
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations replace the Contracting-out (Transfer) Regulations 1985 which are now (subject to transitional provisions) revoked. The Regulations supplement changes introduced by the Pensions Act 1995 to Part III of the Pension Schemes Act 1993. They also consolidate and amend those provisions of the 1985 Regulations which remain relevant. The regulations made by virtue of section 12C of the 1993 Act as inserted by section 136 of the 1995 Act are made within six months of that provision coming into force and as a consequence there is no requirement to consult. As regards those regulations which are neither made only for the purpose of consolidation nor under the 1995 Act, the Occupational Pensions Board has agreed that proposals to make such regulations need not be referred to them.

Part I of the Regulations contains general provisions relating to citation, commencement and interpretation.

Part II of the Regulations makes provision for the circumstances in which and the conditions subject to which a transfer of or transfer payment in respect of an earner's accrued rights to guaranteed minimum pensions (or the liability for the payment of guaranteed minimum pensions in respect of which entitlement has already arisen) may be made from one pension scheme to another or from an insurance policy or annuity contract to a pension scheme.

Part III of the Regulations makes provision for the circumstances in which and the conditions subject to which a transfer of liability may be made from a pension scheme or from an insurance policy or annuity contract to a pension scheme or arrangement in respect of rights to pensions which have accrued on or after the principal appointed day under a scheme contracted-out by virtue of section 9(2B) of the 1993 Act.

Part IV of the Regulations modifies Part III of the 1993 Act where a transfer or transfer payment has been made under Part I of the Regulations to a scheme which is contracted-out under section 9(2) of that Act (a salary-related contracted-out scheme) so as to ensure that the receiving scheme provides guaranteed minimum pensions in consequence of the transfer or transfer payment.

Part V of the Regulations contains revocations and transitional provisions.

An assessment of the compliance cost for employers of the measures arising from the Pensions Act 1995, including these Regulations, has been placed in the libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Social Security, Private Pensions Directorate, 11th floor, The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

Changes to legislation:

There are currently no known outstanding effects for the The Contracting-out (Transfer and Transfer Payment) Regulations 1996.