

**1996 No. 1055**

**PENSIONS**

**The Social Security (Reduced Rates of Class 1 Contributions and Rebates) (Money Purchase Contracted-out Schemes) Order 1996**

*Made* - - - - - *3rd April 1996*  
*Coming into force* - - - - - *6th April 1997*

Whereas the Secretary of State has under section 42B of the Pension Schemes Act 1993(a) laid before each House of Parliament a report stating what, in view of the report of the Government Actuary under that section, he considers the appropriate flat-rate and age-related percentages should be for the purposes of section 42A of that Act(b);

And whereas a draft of the following Order, in accordance with section 42B of the Pension Schemes Act 1993, was laid before, and approved by, resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Security, in exercise of the powers conferred upon him by section 42B of the Pension Schemes Act 1993 and of all other powers enabling him in that behalf, hereby makes the following Order:

**Citation and commencement**

1. This Order may be cited as the Social Security (Reduced Rates of Class 1 Contributions and Rebates) (Money Purchase Contracted-out Schemes) Order 1996 and shall come into force on 6th April 1997.

**Reduced rates of Class 1 contributions and rebates**

2. For the purposes of section 42A of the Pension Schemes Act 1993-
- (a) the appropriate flat-rate percentage in respect of earners for the tax years 1997-98 ►1998-99◄, in the case of a primary Class 1 contribution is 1.6 per cent and, in the case of a secondary Class 1 contribution is 1.5 per cent;
  - (b) the appropriate age-related percentages in respect of earners in the tax years 1997-98 ►1998-99◄ are those specified in the Table in the Schedule to this Order by reference to their ages on the last day of the preceding tax year.

Rates amended in art. 2(a) and (b) by art. 3(a) of S.I. 1998/945 as from 6.4.99.

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

*Oliver Heald*  
Parliamentary Under-Secretary of State  
Department of Social Security

3rd April 1996

(a) 1993 c.48. Section 42B was inserted into the Pension Schemes Act 1993 by section 137 of the Pensions Act 1995 (c.26).  
(b) Section 42A was inserted into the Pension Schemes Act 1993 by section 137 of the Pensions Act 1995.

**SOCIAL SECURITY (REDUCED RATES OF CLASS 1 CONTRIBUTIONS AND REBATES) (MONEY PURCHASE CONTRACTED-OUT SCHEMES) ORDER 1996**

**SCHEDULE**

Article 2(b)

**TABLE**

*Appropriate age-related percentage of earnings exceeding the lower earnings limit but not the upper earnings limit.*

Columns relating to tax years 99-00, 00-01 and 01-02 omitted by art. 3(b) of S.I. 1998/945 as from 6.4.99.

Age on last day of preceeding tax year	Appropriate age-related percentages for the tax year	
	1997-98	1998-99
15	3.1	3.1
16	3.2	3.2
17	3.2	3.2
18	3.3	3.3
19	3.3	3.3
20	3.4	3.4
21	3.4	3.4
22	3.5	3.5
23	3.5	3.5
24	3.6	3.6
25	3.6	3.7
26	3.7	3.7
27	3.8	3.8
28	3.8	3.8
29	3.9	3.9
30	3.9	3.9
31	4.0	4.0
32	4.0	4.0
33	4.1	4.1
34	4.2	4.2
35	4.3	4.2
36	4.5	4.4
37	4.6	4.5
38	4.8	4.7
39	5.0	4.9
40	5.2	5.1
41	5.4	5.3
42	5.8	5.5
43	6.4	5.9
44	7.2	6.5
45	8.0	7.3
46	8.9	8.1
47	9.0	9.0
48	9.0	9.0
49	9.0	9.0
50	9.0	9.0
51	9.0	9.0
52	9.0	9.0
53	9.0	9.0
54	9.0	9.0
55	9.0	9.0
56	9.0	9.0
57	9.0	9.0
58	9.0	9.0
59	9.0	9.0
60	9.0	9.0
61	9.0	9.0
62	9.0	9.0
63	9.0	9.0

**EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order, a draft of which has been laid before and approved by a resolution of each House of Parliament, is made as a consequence of a review by the Secretary of State under section 42B of the Pension Schemes Act (“the 1993 Act”) following a report by the Government Actuary in relation to the contracted-out percentages under section 42 of the 1993 Act.

This Order specifies with effect from 6th April 1997 the appropriate flat-rate percentage and the appropriate age-related percentages in respect of members of money purchase contracted-out schemes.

In accordance with section 42B of the 1993 Act, a copy of a report by the Government Actuary on the percentages which, in his opinion, are required so as to reflect the cost of providing benefits of an actuarial value equivalent to that of the benefits which, under section 48A (effect of reduced contributions and rebates on social security benefits), are forgone by or in respect of members of contracted-out money purchase schemes, together with a copy of a report by the Secretary of State, was laid before Parliament with a draft of this Order.

These reports are contained in a Command Paper published by Her Majesty’s Stationery Office (Cm. 3221).

