



# Pension Schemes Act 1993

## 1993 CHAPTER 48

### PART III

#### CERTIFICATION OF PENSION SCHEMES AND EFFECTS ON MEMBERS' STATE SCHEME RIGHTS AND DUTIES

### CHAPTER II

#### REDUCTION IN STATE SCHEME CONTRIBUTIONS AND SOCIAL SECURITY BENEFITS FOR MEMBERS OF CERTIFIED SCHEMES

*[<sup>F1</sup>Reduced rates of state scheme Class 1 contributions][<sup>F1</sup>Reduced rates of contributions for members of salary related contracted-out schemes]*

#### Textual Amendments

**F1** S. 41(1)(1A) substituted for s. 41(1) (13.3.1996 for specified purposes, 6.4.1996 for specified purposes) by [Pensions Act 1995 \(c. 26\)](#), ss. **137(2)**, **180(1)**; [S.I. 1996/778](#), art. 2(1)(5)(a), Sch. Pts. 1, 5

#### **41** [<sup>F1</sup>Reduced rates of Class 1 contributions for earners in contracted-out employment.][<sup>F1</sup>Reduced rates of Class 1 contributions]

(1) [<sup>F1</sup>Where—

- (a) the earnings paid to or for the benefit of an earner in any tax week are in respect of an employment which is contracted-out employment at the time of the payment, and
- (b) the earner's service in the employment is service which qualifies him for a pension provided by a salary related contracted-out scheme,

the amount of a Class 1 contribution in respect of so much of the earnings paid in that week as exceeds the current lower earnings limit but not the current upper earnings

*Status: Point in time view as at 06/04/1996.*

**Changes to legislation:** *Pension Schemes Act 1993, Cross Heading: Reduced rates of state scheme Class 1 contributions* Reduced rates of contributions for members of salary related contracted-out schemes is up to date with all changes known to be in force on or before 04 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

limit for that week (or the prescribed equivalents if he is paid otherwise than weekly) shall be reduced by the following amount.

(1A) The amount is—

- (a) in the case of a primary Class 1 contribution, an amount equal to 1.8 per cent. of that part of those earnings, and
- (b) in the case of a secondary Class 1 contribution, an amount equal to 3 per cent. of that part of those earnings]

(2) Where—

- (a) an earner has ceased to be employed in an employment; and
- (b) earnings are paid to him or for his benefit within the period of 6 weeks, or such other period as may be prescribed, from the day on which he so ceased, that employment shall be treated for the purposes of subsection (1) as contracted-out employment at the time when the earnings are paid if it was contracted-out employment in relation to the earner when he was last employed in it.

(3) This section shall not affect the amount of any primary Class 1 contribution which is payable at a reduced rate by virtue of regulations under section 19(4) of the <sup>M1</sup> Social Security Contributions and Benefits Act 1992 (reduced rates for married women and widows).

#### Commencement Information

**II** Ss. 1-187 in force at 7.2.1994 by [S.I. 1994/86, art. 2](#)

#### Marginal Citations

**M1** [1992 c. 4.](#)

## 42 Review and alteration of rates of contributions applicable under s. 41.

(1) The Secretary of State may from time to time, and shall when required by subsection (2), lay before each House of Parliament—

- (a) [<sup>F2</sup>a report by the Government Actuary or the Deputy Government Actuary on—
  - (i) the percentages for the time being applying under section 41(1A)(a) and (b), and
  - (ii) any changes since the preparation of the last report under this paragraph in the factors in his opinion affecting the cost of providing benefits of an actuarial value equivalent to that of the benefits which, under section 48A, are foregone by or in respect of members of salary related contracted-out schemes]
- (b) a report by the Secretary of State stating whether he considers that, in view of the report of the Government Actuary or the Deputy Government Actuary, there should be an alteration in either or both of those percentages and, if so, what alteration is in his opinion required.

(2) The Secretary of State shall lay such reports at intervals of not more than five years.

(3) If in a report under subsection (1)(b) the Secretary of State states that he considers that there should be an alteration in either or both of the percentages mentioned in section 41(1)(a) and (b), he shall prepare and lay before each House of Parliament

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with the report the draft of an order making that alteration; and if the draft is approved by resolution of each House the Secretary of State shall make the order in the form of the draft.

- (4) An order under subsection (3) shall have effect from the beginning of such tax year as may be specified in the order, but not a tax year earlier than the second after that in which the order is made.
- (5) No alteration of those percentages shall introduce any distinction on grounds of age or sex.
- (6) A draft of an order making alterations in either or both of those percentages may contain consequential provisions altering any percentage for the time being specified in paragraph 2(3) of Schedule 4 as that percentage applies in relation to earnings paid or payable on or after the day as from which the order is to have effect.

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#### **Textual Amendments**

**F2** S. 42(1)(a) substituted (13.3.1996 for specified purposes, 6.4.1996 for specified purposes) by [Pensions Act 1995 \(c. 26\)](#), **ss. 137(3)**, 180(1); [S.I. 1996/778](#), art. 2(1)(5)(a), Sch. Pts. 1, 5

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#### **Modifications etc. (not altering text)**

**C1** S. 42(1)(a) modified (13.3.1996 for specified purposes, 6.4.1996 for specified purposes) by [Pensions Act 1995 \(c. 26\)](#), **ss. 137(4)**, 180(1); [S.I. 1996/778](#), art. 2(1)(5)(a), Sch. Pts. 1, 5

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**I1** Ss. 1-187 in force at 7.2.1994 by [S.I. 1994/86](#), **art. 2**

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