



Pensions Act 2004

2004 CHAPTER 35

PART 5

OCCUPATIONAL AND PERSONAL PENSION SCHEMES: MISCELLANEOUS PROVISIONS

Annual increases in rate of pensions

280 Power to increase pensions giving effect to pension credits etc

- (1) Section 40 of the Welfare Reform and Pensions Act 1999 (c. 30) (power of the Secretary of State to increase pensions provided to give effect to certain rights) is amended as follows.
- (2) In subsection (1), for “5%” substitute “the maximum percentage”.
- (3) In subsection (2), for “This” substitute “Subject to subsection (2A), this”.
- (4) After subsection (2) insert—
 - “(2A) Subsection (2) does not apply to pensions which—
 - (a) are money purchase benefits, and
 - (b) become pensions in payment on or after the commencement day.
 - (2B) For the purposes of subsection (1) the “maximum percentage” means—
 - (a) 5% in a case where—
 - (i) the pension is in payment before the commencement day, or
 - (ii) the pension is not in payment before the commencement day but the entitlement to the relevant pension credit arose before that day, and
 - (b) 2.5% in a case where the entitlement to the relevant pension credit arises on or after the commencement day.”
- (5) In subsection (3), at the appropriate places insert—

Status: This is the original version (as it was originally enacted).

““commencement day” means the day appointed for the coming into force of section 280 of the Pensions Act 2004 (amendments to section 40);”

““money purchase benefit” has the meaning given by section 181(1) of the Pension Schemes Act 1993;”

““relevant pension credit” means the pension credit to which the eligible pension credit rights or, as the case may be, the safeguarded rights are (directly or indirectly) attributable;”.