

1987 No. 290

SOCIAL SECURITY

**The Personal Pension Schemes (Transfer Values) Regulations
(Northern Ireland) 1987***Made* 10th July 1987*Coming into operation* 27th July 1987

The Department of Health and Social Services, in exercise of the powers conferred on it by paragraphs 13 and 14 of Schedule 1A to the Social Security Pensions (Northern Ireland) Order 1975(a) and of all other powers enabling it in that behalf, hereby makes the following regulations:

Citation, commencement and interpretation

1.—(1) These regulations may be cited as the Personal Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1987 and shall come into operation on 27th July 1987.

(2) In these regulations—

“cash equivalent” has the same meaning as in Part II of Schedule 1A as applied to personal pension schemes by the Modification Regulations;

“member” means a member of a personal pension scheme to whom Part II of Schedule 1A applies by virtue of the Modification Regulations;

“the Modification Regulations” means the Personal and Occupational Pension Schemes (Modification of Enactments) Regulations (Northern Ireland) 1987(b);

“money purchase benefits” and “personal pension scheme” have the meaning given to those expressions by Article 2(2) of the Social Security (Northern Ireland) Order 1986(c);

“protected rights” shall be construed in accordance with Schedule 1 to the Social Security (Northern Ireland) Order 1986;

“receiving scheme” means a scheme under whose rules transfer credits or rights are to be acquired by a member in exercise of his choice under paragraph 13(2)(a) of Schedule 1A as applied to personal pension schemes by the Modification Regulations;

“scheme” means occupational pension scheme or personal pension scheme;

(a) S.I. 1975/1503 (N.I. 15); Schedule 1A was inserted by paragraph 3 of Schedule 1 to the Social Security (Northern Ireland) Order 1985 (S.I. 1985/1209 (N.I. 16)); paragraphs 13 and 14 of Schedule 1A are amended by paragraph 24(c) and (d) of Schedule 9 to the Social Security (Northern Ireland) Order 1986 (S.I. 1986/1888 (N.I. 18)), and have effect, as modified in relation to personal pension schemes by virtue of regulation 2(10) of, and Schedule 4 to, the Personal and Occupational Pension Schemes (Modification of Enactments) Regulations (Northern Ireland) 1987 (S.R. 1987 No. 294)

(b) S.R. 1987 No. 294

(c) S.I. 1986/1888 (N.I. 18)

“trustees”, in relation to a scheme which is not set up or established under a trust, means the managers of the scheme,

and other expressions have the same meaning as in Part II of Schedule 1A as applied to personal pension schemes by the Modification Regulations.

(3) Any reference in these regulations to Schedule 1A is a reference to Schedule 1A to the Social Security Pensions (Northern Ireland) Order 1975.

Requirements to be satisfied

2. The prescribed requirements referred to in paragraph 13(2)(a) of Schedule 1A as applied to personal pension schemes by the Modification Regulations (cash equivalent of member's rights under a personal pension scheme to be used for acquiring transfer credits or rights under another scheme) are that—

(a) the receiving scheme—

(i) is approved by the Commissioners of Inland Revenue for the purposes of Chapter II of Part II of the Finance Act 1970(a),

(ii) is a statutory scheme as defined in section 26(1) of the Finance Act 1970, or

(iii) otherwise satisfies requirements of the Inland Revenue;

(b) if the member's cash equivalent (or any portion of it to be used under paragraph 13(2)(a) of Schedule 1A, as applied to personal pension schemes by the Modification Regulations) is or includes the cash equivalent of his protected rights then the receiving scheme is one to which a transfer payment in respect of protected rights may be made in accordance with regulations 2 and 3 of the Protected Rights (Transfer Payment) Regulations (Northern Ireland) 1987(b).

Manner of calculation and verification of cash equivalents

3.—(1) Except in a case to which paragraph (3) applies, cash equivalents are to be calculated and verified in such manner as may be approved in particular cases by—

(a) a Fellow of the Institute of Actuaries;

(b) a Fellow of the Faculty of Actuaries; or

(c) a person with other actuarial qualifications who is approved by the Department, at the request of the trustees of the personal pension scheme in question, as being a proper person to act for the purposes of these regulations in connection with that scheme,

and in paragraph (2) “actuary” means any person such as is referred to in sub-paragraph (a), (b) or (c) of this paragraph.

(2) Except in a case to which paragraph (3) applies, cash equivalents are to be calculated and verified by adopting methods and making assumptions which—

(a) if not determined by the trustees of the personal pension scheme in question, are notified to them by an actuary; and

(a) 1970 c. 24

(b) S.R. 1987 No. 296

- (b) are certified by an actuary to the trustees of the scheme as being consistent—
- (i) with the requirements of Schedule 1A as applied to personal pension schemes by the Modification Regulations, and
 - (ii) with ‘Retirement Benefit Schemes — Transfer Values (GN11)’, published by the Institute of Actuaries and the Faculty of Actuaries and current at the date of the calculation.

(3) Where a member’s cash equivalent, or any portion of it—

(a) represents his rights to money purchase benefits under the personal pension scheme in question; and

(b) those rights do not fall, either wholly or in part, to be valued in a manner which involves making estimates of the value of benefits,

then that cash equivalent, or that portion of it, shall be calculated and verified in such manner as may be approved in particular cases by the trustees of the scheme, and by adopting methods consistent with the requirements of Schedule 1A as applied to personal pension schemes by the Modification Regulations.

Increases and reductions of cash equivalents

4.—(1) If the whole or any part of the benefits referred to in paragraph 12(1) of Schedule 1A, as applied to personal pension schemes by the Modification Regulations, is or has been surrendered, commuted or forfeited before the trustees of the personal pension scheme do what is needed to comply with what the member requires, the cash equivalent shall be reduced in proportion to the reduction in the total value of the benefits.

(2) If the trustees of a personal pension scheme fail without reasonable excuse to do what is needed to carry out what a member of the scheme requires within 6 months of the relevant date, that member’s cash equivalent shall be increased by—

(a) the interest on that cash equivalent, calculated on a daily basis over the period from the relevant date to the date on which the trustees carry out what the member requires, at the same rate as that payable for the time being on judgment debts by virtue of Order 42, Rule 9(2) of the Rules of the Supreme Court (Northern Ireland) 1980(a); or, if it is greater,

(b) the amount, if any, by which that cash equivalent falls short of what it would have been if the relevant date had been the date on which the trustees carry out what the member requires.

(3) In a case where both paragraphs (1) and (2) fall to be applied to a calculation, they shall be applied in the order in which they occur in this regulation.

(4) In this regulation ‘the relevant date’ has the same meaning as in paragraph 12(2) of Schedule 1A as applied to personal pension schemes by the Modification Regulations.

(a) S.R. 1980 No. 346; the rate of interest was amended by S.R. 1985 No. 170

Sealed with the Official Seal of the Department of Health and Social Services on 10th July 1987.

(L.S.)

A. N. Burns

Assistant Secretary

EXPLANATORY NOTE

(This note is not part of the Regulations.)

These regulations are all made under provisions of the Social Security Pensions (Northern Ireland) Order 1975, as modified, with effect from 27th July 1987, in relation to personal pension schemes, by the Personal and Occupational Pension Schemes (Modification of Enactments) Regulations (Northern Ireland) 1987. They make provision in relation to personal pension schemes for the calculation and verification of cash equivalents (within the meaning of Part II of Schedule 1A to the Social Security Pensions (Northern Ireland) Order 1975, as so modified).

Regulation 2 sets out the requirements which an occupational pension scheme, or a personal pension scheme, must satisfy if a cash equivalent is to be used for acquiring transfer credits or rights under it.

Regulation 3 provides for the manner in which a cash equivalent is to be calculated and verified: in particular, except where the calculation or variation does not involve making estimates of the future value of benefits, it must be such manner as may be approved by an actuary.

The publication "Retirement Benefit Schemes — Transfer Values (GN11)", referred to in regulation 3(2)(b)(ii), may be obtained from the Institute of Actuaries, Staple Inn Hall, High Holborn, London WC1V 7QJ, and from the Faculty of Actuaries, 23 St. Andrew Square, Edinburgh EH2 1AQ.

Regulation 4 sets out the circumstances in which a cash equivalent is to be increased or reduced to an amount greater or less than the exact equivalent of the benefits in question.