
 STATUTORY INSTRUMENTS

1986 No. 317

PENSIONS

**The Occupational Pension Schemes (Contracting-out)
Amendment Regulations 1986**

<i>Made</i> - - - - -	24th February 1986
<i>Laid before Parliament</i>	5th March 1986
<i>Coming into Operation</i>	6th April 1986

The Secretary of State for Social Services, in exercise of the powers conferred upon him by section 168(1) of, and Schedule 20 to, the Social Security Act 1975(a) and sections 38(1) to (1C), 42, 43(4) and (6), 45(1), 47(9A), 52 and 66(3) of, and paragraph 6 of Schedule 2 to, the Social Security Pensions Act 1975(b) and of all other powers enabling him in that behalf, after considering the report of the Occupational Pensions Board on the proposals submitted to them(c), hereby makes the following regulations:—

Citation, commencement and interpretation

1.— (1) These regulations may be cited as the Occupational Pension Schemes (Contracting-out) Amendment Regulations 1986 and shall come into operation on 6th April 1986.

(2) In these regulations, “the principal regulations” means the Occupational Pension Schemes (Contracting-out) Regulations 1984(d).

Amendments of the principal regulations

2.— (1) The principal regulations shall be amended in accordance with the provisions of this regulation.

(2) After paragraph (1A) of regulation 18 there is inserted the following paragraph—

“(1B) For the purposes of sections 42 and 43 (premium on termination of

(a) 1975 c.14. See definitions of “prescribe” and “regulations” in Schedule 20. Section 168(1) applies, by virtue of section 66(2) of the Social Security Pensions Act 1975 (c.60), to the exercise of certain powers conferred by that Act.

(b) 1975 c.60; section 38(1) was substituted, and sections 38(1A) to (1C) were inserted, by section 19 of the Health and Social Security Act 1984 (c.48); sections 42, 43(4) and (6) and 45(1) were amended, and section 47(9A) was inserted by section 29(1) of and paragraphs 25 and 30 of Schedule 5 to the Social Security Act 1985 (c.53).

(c) See section 61(2) and (3) of the Social Security Pensions Act 1975 (c.60); section 61(2) is amended in ways not relevant to these regulations.

(d) S.I. 1984/380; the relevant amending instrument is S.I. 1985/1928.

contracted-out employment) and 45 (premium where guaranteed minimum pension excluded from full revaluation) the prescribed person is—

- (a) in a case where the earner's service in employment which is contracted-out employment by reference to a scheme is terminated before 6th April 1987, the earner's employer;
- (b) in a case where it is terminated on or after 6th April 1987, the trustees of the scheme.”.

(3) In regulation 18(2), for the words “sections 42 to 45” there are substituted the words “paragraph (1B)”.

(4) In regulation 18(2)(a), for the words “(b) to (f)” there are substituted the words “(b) to (e)”.

(5) Regulation 18(2)(f) and the word “and” immediately preceding it are revoked.

(6) In regulation 19(1), for the words “An employer's” there is substituted the word “The”.

(7) After regulation 22 there is inserted the following regulation—

“Right to recoup limited revaluation premium from transfer payment

22A. For the purposes of section 47(9A)(b)(ii), which refers to the right to recoup a limited revaluation premium from payments made in respect of an earner's transfer from one scheme to another, the prescribed case is that—

- (a) the revaluation of the earner's guaranteed minimum pensions falls to be carried out in accordance with—
 - (i) provisions included in the scheme to which the transfer has been made which are made by virtue of section 35(7) but which do not conform with the additional requirement specified in paragraph (3), or, as the case may be, paragraph (7) of regulation 22, or
 - (ii) arrangements which are analogous to such provisions;
 but
- (b) the payments were calculated on the basis that that revaluation would fall to be carried out either—
 - (i) in accordance with provisions which are made by virtue of section 35(7) and which do conform with the additional requirement specified in paragraph (3), or, as the case may be, (7) of regulation 22, or with arrangements which are analogous to such provisions. or
 - (ii) otherwise than in accordance with provisions which are made by virtue of section 35(7) or arrangements which are analogous to such provisions.”

(8) In regulation 23(1)(a), for the words “an employer” there are substituted the words “the person specified in sub-paragraph (a) or (b), as the case may be, of regulation 18(1B)”.

(9) For sub-paragraph (ii) of regulation 44(e) there is substituted the following sub-paragraph—

“(ii) in such cases the requirement that the prescribed person shall pay a limited revaluation premium in respect of the earner were a requirement that that premium shall be paid by the employer of the earner in the employment which was contracted-out employment by reference to the scheme from which the transfer of accrued rights referred to in sub-paragraph (i) has been made (in a case where the earner’s service in employment which was contracted-out employment by reference to that scheme is terminated before 6th April 1987), or by the trustees of that scheme (in a case where that service is terminated on or after 6th April 1987) unless, pursuant to arrangements made by that employer (in the former case) or by those trustees (in the latter case), the premium is paid by the trustees of the scheme to which the accrued rights have been transferred, and”.

Amendment of the Contracting-out (Transfer) Regulations 1985

3. The Contracting-out (Transfer) Regulations 1985(a) shall be amended by the substitution, in paragraph 6(d) of Schedule 3, for the words “the earner’s employer” of the words “the prescribed person”.

Signed by authority of the Secretary of State for Social Services.

Tony Newton,
Department of Health and Social Security.

24th February 1986.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

Regulation 2(2) of these regulations amends the Occupational Pension Schemes (Contracting-out) Regulations 1984 so as to provide that where an earner’s service in contracted-out employment by reference to a scheme is terminated on or after 6th April 1987 the person liable to pay any contributions equivalent premium or limited revaluation premium shall be the trustees of the scheme instead of the earner’s employer. Regulation 2(7) amends the regulations of 1984 so as to specify the case in which trustees may recoup limited revaluation premiums from transfer payments. The remaining amendments made by these regulations are minor or consequential.

The report of the Occupational Pensions Board on the draft of these regulations, dated 13th January 1986, is contained in Command Paper (Cmnd. 9748) published by Her Majesty’s Stationery Office.

(a) S.I. 1985/1323.

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