

Pension Schemes Bill

AMENDMENTS
TO BE MOVED
IN COMMITTEE

After Clause 79

LORD BALFE

Insert the following new Clause –

“Pension Protection Fund: compensation cap underpin (service-related)”

- (1) Schedule 7 to the Pensions Act 2004 (pension compensation provisions) is amended as follows.
- (2) In paragraph 26 (compensation cap), after sub-paragraph (9) insert –
“This paragraph is subject to paragraph 26B.”
- (3) After paragraph 26A insert –
 - “26B(1) The relevant compensation payable to a person must in every case equal the lower of the amounts specified in sub-paragraphs (2) and (3).
 - (2) The amount specified in this sub-paragraph is the sum of –
 - (a) 50% of the annual value of the benefits to which he is entitled under the admissible rules; and
 - (b) 2% of that amount for each whole year of the person’s pensionable service, subject to a maximum of 40% of that amount.
 - (3) The amount specified in this sub-paragraph is two times the standard amount.
 - (4) Expressions used in this paragraph have the same meaning as in paragraphs 26 and 26A.”

Insert the following new Clause –

“Pension Protection Fund: compensation cap underpin (age-related)”

- (1) Schedule 7 to the Pensions Act 2004 (pension compensation provisions) is amended as follows.

After Clause 79 – continued

- (2) In paragraph 26 (compensation cap), after sub-paragraph (9) insert –
“This paragraph is subject to paragraph 26B.”
- (3) After paragraph 26A insert –
“26B(1) The relevant compensation payable to a person must in every case equal the lower of the amounts specified in sub-paragraphs (2) and (3).
 - (2) The amount specified in this sub-paragraph is the sum of –
 - (a) 50% of the annual value of the benefits to which he is entitled under the admissible rules; and
 - (b) provided the person is within ten years of reaching his normal pension age, 4% of that amount for each whole year by which his age exceeds ten years before his normal pension age.
 - (3) The amount specified in this sub-paragraph is two times the standard amount.
 - (4) Expressions used in this paragraph have the same meaning as in paragraphs 26, 26A and 34.””

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17th December 2014

PUBLISHED BY AUTHORITY OF THE HOUSE OF LORDS
LONDON - THE STATIONERY OFFICE LIMITED
£3.00

HL Bill 63(a)

(45750)

55/4



ISBN 978-0-10-854916-8



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