



Pensions Act 1995

1995 CHAPTER 26

PART III

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

Premiums and return to State scheme

141 State scheme etc. premiums and buyback into State scheme.

(1) In section 55 of the ^{M1}Pension Schemes Act 1993 (payment of state scheme premiums on termination of certified status), for subsection (2) there is substituted—

“(2) Where—

- (a) an earner is serving in employment which is contracted-out employment by reference to an occupational pension scheme (other than a money purchase contracted-out scheme),
 - (b) paragraph (a) ceases to apply, by reason of any of the following circumstances, before the earner attains the scheme's normal pension age or (if earlier) the end of the tax year preceding that in which the earner attains pensionable age, and
 - (c) the earner has served for less than two years in the employment,
- the prescribed person may elect to pay a premium under this subsection (referred to in this Act as a “contributions equivalent premium”).

(2A) The circumstances referred to in subsection (2) are that—

- (a) the earner's service in the employment ceases otherwise than on the earner's death,
- (b) the earner ceases to be a member of the scheme otherwise than on the earner's death,
- (c) the earner's service in the employment ceases on the earner's death and the earner dies leaving a widow or widower,
- (d) the scheme is wound up,

Status: Point in time view as at 31/12/2020.

Changes to legislation: *Pensions Act 1995, Section 141 is up to date with all changes known to be in force on or before 09 September 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)*

- (e) the scheme ceases to be a contracted-out occupational pension scheme;
- but paragraph (a), (b), (d) or (e) does not apply if the earner has an accrued right to short service benefit”.
- (2) In Schedule 2 to that Act, in paragraph 5 (state scheme premiums)—
- (a) in sub-paragraph (3)—
- (i) “ in relation to state scheme premiums ” is omitted,
- (ii) paragraph (b) is omitted, and
- (iii) at the end there is added— “ and in this sub-paragraph and the following provisions of this paragraph “premium” means a contributions equivalent premium ”,
- (b) after sub-paragraph (3) there is inserted—
- “(3A) Sub-paragraph (3B) applies in relation to a member of a contracted-out occupational pension scheme which is being wound up if, in the opinion of the Secretary of State—
- (a) the resources of the scheme are insufficient to meet the whole of the liability for the cash equivalent of the member’s rights under the scheme, and
- (b) if the resources of the scheme are sufficient to meet a part of that liability, that part is less than the amount required for restoring his State scheme rights.
- (3B) Where this sub-paragraph applies—
- (a) regulations may provide for treating the member as if sections 46 to 48 or, as the case may be, section 48A(1) did not apply, or applied only to such extent as is determined in accordance with the regulations, and
- (b) the amount required for restoring the member’s State scheme rights, or a prescribed part of that amount, shall be a debt due from the trustees or managers of the scheme to the Secretary of State.
- (3C) Regulations may make provision—
- (a) for determining the cash equivalent of a member’s rights under a scheme and the extent (if any) to which the resources of the scheme are insufficient to meet the liability for that cash equivalent,
- (b) for the recovery of any debt due under sub-paragraph (3B) (b), and
- (c) for determining the amount required for restoring a member’s State scheme rights including provision requiring the Secretary of State to apply whichever prescribed actuarial table in force at the appropriate time is applicable.
- (3D) Section 155 shall apply as if sub-paragraphs (3A) and (3B)(a), and regulations made by virtue of this sub-paragraph and sub-paragraph (3B)(b), were included among the provisions there referred to.

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- (3E) In sub-paragraphs (3A) and (3B), “State scheme rights”, in relation to a member of a scheme, are the rights for which, if the scheme had not been a contracted-out scheme, the member would have been eligible by virtue of section 44(6) of the Social Security Contributions and Benefits Act 1992 (earnings factors for additional pension).”, and
- (c) sub-paragraph (5) is omitted.

Commencement Information

I1 S. 141 in force at 6.4.1996 for specified purposes by [S.I. 1996/778](#), art. 2(5)(a), **Sch. Pt. V**

I2 S. 141 in force at 6.4.1997 in so far as not already in force by [S.I. 1997/664](#), art. 2(3), **Sch. Pt. 3**

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