

2024 No. 136

PENSIONS

The Occupational Pension Schemes (Collective Money Purchase Schemes) (Amendment) Regulations (Northern Ireland) 2024

Made - - - - 19th June 2024

Coming into operation in accordance with regulation 1

Approved by resolution of the Assembly on 23rd September 2024

The Department for Communities makes the following Regulations in exercise of the powers conferred by sections 69(4), 71(5)(c), 87(2)(b) and (6) and 102(2) and (3)(b) of the Pension Schemes Act 2021(a).

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Collective Money Purchase Schemes) (Amendment) Regulations (Northern Ireland) 2024 and, subject to paragraph (2), shall come into operation on 20th June 2024.

(2) Regulations 2(b) and 5 shall come into operation on 1st October 2024.

(3) The Interpretation Act (Northern Ireland) 1954(b) shall apply to these Regulations as it applies to an Act of the Assembly.

Amendment of the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations

2. The Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations (Northern Ireland) 2024(c) are amended in accordance with—

- (a) regulations 3 and 4;
- (b) regulation 5.

Amendment of regulation 17

3.—(1) Regulation 17 (calculation of benefits) is amended in accordance with paragraphs (2) to (5).

(2) In paragraph (4)(e) after “that”, in the first place it occurs, insert “, except where there is a multi-annual reduction in effect,”.

(a) 2021 c. 1
(b) 1954 c. 33 (N.I.)
(c) S.R. 2024 No. 15

(3) In paragraph (9) for “The trustees” substitute “Except as provided by paragraph (10), the trustees”.

(4) For paragraph (10) substitute—

“(10) Where there is one or more multi-annual reduction or reductions in effect and a subsequent actuarial valuation results in an increase in the rate or amount of benefits provided under the scheme, the trustees, having obtained the advice of the scheme actuary, must vary one or more multi-annual reduction or reductions then in effect, by applying that increase to offset the planned reduction or reductions under the multi-annual reduction or reductions, which take effect on or after the benefit adjustment date following that valuation.”.

(5) After paragraph (10) insert—

“(10A) Paragraph (8)(b) does not apply to a multi-annual reduction that has been varied in accordance with paragraph (10).

(10B) Any offsetting increase pursuant to paragraph (10) must be applied to the remaining years of the multi-annual reduction or reductions so that the total reduction applied in any year of the multi-annual reduction or reductions must not be greater than the total reduction applied in the previous year of the multi-annual reduction or reductions.

(10C) If an offsetting increase has been applied pursuant to paragraphs (10) and (10B) so that a multi-annual reduction has been offset in full, such multi-annual reduction will cease to have effect and, if all multi-annual reductions cease to have effect, any remaining increase must be applied in accordance with the scheme rules made pursuant to paragraph (4)(e).”.

Amendment of regulation 19

4. In regulation 19(4) (actuarial valuations)—

(a) in sub-paragraph (k) after head (iv) add—

“(v) any variation to the multi-annual reduction as a result of applying an increase to offset the planned reduction under the multi-annual reduction in accordance with regulation 17(10), including the effect of that offsetting increase on the planned reduction in the remaining years of the multi-annual reduction;”;

(b) after sub-paragraph (k) insert—

“(ka) where a multi-annual reduction would have been in effect as at the effective date but has ceased to have effect in accordance with regulation 17(10C), the details of—

(i) when such multi-annual reduction ceased to have effect;

(ii) any remaining increase that has been applied in accordance with regulation 17(10C);”.

Amendment of Schedule 6

5.—(1) Schedule 6 (continuity option 1: transfer out and winding up) is amended in accordance with paragraphs (2) to (4).

(2) In paragraph 1(1) (definitions)—

(a) after the definition of “default discharge option” insert—

““dependant” has the meaning given in paragraph 15 of Schedule 28 to the Finance Act 2004(a);

(a) 2004 c. 12; paragraph 15 was amended by paragraph 26 of Schedule 10 to the Finance Act 2005 (c. 7), paragraph 6(2) of Schedule 5 to the Finance Act 2016 (c. 24) and regulation 180 of S.I. 2005/3229

- “dependants’ income withdrawal” has the meaning given in paragraph 21(a) of Schedule 28 to the Finance Act 2004;
- “dependant’s flexi-access drawdown fund” has the meaning given in paragraph 22A(b) of Schedule 28 to the Finance Act 2004;”;
- (b) after the definition of “member’s flexi-access drawdown fund” insert—
- ““nominee” has the meaning given in paragraph 27A(c) of Schedule 28 to the Finance Act 2004;
- “nominees’ income withdrawal” has the meaning given in paragraph 27D of Schedule 28 to the Finance Act 2004;
- “nominee’s flexi-access drawdown fund” has the meaning given in paragraph 27E(d) of Schedule 28 to the Finance Act 2004;”;
- (c) after the definition of “quantification” insert—
- ““successor” has the meaning given in paragraph 27F of Schedule 28 to the Finance Act 2004;
- “successors’ income withdrawal” has the meaning given in paragraph 27J of Schedule 28 to the Finance Act 2004;
- “successor’s flexi-access drawdown fund” has the meaning given in paragraph 27K(e) of Schedule 28 to the Finance Act 2004;”.
- (3) In paragraph 2(1) (alternative ways of discharging the scheme’s liability)—
- (a) in head (b) for “etc.).” substitute “etc);”;
- (b) after head (b) add—
- “(c) transferring the value of those rights to a dependant’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the dependant to dependants’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004;
- (d) transferring the value of those rights to a nominee’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the nominee to nominees’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004;
- (e) transferring the value of those rights to a successor’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the successor to successors’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004.”.
- (4) In paragraph 14(2) (beneficiaries’ response to trustees)—
- (a) in head (c) for “etc).” substitute “etc);”;
- (b) after head (c) insert—
- “(ca) transferring the value of those rights to a dependant’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the dependant to dependants’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004;
- (cb) transferring the value of those rights to a nominee’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the nominee to nominees’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004;

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- (a) Paragraph 21 was substituted by paragraph 15 of Schedule 16 to the Finance Act 2011 (c. 11) and amended by paragraph 20 of Schedule 1 to the Taxation of Pensions Act 2014 (c. 30)
- (b) Paragraph 22A was inserted by paragraph 4(1) of Schedule 1 to the Taxation of Pensions Act 2014
- (c) Paragraphs 27A to 27K were inserted by paragraph 3(1) of Schedule 2 to the Taxation of Pensions Act 2014
- (d) Paragraph 27E was amended by paragraph 13(4) and (5) of Schedule 4 to the Finance Act 2015 (c. 11)
- (e) Paragraph 27K was amended by paragraph 13(6) of Schedule 4 to the Finance Act 2015

(cc) transferring the value of those rights to a successor's flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the successor to successors' income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004;".

Sealed with the Official Seal of the Department for Communities on 19th June 2024

(L.S.)

David Tarr

A senior officer of the Department for Communities

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations (Northern Ireland) 2024 ("the Collective Money Purchase Regulations").

Regulation 3 of these Regulations amends regulation 17 of the Collective Money Purchase Regulations so that increases required in the rate or amount of benefits under a collective money purchase scheme must be applied to offset any planned reduction under a multi-annual reduction, or reductions, then in effect. Further, regulation 17(4)(e) is amended so that scheme rules must provide that the methodology for applying increases set out in regulation 17(4)(e) does not apply when a multi-annual reduction is in effect.

Regulation 4 of these Regulations amends regulation 19(4) of the Collective Money Purchase Regulations to specify additional details that must be contained in an actuarial valuation prepared in accordance with section 71(1) of the Pension Schemes Act 2021, as a result of the amendments to regulation 17 of the Collective Money Purchase Regulations.

Regulation 5 of these Regulations amends paragraphs 1 and 2 of Schedule 6 to the Collective Money Purchase Regulations to provide for additional types of fund to which a beneficiary's accrued rights to benefits under a collective money purchase scheme can be transferred during wind-up of the scheme. Regulation 5 also amends paragraph 14(2) of Schedule 6 to provide for alternative ways a scheme's liability to the beneficiary may be discharged.

An assessment of the cost to business of these Regulations is detailed in a Regulatory Impact Assessment which accompanied the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations (Northern Ireland) 2022 (S.R. 2022 No. 191), a copy of which was laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of the Assessment are available from the Department for Communities, Social Security Policy, Legislation and Decision Making Services, Level 8, Causeway Exchange, 1-7 Bedford Street, Belfast BT2 7EG or from the website: <https://www.communities-ni.gov.uk/articles/pension-information>. A copy of the Assessment is also annexed to the Explanatory Memorandum which is available alongside this Statutory Rule on the website: <http://www.legislation.gov.uk/nisr>.

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