

**2012 No. 99**

**PENSIONS**

**The Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling and Compensation Cap) Order (Northern Ireland) 2012**

*Made - - - - 7th March 2012*

*Coming into operation in accordance with Article 1(1)*

This Order is made in exercise of the powers conferred by Articles 161 and 287(3) of, and paragraphs 26(7) and 27 of Schedule 6 to, the Pensions (Northern Ireland) Order 2005(a).

The Secretary of State for Work and Pensions has made an Order(b) under section 178 of, and paragraphs 26(7) and 27(2) and (3) of Schedule 7 to, the Pensions Act 2004(c).

Accordingly the Department for Social Development makes the following Order:

**Citation, commencement and interpretation**

1.—(1) This Order may be cited as the Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling and Compensation Cap) Order (Northern Ireland) 2012 and shall come into operation—

(a) for the purposes of this Article, Article 2 and Article 4(a), on 31st March 2012, and

(b) for the purposes of Articles 3 and 4(b), on 1st April 2012.

(2) In this Order “the 2005 Order” means the Pensions (Northern Ireland) Order 2005.

**The levy ceiling**

2. For the purposes of Article 160 of the 2005 Order (amounts to be raised by the pension protection levies), the levy ceiling for the financial year beginning on 1st April 2012 is £918,854,855.

**The compensation cap**

3. The amount specified for the purposes of paragraph (a) of the definition of “the compensation cap” in paragraph 26(7) of Schedule 6 to the 2005 Order (pension compensation provisions) is £34,049·84.

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(a) S.I. 2005/255 (N.I. 1); see paragraph (a) of the definition of “the compensation cap” in paragraph 26(7) of Schedule 6  
(b) S.I. 2012/528  
(c) 2004 c. 35

## **Revocations**

4. The following Orders are revoked—

- (a) the Occupational Pension Schemes (Levy Ceiling) Order (Northern Ireland) 2011**(a)**;
- (b) the Pension Protection Fund (Pension Compensation Cap) Order (Northern Ireland) 2011**(b)**.

Sealed with the Official Seal of the Department for Social Development on 7th March 2012

(L.S.)

*Anne McCleary*  
A senior officer of the Department for Social Development

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**(a)** S.R. 2011 No. 122  
**(b)** S.R. 2011 No. 123

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order, which corresponds to provisions of an Order (S.I. 2012/528) made by the Secretary of State for Work and Pensions under section 178 of, and paragraphs 26(7) and 27(2) and (3) of Schedule 7 to, the Pensions Act 2004 (“the Act”), specifies the levy ceiling and the amount of the compensation cap for use in relation to the Pension Protection Fund in the financial year beginning on 1st April 2012.

The Board of the Pension Protection Fund (“the Board”) is established by section 107 of the Act to provide compensation for members of certain occupational pension schemes in the event of the insolvency of the scheme’s sponsoring employer and where the pension scheme is underfunded at a certain level.

Article 158 of the Pensions (Northern Ireland) Order 2005 (“the 2005 Order”) provides that the Board must impose pension protection levies for each financial year falling after the initial period (as defined by Article 157 of the 2005 Order). Article 160 of the 2005 Order provides for the amount to be raised by the pension protection levies, subject to an annual ceiling.

Article 2 of this Order specifies that, for the purposes of Article 160 of the 2005 Order, the levy ceiling for the financial year beginning on 1st April 2012 is £918,854,855.

The compensation cap is used by the Board to determine the amount of compensation payable to a person who is under normal pension age on the assessment date (as described in paragraphs 2 and 34 of Schedule 6 to the 2005 Order) and whose compensation is not derived from a pension payable on the grounds of ill health or a survivor’s pension. The compensation cap is used to determine the amount of compensation payable when that amount is restricted in accordance with paragraph 26 of Schedule 6 to the 2005 Order.

Paragraph 26(7) of Schedule 6 to the 2005 Order sets out the definition of “the compensation cap”. Article 3 of this Order specifies the amount of the compensation cap, for the purposes of paragraph (a) of the definition of “the compensation cap”, as £34,049·84.

Article 4 of this Order revokes the Occupational Pension Schemes (Levy Ceiling) Order (Northern Ireland) 2011 and the Pension Protection Fund (Pension Compensation Cap) Order (Northern Ireland) 2011.

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