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STATUTORY INSTRUMENTS

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**1996 No. 1577**

**PENSIONS**

**The Occupational Pension Schemes  
(Contracting-out) Amendment Regulations 1996**

<i>Made</i>	- - - -	<i>19th June 1996</i>
<i>Laid before Parliament</i>		<i>21st June 1996</i>
<i>Coming into force</i>	- -	<i>12th July 1996</i>

The Secretary of State for Social Security, in exercise of the powers conferred by sections 7(2A), 12(3) and 181(1) of the Pension Schemes Act 1993<sup>(1)</sup> and sections 174(3) and (4) and 180(4) of the Pensions Act 1995<sup>(2)</sup>, by this instrument, which contains only regulations made by virtue of, or consequential on, provisions of the Pensions Act 1995 and which is made before the end of the period of 6 months beginning with the coming into force of those provisions<sup>(3)</sup>, hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Occupational Pension Schemes (Contracting-out) Amendment Regulations 1996 and shall come into force on 12th July 1996.

**Amendment of the Occupational Pension Schemes (Contracting-out) Regulations 1996**

2. The Occupational Pension Schemes (Contracting-out) Regulations 1996<sup>(4)</sup> are amended by inserting after regulation 76 the following regulation—

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(1) 1993 c. 48; section 7(2A) was inserted by section 136(1) of the Pensions Act 1995; section 181(1) is cited for the meaning it gives to “prescribe” and “regulations”.

(2) 1995 c. 26.

(3) See section 185 of the Pension Schemes Act 1993 and section 173(5)(b) of the Social Security Administration Act 1992 (c. 5), the effect of which is that an instrument which states that it contains only regulations made by virtue of, or consequential on, a specified enactment and is made within 6 months of the coming into force of that enactment is not required to be referred to the Occupational Pensions Board.

(4) S.I.1996/1172.

**“Transitional arrangements for schemes contracted-out under section 9(2) of the 1993 Act to become contracted-out under section 9(3) of that Act**

**76A.**—(1) This regulation applies where a scheme, which is a salary-related contracted-out scheme immediately before the principal appointed day, satisfies the requirements of section 9(3) of the 1993 Act in respect of all earners' service on or immediately after that day.

(2) The circumstances referred to in paragraph (1) shall, for the purposes of section 12(3) of that Act (determination of basis on which a scheme is contracted-out) be circumstances in which a scheme which has been contracted-out by virtue of section 9(2) of that Act may become contracted-out by virtue of section 9(3) of that Act.

(3) Where this regulation applies, sections 50, 52 and 53 of that Act shall be modified so as to have effect as if the guaranteed minimum pensions provided by the scheme were provided by a separate scheme which had ceased to be certified as a contracted-out scheme.

(4) Where this regulation applies, a contracting-out certificate issued before the principal appointed day shall be cancelled at the end of the period beginning with that day and ending on either—

- (a) whichever is the earlier of—
  - (i) the day before the effective date of the replacement contracting-out certificate issued by the Secretary of State, or
  - (ii) 31st January 1998, or
- (b) such later date as the Secretary of State may in his discretion permit in any particular case,

but shall continue to have effect during that period if it is not otherwise cancelled or surrendered and the scheme satisfies the conditions of section 9(3) of the 1993 Act.”.

Signed by authority of the Secretary of State for Social Security.

19th June 1996

*MacKay of Ardbrecknish*  
Minister of State,  
Department of Social Security

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## EXPLANATORY NOTE

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

These Regulations enable certain salary-related contracted-out schemes, which do not meet the requirements of section 9(2B) of the Pension Schemes Act 1993, to remain contracted-out from the day appointed for the coming into force of those requirements (“the principal appointed day”).

Regulation 1 provides for citation and commencement.

Regulation 2 amends the Occupational Pension Schemes (Contracting-out) Regulations 1996 by inserting a new regulation 76A. This applies where, immediately before the principal appointed day, a scheme satisfies the requirements of subsection (2) of section 9 of the Pension Schemes Act 1993 and, on or immediately after that day, satisfies the requirements of subsection (3) of that section. It provides—

for such circumstances to be a prescribed exception to section 12(3) of that Act (which prohibits a scheme from changing the basis on which it is contracted-out);

for the modification of sections 50, 52 and 53 (formerly certified schemes) in relation to the guaranteed minimum pensions provided by the scheme;

for the continuation of a contracting-out certificate issued before the principal appointed day.

The Secretary of State is not required, by virtue of section 185(1) and (6) of the Pension Schemes Act 1993, to consult any persons before making these Regulations.

An assessment of the compliance costs for employers of the measures arising from the Pensions Act 1995, including these Regulations, has been placed in the libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Social Security, Private Pensions Directorate, 11th floor, Adelphi, 1-11 John Adam Street, London WC2N 6HT.