” has the meaning given by section (*Meaning of “flexible benefit”*) of the Pension Schemes Act 2014;

“guarantee date”, in relation to a member who has received a statement of entitlement, has the meaning given by section 89A;

“member” is to be read in accordance with section 89(11);

“normal pension age” has the meaning given by section 96C;

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“pension credit rights”, in relation to a member of a pension scheme, means rights to benefits under the scheme which are attributable (directly or indirectly) to a pension credit;

“salary related occupational pension scheme”: an occupational pension scheme is “salary related” if—

- (ad) the scheme is not a scheme under which all the benefits that may be provided are money purchase benefits, and
- (ae) the scheme does not fall within a prescribed class;

“scheme rules”, in relation to an occupational pension scheme, has the meaning given by section 96B;

“statement of entitlement” has the meaning given by section 89A;

“transferrable rights” is to be read in accordance with section 89(11).”

- 52 (1) In section 97F (power to give transfer notice) is amended as follows.
- (2) In subsection (1), for “pension credit benefit” substitute “pension credit rights”.
- (3) After subsection (3) insert—
- “(3A) An eligible member who has pension credit rights in relation to more than one category of benefits under the scheme may exercise the power to give a transfer notice in relation to the pension credit rights in relation to any one or more of those categories.”
- (4) For subsection (4) substitute—
- “(4) The cash equivalent for the purposes of subsection (1) shall—
- (a) in a case where the pension credit rights relate to a category of benefits other than money purchase benefits, be taken to be the amount shown in the relevant statement under section 97H, and
 - (b) in a case where the pension credit rights relate to money purchase benefits, be determined by reference to the date the notice under that subsection is given.”
- (5) For subsection (6A) substitute—
- “(6A) Regulations may—
- (a) provide for this Chapter not to apply in prescribed circumstances in relation to a member of a prescribed scheme or schemes of a prescribed description;
 - (b) modify the application of this Chapter in relation to a member who has accrued rights to benefits of a prescribed description.
- (6B) In this Chapter a reference to a “category” of benefits is to one of the following three categories—
- (a) money purchase benefits;
 - (b) flexible benefits other than money purchase benefits;
 - (c) benefits that are not flexible benefits.”

53 For section 97G (restrictions on power to give transfer notice) substitute—

“97G Restrictions on power to give transfer notice

- (1) An eligible member may not give a transfer notice in relation to a category of benefits if a crystallisation event has occurred in relation to any of the member’s pension credit rights to benefits in that category.

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- (2) An eligible member may give a transfer notice in relation to a category of benefits other than money purchase benefits only if—
- (a) the member has been provided with a statement under section 97H in relation to benefits in that category, and
 - (b) not more than 3 months have passed since the date by reference to which the amount shown in the statement is determined.
- (3) An eligible member may not give a transfer notice in relation to benefits other than flexible benefits if there is less than one year to go until the member reaches normal benefit age.
- (4) Where an eligible member of a qualifying scheme—
- (a) is entitled to give a transfer notice in relation to any category of benefits, and
 - (b) is also entitled to make an application to the trustees or managers of the scheme under section 91(1) in relation to benefits in the same category (or would be entitled to do so but for section 91(1A)(a)),
- the member may not, if the scheme so provides, give a transfer notice in relation to that category of benefits without also making an application under section 91(1) in relation to that category of benefits.
- (5) A transfer notice may not be given if a previous transfer notice given by the member to the trustees or managers of the scheme is outstanding.
- (6) For the purposes of subsection (1) a crystallisation event occurs in relation to a member's pension credit rights to benefits in a category when—
- (a) payment of a pension in respect of any of the benefits has begun,
 - (b) in the case of money purchase benefits, sums or assets held for the purpose of providing any of the benefits are designated as available for the payment of drawdown pension (as defined by paragraph 4 of Schedule 28 to the Finance Act 2004), or
 - (c) in the case of a personal pension scheme, sums or assets held for the purpose of providing any of the benefits are applied for purchasing an annuity or insurance policy.”
- 54 (1) Section 97H (salary related schemes: statements of entitlement) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) The trustees or managers of a qualifying scheme must, on the application of an eligible member, provide the member with a written statement of the amount of the cash equivalent of the member's pension credit rights in relation to categories of benefits other than money purchase benefits.
- (1A) In the case of a member with pension credit rights in relation to two categories of benefits other than money purchase benefits, the application may relate to pension credit rights in relation to either or both of those categories.”
- (3) In the heading for “Salary related schemes” substitute “Benefits other than money purchase”.
- 55 (1) Section 97J (time for compliance with transfer notice) is amended as follows.

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- (2) In subsection (1), for paragraphs (a) and (b) substitute—
- “(a) in the case of an application that relates to benefits other than money purchase benefits, within 6 months beginning with the valuation date, and
 - (b) in the case of an application that relates to money purchase benefits, 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 97H is determined.”
- 56 After section 97N insert—
- “97NA Prohibition on excluding transfers of some rights without others etc**
- Except as mentioned in sections 92(4) and 97G(4), a pension scheme may not contain rules that would have the effect of—
- (a) preventing a member from exercising a right under this Chapter in relation to a category of benefits without also exercising a right under this Chapter or otherwise to require a transfer payment to be made in respect of another category of benefits, or
 - (b) preventing a member who exercises a right under this Chapter in relation to a category of benefits from accruing rights to benefits in another category.”
- 57 (1) Section 97P (interpretation) is amended as follows.
- (2) In subsection (1), at the appropriate places insert—
- ““category”, in relation to benefits, has the meaning given by section 97F(6B);”
 - ““flexible benefit” has the meaning given by section (*Meaning of “flexible benefit”*) of the Pension Schemes Act 2014;”.
- (3) Omit subsection (2).
- (4) In subsection (3), for “given to the trustees or managers of a salary related occupational pension scheme” substitute “in relation to benefits other than money purchase benefits”.
- 58 Omit section 97Q.
- 59 In section 125 (overriding requirements) for “Chapters II, III, IV and V of Part IV” substitute “Chapters 2 and 3 of Part 4, Chapters 1 and 2 of Part 4ZA”.
- 60 In section 126 (extra-statutory benefits), in paragraph (b), for “Chapter II, IV or V of Part IV” substitute “Chapter 2 of Part 4 or Chapter 1 or 2 Part 4ZA”.
- 61 In section 149 (power to modify certain provisions), in subsection (1), for “Chapters II, III and IV of Part IV” substitute “Chapters 2 and 3 of Part 4 and Chapter 1 of Part 4ZA”.
- 62 In section 174 (linked qualifying service), in subsection (1)(a)—
- (a) in the opening words, for “Chapter 4 or 5 of Part IV” substitute “Chapter 1 or 2 of Part 4ZA”;
 - (b) in sub-paragraph (iii)—
 - (i) for “Chapter 4 of Part IV” substitute “Chapter 1 of Part 4ZA”;
 - (ii) for “Chapter 5” substitute “Chapter 2”.
- 63 In section 176 (interpretation), in subsection (1), in paragraph (b) of the definition of “transfer credits”, for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.

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Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22))

- 64 The Pensions (Northern Ireland) Order 1995 is amended as follows.
- 65 In Article 67A (the subsisting rights provisions: interpretation), in paragraph (9)(a), for head (ii) substitute—
- “(ii) Chapter 2 or 3 of Part 4 of the Pension Schemes Act (certain protection for early leavers) or regulations made under either of those Chapters;
 - (iia) Chapter 1 or 2 of Part 4ZA of that Act (transfers and contribution refunds) or regulations made under either of those Chapters;”.
- 66 In Article 73 (preferential liabilities on winding up), in paragraph (9), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- 67 In Article 73B (Article 73 and 73A: supplementary), in paragraph (7), for “Chapter 4 of Part IV” substitute “Chapter 1 of Part 4ZA”.

Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1))

- 68 The Pensions (Northern Ireland) Order 2005 is amended as follows.
- 69 In Article 2 (interpretation), in paragraph (4)(a), for head (ii) substitute—
- “(ii) Chapter 2 or 3 of Part 4 of the Pension Schemes Act (certain protection for early leavers) or regulations made under either of those Chapters;
 - (iia) Chapter 1 or 2 of Part 4ZA of that Act (transfers and contribution refunds) or regulations made under either of those Chapters;”.
- 70 (1) Article 14 (pension liberation: interpretation) is amended as follows.
- (2) In paragraph (2)(a)—
- (a) after “accrued rights” insert “or an entitlement”;
 - (b) in head (ii), for “the applicable rules” substitute “the scheme rules”.
- (3) In paragraph (3)—
- (a) for sub-paragraph (a) substitute—
 - “(a) section 90 of the Pension Schemes Act (right to cash equivalent under Chapter 1 of Part 4ZA of that Act)”;
 - (b) in sub-paragraph (b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- (4) In paragraph (4)(d), for “the applicable rules” substitute “the scheme rules”.
- (5) Omit paragraph (5).
- 71 In Article 19 (freezing orders), in paragraph (4)(g), for “salary related schemes” substitute “benefits other than money purchase”.
- 72 In Article 20 (consequences of freezing order), in paragraph (7), for sub-paragraphs (a) and (b) substitute—
- “(a) Chapter 1 of Part 4ZA of the Pension Schemes Act (transfer rights: general), or
 - (b) Chapter 2 of that Part (early leavers: cash transfer sums and contribution refunds).”
- 73 In Article 68 (inspection of premises), in paragraph (2)(d)—
- (a) for “Chapter 4 of Part IV” substitute “Chapter 1 of Part 4ZA”;
 - (b) for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.

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- 74 In Article 119 (restrictions on winding up, discharge of liabilities etc.), in paragraph (6)(b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- 75 In Article 122 (payment of scheme benefits), in paragraph (3)(b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- 76 (1) Schedule 6 (pension compensation provisions) is amended as follows.
- (2) In paragraph 20(1)(c), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- (3) In paragraph 32(1)(b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.

Member’s explanatory statement

This Schedule amends the transfer provisions, providing rights to transfer specific categories of accrued rights to benefit, where two or more categories are held and accrual of the benefits to be transferred has ceased. It also provides rights to transfer flexible benefits up to and beyond normal retirement age.

Crispin Blunt
Paul Burstow

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Schedule 4, page 46, line 25, at end insert—

- “(1A) Individuals delivering the pensions guidance must ask those receiving the guidance about other potential sources of retirement income in addition to defined contribution pension schemes; this must include an assessment of assets such as housing wealth, savings and investments.”
-