

**EXPLANATORY MEMORANDUM TO**

**THE OCCUPATIONAL PENSION SCHEMES AND SOCIAL SECURITY  
(SCHEMES THAT WERE CONTRACTED-OUT AND GRADUATED  
RETIREMENT BENEFIT) (MISCELLANEOUS AMENDMENTS) REGULATIONS  
(NORTHERN IRELAND) 2017**

**S.R. 2017 No. 57**

**1. Introduction**

- 1.1 This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made under sections 62(1)(a) and (c) and 171(3) and (4) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 and sections 12(3) and (4), 13(6), 16(1) and (3), 177(2) to (4) and 178(1) of the Pension Schemes (Northern Ireland) Act 1993 and is subject to the negative resolution procedure.

**2. Purpose**

- 2.1 These Regulations make amendments to a number of sets of existing Regulations. They relate to the abolition of contracting-out of the additional State Pension for salary related pension schemes, are in consequence of the new bereavement and support payment, provide for a new fixed rate of revaluation of Guaranteed Minimum Pension (GMP) and provide for the calculation of a lump sum payment for an individual who deferred receipt of their Graduated Retirement Benefit.

**3. Background**

- 3.1 The Pensions Act (Northern Ireland) 2015 provided for the ending of the option for sponsoring employers of salary related occupational pension schemes to contract their employees out of the additional pension. This option ended on the start of the new State pension, on 6 April 2016.
- 3.2 Following the abolition of contracting out from 6 April 2016, the Occupational Pension Schemes (Schemes that were Contracted-out) Regulations (Northern Ireland) 2016 and the Pensions (2015 Act) (Abolition of Contracting-out for Salary Related Pension Schemes) (Consequential Amendments and Savings) Order (Northern Ireland) 2016 set out the key legislative changes that are necessary as a result of the abolition of contracting-out for defined benefit (DB) schemes. These Regulations -
  - make further changes as a consequence of the abolition of DB contracting-out;

- make consequential changes to add entitlement to bereavement support payment to the circumstances in which a GMP can be paid to an earner's survivor following the introduction of the new bereavement and support payment, and
  - revise the fixed rate of revaluation of GMPs for those leaving pensionable service after 5 April 2017. The fixed rate of revaluation is reviewed every five years by the Secretary of State for Work and Pensions, following advice by the Government Actuary's Department, to ensure that it reflects ongoing expected increases in earnings.
- 3.3 These Regulations also provide for the calculation of a lump sum payment for individuals, who between April 1961 and April 1975 gained entitlement to Graduated Retirement Benefit under the old State Pension and who deferred claiming their State Pension. The calculation set out in the Social Security (Graduated Retirement Benefit) Regulations (Northern Ireland) 2005 relies on the payment arrangements provided by the Social Security (Claims and Payments) Regulations (Northern Ireland) 1987.

#### **4. Consultation**

- 4.1 There is no requirement to consult on these Regulations as they make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to Great Britain.

#### **5. Equality Impact**

- 5.1 Proposals for the Pensions Act (Northern Ireland) 2015 were subject to a full Equality Impact Assessment. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations. The Department has concluded that they would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

#### **6. Regulatory Impact**

- 6.1 A Regulatory Impact Assessment was carried out on the proposals for the Pensions Act (Northern Ireland) 2015. These Regulations do not require a Regulatory Impact Assessment as they do not impose any additional cost on business, charities or voluntary bodies.

#### **7. Financial Implications**

- 7.1 None for the Department.

## **8. Section 24 of the Northern Ireland Act 1998**

- 8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that these Regulations –
- (a) are not incompatible with any of the Convention rights,
  - (b) are not incompatible with Community law,
  - (c) do not discriminate against a person or class of person on the ground of religious belief or political opinion, and
  - (d) do not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

## **9. EU Implications**

- 9.1 Not applicable.

## **10. Parity or Replicatory Measure**

- 10.1 The corresponding Great Britain Regulations are the Occupational Pension Schemes and Social Security (Schemes that were Contracted-out and Graduated Retirement Benefit) (Miscellaneous Amendments) Regulations 2017 (S.I. 2017/354) which were made on 9th March 2017 to come into force on 6th April 2017. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions in line with section 87 of the Northern Ireland Act 1998. It was, therefore necessary to make the Regulations during the period of interregnum.