
STATUTORY INSTRUMENTS

2013 No. 627

PENSIONS

**The Pension Protection Fund, Occupational
and Personal Pension Schemes (Miscellaneous
Amendments) Regulations 2013**

Made - - - - 14th March 2013

Laid before Parliament 19th March 2013

Coming into force in accordance with regulation 1

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 146(4) and (6)(b), 181(1) and 182(2) and (3) of the Pension Schemes Act 1993(1), sections 75A(1) to (4), 124(1) and 174(2) and (3) of the Pensions Act 1995(2), sections 143(3) to (5), 143A(5), 170(2), 203(1)(a), 207(1) and (5)(a), 307(3), 315(2), (4) and (5) and 318(1) of, and paragraphs 23(1)(b) and (2), 24(1) and (2), 25(1), 25A(1), 26(9) and 31(2)(a) of Schedule 7 to, the Pensions Act 2004(3) and sections 108, 119 and 144(2) and (4) of, and paragraph 16A(1) of Schedule 5 to, the Pensions Act 2008(4).

In accordance with section 185(1)(5) of the Pension Schemes Act 1993, section 120(1) of the Pensions Act 1995 and section 317(1) of the Pensions Act 2004 the Secretary of State has consulted such persons as the Secretary of State considers appropriate.

Citation and commencement

1.—(1) These Regulations may be cited as the Pension Protection Fund, Occupational and Personal Pension Schemes (Miscellaneous Amendments) Regulations 2013 and, except as otherwise provided in paragraph (2), come into force on 30th April 2013.

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- (1) **1993 c.48.** Section 146 was substituted by section 157(2) of the Pensions Act **1995 (c.26)**. Section 181(1) is cited for the meaning it gives to “prescribed” and “regulations”.
- (2) **1995 c.26.** Section 75A was inserted by section 272 of the Pensions Act **2004 (c.35)**. Section 124(1) is cited for the meaning it gives to “prescribed” and “regulations”.
- (3) **2004 c.35.** Section 143(3) and (4) was amended by paragraph 5(3) and (4) of Schedule 4 to the Pensions Act **2011 (c.19)** (“the 2011 Act”). Section 143A was inserted by paragraph 6 of Schedule 4 to the 2011 Act. Section 318(1) is cited for the meaning it gives to “prescribed” and “regulations”. Paragraph 24(1) was amended by paragraph 25 of Schedule 4 to the 2011 Act. Paragraph 25(1) was amended by paragraph 19(3)(a) of Schedule 4 to the 2011 Act. Paragraph 25A was inserted by paragraph 13 of Schedule 8 to the Pensions Act **2008 (c.30)** (“the 2008 Act”) and substituted by paragraph 22 of Schedule 4 to the 2011 Act.
- (4) **2008 c.30.** Section 108 is cited for the meaning it gives “prescribed”. Paragraph 16A was inserted by paragraph 30(2) of Schedule 4 to the 2011 Act.
- (5) Section 185(1) was amended by paragraph 46 of Schedule 3 and paragraph 80(a) of Schedule 5 to the Pensions Act 1995.

- (2) Regulation 3(6) comes into force—
- (a) in respect of a surviving dependant—
 - (i) who is receiving periodic compensation on 29th April 2013 and
 - (ii) is on a qualifying course on that date,on the date that person leaves that qualifying course, and
 - (b) in respect of any other surviving dependant, on 30th April 2013.
 - (c) In this regulation “qualifying course” and “surviving dependant” have the meaning given under regulation 1(2) of the Pension Protection Fund (Compensation) Regulations 2005.(6)

Amendment of the Pension Protection Fund (Review and Reconsideration of Reviewable Matters) Regulations 2005

2. In regulation 3(1)(a) of the Pension Protection Fund (Review and Reconsideration of Reviewable Matters) Regulations 2005(7) (time for making an application for a review decision), for “two months” substitute “28 days”.

Amendment of the Pension Protection Fund (Compensation) Regulations 2005

3.—(1) The Pension Protection Fund (Compensation) Regulations 2005(8) are amended as follows.

- (2) In regulation 1(2) (interpretation) after the definition of “the assessment date”(9) insert—

““commutation limit” means the amount specified in paragraph 7(4) of Schedule 29(10) to the 2004 Act (trivial commutation lump sum);”.
- (3) In regulation 2 (circumstances where a person shall be entitled to early payment of compensation), omit paragraph (5).
- (4) After Part 2 (early payment of compensation), insert—

“PART 2A

Postponement of compensation

Postponing compensation

2A.—(1) A person who becomes entitled to periodic compensation under paragraph 5(11), 8(12), 11(13) or 15(14) of Schedule 7 to the Act, or by virtue of paragraph 21 or 21A of that Schedule, (15) may elect to postpone the commencement of periodic compensation under that paragraph—

- (a) in any of the circumstances prescribed in regulation 2B; and

(6) [S.I. 2005/670](#).

(7) [S.I. 2005/669](#), as amended by [S.I. 2012/3083](#).

(8) [S.I. 2005/670](#).

(9) The definition of “assessment date” was inserted by [S.I. 2005/2113](#).

(10) Paragraph 7(4) was amended by paragraph 4(2) of Schedule 18 to the Finance Act 2011 (c.11).

(11) Paragraph 5 was amended by paragraph 3 of Schedule 8 to the 2008 Act and paragraphs 23(1) and 37(3) of Schedule 4 to the 2011 Act.

(12) Paragraph 8 was amended by paragraph 23(3) of Schedule 4 to the 2011 Act.

(13) Paragraph 11 was amended by paragraph 4 of Schedule 8 to the 2008 Act and paragraph 23(5) of Schedule 4 to the 2011 Act.

(14) Paragraph 15 was amended by paragraph 7 of Schedule 8 to the 2008 Act and paragraph 23(7) of Schedule 4 to the 2011 Act.

(15) Paragraph 21 was substituted and paragraph 21A was inserted by paragraph 19(2) of Schedule 4 to the 2011 Act.

(b) subject to all of the conditions prescribed in regulation 2C.

(2) A person who becomes entitled to lump sum compensation under paragraph 7(16), 10(17), 14(18) or 19(19) of Schedule 7 to the Act, or by virtue of paragraph 21 or 21A of that Schedule, may elect to postpone the payment of lump sum compensation under that paragraph

(a) in any of the circumstances prescribed in regulation 2B; and

(b) subject to all of the conditions prescribed in regulation 2C.

Circumstances in which periodic and lump sum compensation can be postponed

2B.—(1) The circumstances referred to in regulation 2A(1)(a) and (2)(a) are as follows.

(2) The first circumstance is where the person has—

(a) not attained normal pension age; or

(b) not attained normal benefit age,

on the date when an assessment period begins in relation to the scheme.

(3) The second circumstance is where the person—

(a) has not received any pension (including any lump sum entitlement) under the scheme;

(b) is an active member; and

(c) has attained normal pension age,

on the date when an assessment period begins in relation to the scheme.

(4) The third circumstance is where the person—

(a) has had their pension payment postponed; and

(b) payment of the pension remains postponed

on the date of the transfer notice issued under section 160 of the Act(20) to trustees and managers of the scheme.

Conditions subject to which periodic and lump sum compensation can be postponed

2C.—(1) The conditions referred to in regulation 2A(1)(b) and (2)(b) are as follows.

(2) The first condition is that—

(a) where the person elects to postpone periodic compensation in respect of a benefit under the scheme, they must also elect to postpone the payment of any lump sum compensation to which they are entitled in respect of that scheme; or

(b) where the person elects to postpone lump sum compensation in respect of a benefit under the scheme, they must also elect to postpone the payment of any periodic compensation to which they are entitled in respect of that scheme.

(3) The second condition is that the person must not have received, or have received in respect of, any benefit under the scheme—

(a) their pension;

(b) any periodic compensation; or

(16) Paragraph 7 was amended by paragraph 23(2) of Schedule 4 to the 2011 Act.

(17) Paragraph 10 was amended by paragraph 23(4) of Schedule 4 to the 2011 Act.

(18) Paragraph 14 was amended by paragraph 6 of Schedule 8 to the 2008 Act and paragraph 23(6) of Schedule 4 to the 2011 Act.

(19) Paragraph 19 was amended by paragraph 9 of Schedule 8 to the 2008 Act and paragraph 23(8) of Schedule 4 to the 2011 Act.

(20) Section 160 was amended by paragraphs 12 and 17 of Schedule 4 to the 2011 Act.

(c) any lump sum compensation.

(4) The third condition is that for each election to postpone periodic compensation or lump sum compensation, the person has sent written notice to the Board—

- (a) in accordance with paragraph (5);
- (b) that the person wishes to postpone the commencement of periodic compensation or payment of lump sum compensation; and
- (c) before the commencement of that periodic compensation or payment of lump sum compensation.

(5) The notice referred to in paragraph (4) must include—

- (a) the person's name, address, date of birth and national insurance number;
- (b) the name of the scheme for which the Board has assumed responsibility; and
- (c) the date on which the person would like the commencement of periodic compensation or payment of lump sum compensation to cease to be postponed, which must be a date before the person attains the age of 75.

Date on which postponement ceases

2D.—(1) Periodic compensation and lump sum compensation ceases to be postponed on the date elected under regulation 2C(5)(c) unless the person has further elected an earlier date or a later date (which must be a date before the person attains the age of 75).

(2) A person who wishes to make a further election under this regulation must send a written notice to the Board before the date notified (or most recently notified) under regulation 2C(5)(c).

(3) The notice referred to in paragraph (2) must include the information set out in regulation 2C(5)."

(5) In regulation 4(3) (compensation for surviving dependants)—

- (a) in sub-paragraph (a)—
 - (i) omit "or unborn child", and
 - (ii) for "demonstrating" substitute "or other evidence demonstrating to the satisfaction of the Board", and

(b) after sub-paragraph (b), insert—

"(ba) in the case of a child of the member who, at the date of the member's death, was being carried by the mother and had not been born, evidence demonstrating to the satisfaction of the Board that the child—

- (i) is the child of the member; and
- (ii) would have been a dependant of the member had the child been born before the date of the member's death; or".

(6) In regulation 7(4)(**21**) (period of payment)—

- (a) for "Where" substitute "This paragraph applies where", and
- (b) for "later" substitute "earlier".

(7) At the end of regulation 10(1)(b)(ii)(bb) (special provision in relation to pensions in payment following early retirement), insert "and".

(8) In regulation 19 (commutation of periodic compensation)(**22**)—

(21) Regulation 7(4) was amended by [S.I. 2005/2113](#).

(22) Regulation 19(3) was added by [S.I. 2006/580](#) and amended by [S.I. 2007/782](#).

- (a) for paragraph (2)(b)(ii), substitute—
 - “(ii) payment of periodic compensation commences,” and
- (b) in paragraph (3), omit “PPF”.

(9) In regulation 20(23) (circumstances in which the portion of compensation to be commuted may exceed 25 per cent) omit paragraph (4).

(10) In regulation 22(1) (application of compensation cap where compensation becomes payable on different dates) for “paragraph (4)” substitute “paragraph (3)”.

Amendment of the Pension Protection Fund (Valuation) Regulations 2005

4.—(1) The Pension Protection Fund (Valuation) Regulations 2005(24) are amended as follows.

(2) In regulation 1(2) (interpretation)—

- (a) after the definition of “section 152 determination”(25) insert—

““section 152(9) valuation” means a valuation obtained under section 152(9) of the Act;”, and

- (b) after the definition of “section 158 determination”(26) insert—

““section 158 valuation” means a valuation obtained under section 158(3)(b) of the Act;”.

(3) In regulation 6(1)(a) and (b)(27) (valuation of protected liabilities), for “market rate” substitute “best value rate available in the market as estimated by the Board”.

(4) In regulation 7(4)(28) (alternative valuation of assets and protected liabilities in specific cases)—

- (a) in sub-paragraph (c)(i), at the beginning insert “either none of the amount due or only”, and
- (b) in sub-paragraph (c)(ii)—
 - (i) for “no further” substitute “some or all of the”, and
 - (ii) after “notice or direction will” insert “not”.

(5) In regulation 7A(29) (application of these regulations to applications for reconsideration and by closed schemes)—

- (a) for paragraph (3) substitute—

“(3) Regulations 3 to 7 apply in relation to a section 152(9) valuation, a section 152(10A) valuation, and a section 158 valuation as they apply in relation to a section 143 valuation.”, and

- (b) in paragraph (4) for “to section 152(10A) valuations” substitute “to a section 152(9) valuation, section 152(10A) valuation or section 158 valuation”.

Amendment of the Pension Protection Fund (General and Miscellaneous Amendments) Regulations 2006

5.—(1) The Pension Protection Fund (General and Miscellaneous Amendments) Regulations 2006(30) are amended as follows.

(23) Regulation 20 was substituted by S.I. 2006/580.

(24) S.I. 2005/672.

(25) The definition of “section 152 determination” was inserted by S.I. 2012/3083.

(26) The definition of “section 158 determination” was inserted by S.I. 2012/3083.

(27) Regulation 6(1) was amended by S.I. 2005/993, S.I. 2007/782 and S.I. 2012/3083.

(28) Regulation 7(4) was amended by S.I. 2012/3083.

(29) Regulation 7A was inserted by S.I. 2012/3083.

(30) S.I. 2006/580.

- (2) In regulation 1(2) (interpretation), after the definition of “PPF compensation” insert—
 ““PPF money purchase lump sum” means a payment of a lump sum which is made by the Board in respect of entitlement or accrued rights under the scheme rules to money purchase benefits;”.
- (3) In regulation 7(1)(**31**) (manner of discharge of liabilities in respect of money purchase benefits)—
 (a) in sub-paragraph (d) after “policies;” omit “or”,
 (b) at the end of sub-paragraph (e) insert “or”, and
 (c) after sub-paragraph (e) insert—
 “(f) in the circumstances described in regulation 9A, a PPF money purchase lump sum.”.
- (4) In regulation 8(3) (further provision for discharge of liabilities in respect of money purchase benefits), after “trivial commutation” insert “and regulation 9A in relation to PPF money purchase lump sums”.
- (5) After regulation 9 (trivial commutation), insert—

“PPF money purchase lump sums

9A.—(1) The Board may discharge its liabilities in respect of money purchase benefits transferred to it under section 161 of the Act by way of a PPF money purchase lump sum where the conditions in the following paragraphs are met.

- (2) The first condition is that the member is aged 60 or over.
- (3) The second condition is that the value of the member’s entitlements to money purchase benefits under the pension scheme does not exceed £2,000.
- (4) The third condition is that the payment extinguishes the member’s entitlement to money purchase benefits under the pension scheme.
- (5) The fourth condition is that the payment is made within a reasonable time from the date the Board notifies the member under regulation 8(1).”.

Amendment of the Pension Protection Fund (Pension Compensation Sharing and Attachment on Divorce etc) Regulations 2011

- 6.**—(1) The Pension Protection Fund (Pension Compensation Sharing and Attachment on Divorce etc) Regulations 2011(**32**) are amended as follows.
- (2) After Part 10 (early payment of periodic compensation), insert—

“PART 10A

Postponement of compensation

Postponing compensation

31A. A person who becomes entitled to periodic compensation under paragraph 4 or 6 (compensation payable to transferee) of Schedule 5 to the Act may elect to postpone the commencement of periodic compensation under that paragraph—

(31) Regulation 7(1) was amended by S.I 2011/1246.

(32) [S.I. 2011/731](#).

- (a) in any of the circumstances prescribed in regulation 31B; and
- (b) subject to all of the conditions prescribed in regulation 31C.

Circumstances in which periodic compensation can be postponed

31B.—(1) The circumstances referred to in regulation 31A(a) are as follows.

(2) The first circumstance is where the person has not attained pension compensation age on the transfer day.

(3) The second circumstance is where, on the transfer day, the person—

- (a) has attained pension compensation age; and
- (b) is not in receipt of periodic compensation in respect of the pension compensation credit.

Conditions subject to which periodic compensation can be postponed

31C.—(1) The conditions referred to in regulation 31A(b) are as follows.

(2) The first condition is that the person on and from the transfer day is not and has not been in receipt of any periodic compensation or lump sum compensation payment in respect of the pension compensation credit.

(3) The second condition is that for each election to postpone, the person must have sent a written notice to the Board in accordance with paragraph (4) that they wish to postpone periodic compensation, before the person receives payment in respect of the pension compensation credit.

(4) The notice referred to in paragraph (3) must include—

- (a) the person’s name, address, date of birth and national insurance number;
- (b) the name of the scheme for which the Board has assumed responsibility; and
- (c) the date on which the person would like the commencement of periodic compensation to cease to be postponed, which must be a date before the person attains the age of 75.

Date on which postponement ceases

31D.—(1) Periodic compensation ceases to be postponed on the date elected in regulation 31C(4)(c) unless the person has further elected an earlier date or a later date (which must be a date before the person attains the age of 75).

(2) A person who wishes to make a further election under this regulation must send a written notice to the Board before the date notified (or most recently notified) under regulation 31C(4)(c).

(3) The notice referred to in paragraph (2) must include the information set out in regulation 31C(4).”.

(3) In the Schedule (information to be provided by the Board), in the table in paragraph 2, after the fifth row insert—

“Any pension compensation credit member who makes a request in writing to the Board for it to postpone to a date specified in the	A forecast to the date specified in the request, determined in accordance with Schedule 5 to the Act, of the periodic compensation payable to the	The period of 28 days beginning on the day on which the Board receives the request.
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request, commencement of the periodic compensation under paragraph 16A of Schedule 5 to the Act (postponement of compensation).	pension compensation credit member under that Schedule.	
Any pension compensation credit member who has elected to postpone the commencement of the periodic compensation under paragraph 16A of Schedule 5 to the Act.	<p>1.A forecast to the date the periodic compensation ceases to be postponed, determined in accordance with Schedule 5 to the Act, of the periodic compensation payable to the pension compensation credit member under that Schedule.</p> <p>2.Details of any options to commute which may be exercised by the pension compensation credit member in relation to the periodic compensation in accordance with paragraph 9 of Schedule 5 to the Act (commutation of periodic compensation) and forecasts to the date the periodic compensation ceases to be postponed, determined in accordance with that Schedule, of—</p> <p>(a)the lump sum to be paid to that member under any such options; and</p> <p>(b)the reduced level of annual compensation payments which that member would receive if they exercised any such option.</p>	The period of 6 months beginning 12 months before the day on which the commencement of the periodic compensation ceases to be postponed.”

Amendment of the Personal and Occupational Pension Schemes (Pensions Ombudsman) Regulations 1996

7. In regulation 4(2) of the Personal and Occupational Pension Schemes (Pensions Ombudsman) Regulations 1996(33) (exclusions from jurisdiction)—

- (a) omit sub-paragraph (a),
- (b) in sub-paragraph (e) after “records),” insert “and”,
- (c) omit sub-paragraph (f), and
- (d) for the words after sub-paragraph (g) substitute—

(33) S.I. 1996/2475. Regulation 4(2) was amended by S.I. 2005/3377.

“or the requirements under Part 3 (scheme funding) and sections 241 to 243 (requirements for member-nominated trustees and directors) of the Pensions Act 2004.”.

Amendment of the Pension Protection Fund (Partially Guaranteed Schemes) (Modification) Regulations 2005

8.—(1) The Pension Protection Fund (Partially Guaranteed Schemes) (Modification) Regulations 2005⁽³⁴⁾ are amended as follows.

(2) In regulation 3(1) (application and effect)—

(a) after sub-paragraph (c) insert—

“(ca) section 143(5B)(b) and (c)⁽³⁵⁾ (Board’s obligation to obtain valuation of assets and protected liabilities);”, and

(b) in sub-paragraph (e) for “section 152(9)(a)” substitute “section 152(2B), (9)(a), (10A)⁽³⁶⁾”.

(3) In regulation 3(4)—

(a) in sub-paragraph (f) after “section 143(2)” insert “, (2A)(a), (5A)(a) and (b)⁽³⁷⁾”,

(b) after sub-paragraph (f) insert—

“(fa) section 143A(1)(b)⁽³⁸⁾ (determinations under section 143);”,

(c) in sub-paragraph (i) for “section 152(2) and (5)” substitute “section 152(2), (2A), (2B), (5) and (10A)⁽³⁹⁾” and,

(d) in sub-paragraph (l) for “section 158(1) and (3)” substitute “section 158(1), (3) and (3A)⁽⁴⁰⁾”.

(4) For regulation 8(2) (reconsideration) substitute—

“(2) Section 152 of the Act (duty to assume responsibility following reconsideration) applies as if—

(a) in subsection (2B), for the words “protected liabilities” there were substituted the words “protected liabilities of the unsecured part”; and

(b) in subsection (9)(b), for the words “liabilities of the scheme” there were substituted the words “liabilities of the unsecured part”.

(5) In regulation 10(1) (assumption of responsibility)—

(a) before sub-paragraph (a) insert—

“(za) in subsection (3) for “determination made or valuation obtained under section 143(2)” substitute “valuation obtained under section 143”;

(zb) in subsection (4) the words “determination made or” were omitted;”,

(b) in sub-paragraph (b)—

⁽³⁴⁾ [S.I. 2005/277](#).

⁽³⁵⁾ Subsection (5B) was inserted by [S.I. 2005/705](#) and amended by paragraph 5(5) of Schedule 4 to the 2011 Act.

⁽³⁶⁾ Subsection (2B) was inserted by paragraph 15(3) and subsection (10A) was inserted by paragraph 15(9) of Schedule 4 to the 2011 Act.

⁽³⁷⁾ Subsection (2A) was inserted by paragraph 5(2) of Schedule 4 to the 2011 Act and subsection (5A) was inserted by [S.I. 2005/705](#).

⁽³⁸⁾ Section 143A was inserted by paragraph 6 of Schedule 4 to the 2011 Act.

⁽³⁹⁾ Subsection (2A) and (2B) was inserted by paragraph 15(3), subsection (5) was amended by paragraph 15(6)(a) and (b), and subsection (10A) was inserted by paragraph 15(9) of Schedule 4 to the 2011 Act.

⁽⁴⁰⁾ Subsection (3) and (3A) were substituted by paragraph 11(2) of Schedule 4 to the 2011 Act.

- (i) in added subsection (8) after the words “as they apply in relation to a valuation” insert “ and not a determination”, and
- (ii) in added subsection (9) for “subsections (5) and (11)(b)” substitute “subsections (5), (5A)(b), (5B)(b) and (11)(b)”.

Amendment to the Occupational Pension Schemes (Employer Debt) Regulations 2005

9. In paragraph 4(6)(i) of Schedule 1A to the Occupational Pension Schemes (Employer Debt) Regulations 2005(**41**) (withdrawal arrangements and approved withdrawal arrangements) for ““section 143 valuations” and provisions which relate to section 143 valuations” substitute ““section 143 valuations” and “section 143 determinations” and provisions which relate to section 143 valuations and section 143 determinations”.

Amendment to the Pension Protection Fund (Provision of Information) Regulations 2005

10. In Schedule 1 (information to be provided by the Board) to the Pension Protection Fund (Provision of Information) Regulations 2005(**42**) in the table in paragraph 1(2) after the seventh row insert—

<p>“Any member who makes a request in writing to the Board for it to provide information about any entitlement the member may have to postpone to a date specified in the request—</p> <p>(i) the periodic compensation; or</p> <p>(ii) any payment of lump sum compensation,</p> <p>under paragraph 25A of Schedule 7 to the Act (postponement of compensation).</p>	<p>Details of any entitlement the member may have to postpone compensation and a forecast to the date specified in the request, and determined in accordance with the pension compensation provisions, of</p> <p>(a)the periodic compensation; or</p> <p>(b)any lump sum compensation payment,</p> <p>payable to the member under the pension compensation provisions.</p>	<p>The period of 28 days beginning on the day on which the Board receives the request.</p>
<p>Any member who has elected to postpone—</p> <p>(i)the commencement of the periodic compensation; or</p> <p>(ii)payment of lump sum compensation,</p> <p>under paragraph 25A of Schedule 7 to the</p>	<p>1.A forecast, to the date compensation ceases to be postponed, determined in accordance with the pension compensation provisions, of the periodic compensation and of any lump sump compensation, payable to the member under the pension compensation provisions.</p>	<p>The period of 6 months beginning 12 months before the day on which—</p> <p>(a)commencement of the periodic compensation ceases to be postponed; or</p> <p>(b)payment of lump sum compensation ceases to be postponed.”</p>

(41) [S.I. 2005/678](#). Schedule 1A was amended by [S.I. 2005/2224](#) and [S.I 2008/732](#).

(42) [S.I. 2005/674](#). Schedule 1 was amended by [S.I 2006/595](#).

<p>Act (postponement of compensation).</p>	<p>2.Details of any options to commute which may be exercised by the member in relation to that compensation in accordance with paragraph 24 of Schedule 7 to the Act (commutation of periodic compensation) and forecasts, to the date compensation ceases to be postponed, determined in accordance with the pension compensation provisions, of —</p> <p>(a)the lump sum to be paid to that member under any such options; and</p> <p>(b)the reduced level of annual compensation payments which that member would receive if they exercised any such option.</p>	
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Signed by authority of the Secretary of State for Work and Pensions.

14th March 2013

Steve Webb
Minister of State,
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend:

- the Pension Protection Fund (Review and Reconsideration of Reviewable Matters) Regulations 2005 (S.I. 2005/669) (“the Review and Reconsideration Regulations”);
- the Pension Protection Fund (Compensation) Regulations 2005 (S.I. 2005/670) (“the Compensation Regulations”);
- the Pension Protection Fund (Valuation) Regulations 2005 (S.I. 2005/672) (“the Valuation Regulations”);
- the Pension Protection Fund (General and Miscellaneous Amendments) Regulations 2006 (S.I. 2006/580) (“the GMA Regulations”);
- the Pension Protection Fund (Pension Compensation Sharing and Attachment on Divorce etc) Regulations 2011 (S.I. 2011/731) (“the Compensation Sharing and Divorce Regulations”);
- the Personal and Occupational Pension Schemes (Pensions Ombudsman) Regulations 1996 (S.I. 1996/2475) (“the Pensions Ombudsman Regulations”);
- the Pension Protection Fund (Partially Guaranteed Schemes) (Modification) Regulations 2005 (S.I. 2005/277) (“the PGS Modification Regulations”);
- the Occupational Pension Schemes (Employer Debt) Regulations 2005 (S.I. 2005/678) (“the Employer Debt Regulations”); and
- the Pension Protection Fund (Provision of Information) Regulations 2005 (S.I. 2005/674) (“the Provision of Information Regulations”).

Regulation 1 provides for citation and commencement. It provides for a transitional period for regulation 3(6), which amends the Compensation Regulations, to allow surviving dependants aged 18 and above who are receiving periodic compensation for attending a qualifying course, to continue to receive it until they cease attending the course.

Regulation 2 amends the Review and Reconsideration Regulations to change the time within which an eligible person may make an application for an internal review of a decision by the Board of the Pension Protection Fund (“the Board”) from two months to 28 days.

Regulation 3 makes various amendments to the Compensation Regulations, including giving members the ability to postpone the payment of compensation, and allowing credit members to apply for early payment of compensation. A surviving dependant aged 18 to 23 is only eligible for periodic compensation if they are attending a qualifying course. The commutation limit is changed to reflect the limit for registered pension schemes as set out in paragraph 7(4) of Schedule 29 to the Finance Act 2004 (c.12).

Regulation 4 amends the Valuation Regulations. The reference to the market rate in calculating the value of protected liabilities is amended so that the best value rate available in the market is applicable. Regulation 7A of the Valuation Regulations (which specifies the regulations applicable to applications for reconsideration, and by closed schemes) is extended to apply to all valuations under sections 152 and 158 of the Pensions Act 2004 (c.35) (“the 2004 Act”). Provision is made so that the valuations of scheme assets which are contribution notices and orders reflect the actual payments received under these.

Regulation 5 amends the GMA Regulations to provide that the Board may discharge all of its liabilities in respect of money purchase benefits to a member by making a small lump sum payment, provided that the value of such benefits does not exceed £2,000. The payment must be made within a reasonable time from the date the Board notifies the member of their entitlement under regulation 8(1) of the GMA Regulations. Regulation 8(1) of the GMA Regulations gives the member 3 months from the date of being notified by the Board, to inform the Board of how they wish the liability to be discharged. If no such notice is received within this time, the Board must discharge the lump sum as it sees fit in accordance with the GMA Regulations.

Regulation 6 amends the Compensation Sharing and Divorce Regulations to make provision for the postponement of compensation by pension compensation credit members.

Regulation 7 amends the Pensions Ombudsman Regulations to update the statutory references to matters which are excluded from the Ombudsman's jurisdiction.

Regulation 8 amends the PGS Modification Regulations to provide that the Board is not able to make a determination in respect of partially guaranteed schemes under the 2004 Act (as amended by the Pensions Act 2011 (c.19)).

Regulation 9 amends the Employer Debt Regulations to exclude, for employer debt purposes, determinations under section 143 of the 2004 Act.

Regulation 10 amends the Provision of Information Regulations so that the Board is required to provide members with information on postponement of compensation.

A full impact assessment has not been produced for the provisions in regulations 2, 3(2), (3) and (5) to (10), 4, 5, and 7 as they have no impact on the private sector or civil society organisations. An assessment of the impact of the provisions in regulations 3(4), 6, and 8 to 10 is included in the impact assessment that accompanied the Pensions Act 2011. Copies of that assessment are available from the libraries of both Houses of Parliament and may also be obtained from the Better Regulation Unit of the Department for Work and Pensions, 6B Caxton House, Tothill Street, London SW1H 9NA or from the DWP website: <http://www.dwp.gov.uk/policy/pensions-reform/pensions-bill-2011/>.