

treated as if he had been a member of the scheme from which a pension credit to which this paragraph applies derives immediately before the assessment date in relation to that scheme, and

- (b) the Board shall determine the PPF compensation payable to the person entitled to the pension credit in accordance with the relevant provision specified in sub-paragraph (2) from the effective date of the pension sharing order or provision on which the credit depends.

(4) In sub-paragraph (3) “assessment date” has the meaning given by section 142(1) of the Pensions Act 2004 or, as the case may be, article 126(1) of the Pensions (Northern Ireland) Order 2005.

Pension Protection Fund: liabilities in respect of money purchase benefits

3B.—(1) This paragraph applies to a pension credit which derives from—

- (a) an occupational pension scheme for which the Board has assumed responsibility, and

- (b) any liabilities in respect of money purchase benefits under that scheme.

(2) The Board shall discharge its liability in respect of a pension credit to which this paragraph applies in accordance with regulations made under section 170(2) and (3) of the Pensions Act 2004 or article 154(2) and (3) of the Pensions (Northern Ireland) Order 2005 (discharge of liabilities in respect of money purchase benefits).”.

Modification of the 2004 Act

3.—(1) Paragraph (2) applies in relation to any case specified in section 220(1) of the 2004 Act (pension sharing).

(2) In a case in relation to which this paragraph applies, Schedule 7 to the 2004 Act (pension compensation provisions) is modified so that it applies as if, after paragraph 2, there were inserted—

“**2A.** In the case of a person in respect of whose shareable rights under a pension arrangement to which section 31 of the Welfare Reform and Pensions Act 1999 (reduction of benefit) applies, any compensation determined in accordance with this Schedule to which he may be entitled shall be reduced by the appropriate percentage, calculated in accordance with the provisions of that section, including revaluation of the pension debit in accordance with the admissible rules of the scheme.

2B. In paragraph (2A)—

“pension arrangement” has the meaning given by section 46(1) of the Welfare Reform and Pensions Act 1999;

“shareable rights” has the meaning given by section 27 of that Act, as modified by the Pension Protection Fund (Pension Sharing) Regulations 2006.”.

Signed by authority of the Secretary of State for Work and Pensions

25th June 2006

James Purnell
Minister of State,
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the Board of the Pension Protection Fund (“the Board”) to discharge liability in respect of a pension sharing order or provision which has been made prior to the date the trustees or managers of a scheme receive a transfer notice under section 160 of the Pensions Act 2004 (c. 35) (“the 2004 Act”) or article 144 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I.1)), but which has either not come into effect by that date or in relation to which the liabilities of the trustees or managers have not been discharged by that date.

Regulation 2 modifies sections 27 (scope of mechanism), 30 (cash equivalents) and 46 (interpretation) of, and Schedule 5 (pension credits: mode of discharge) to, the Welfare Reform and Pensions Act 1999 (c. 30) (“the 1999 Act”) to allow the Board to give effect to an order or provision which remains unimplemented.

Regulation 3 modifies Schedule 7 to the 2004 Act (pension compensation provisions) to provide that where a person’s shareable rights under a pension arrangement are subject to a pension debit, any compensation shall be subject to reduction in accordance with the provisions of section 31 of the 1999 Act.

As these Regulations are made before the expiry of the period of six months beginning with the coming into force of the provisions of the 2004 Act by virtue of which they are made, the requirement for the Secretary of State to consult such persons as he considers appropriate does not apply.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business.