
STATUTORY INSTRUMENTS

1996 No. 1847

**The Occupational Pension Schemes
(Transfer Values) Regulations 1996**

PART IV

RECEIVING SCHEMES, ANNUITIES AND ARRANGEMENTS

Requirements to be met by receiving schemes, annuities and arrangements

12.—(1) The prescribed requirements referred to in section 95(2)(a)(ii) and (b)(ii) of the 1993 Act (cash equivalent of member's rights in a scheme to be used for acquiring transfer credits or rights under another scheme or personal pension scheme) are that—

- (a) if the member's cash equivalent (or any portion of it to be used under section 95(2)(a) or (b) of the 1993 Act) is or includes the cash equivalent of accrued rights to guaranteed minimum pensions, then the scheme or personal pension scheme under whose rules transfer credits or rights are acquired is one to which those accrued rights may be transferred, or to which a transfer payment in respect of those accrued rights may be made, in accordance with regulation 2 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996;
- (b) if the member's cash equivalent (or any portion of it to be used under section 95(2)(a) or (b) of the 1993 Act) is or includes the cash equivalent of accrued section 9(2B) rights, then the scheme or personal pension scheme under whose rules transfer credits or rights are acquired is one to which a transfer of liability in respect of those accrued rights may be made in accordance with regulation 7 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996;
- (c) if the member's cash equivalent (or any portion of it to be used under section 95(2)(a) or (b) of the 1993 Act) is or includes the cash equivalent of protected rights, then the scheme or personal pension scheme under whose rules transfer credits or rights are acquired is one to which a transfer payment in respect of protected rights may be made in accordance with regulation 2 of the Protected Rights (Transfer Payment) Regulations 1996; and
- (d) if the scheme from which rights are transferred or from which a transfer payment is made is of a kind described in any of sub-paragraphs (a) to (d) of paragraph (3) of this regulation, the scheme or personal pension scheme to which rights are transferred or to which a transfer payment in respect of rights is made is of a kind described in any of sub-paragraphs (a), (c) or (e) of that paragraph or otherwise satisfies requirements of the Inland Revenue.

(2) The prescribed requirements referred to in section 95(2)(c) of the 1993 Act (cash equivalent to be used for purchasing annuities) are that—

- (a) the annuity is provided by a policy of insurance or an annuity contract which satisfies the requirements of regulations 2, 3 and 4 of the Occupational Pension Schemes (Discharge of Liability) Regulations 1985(1);
- (b) if the scheme from which rights are transferred is of a kind described in any of subparagraphs (a) to (d) of paragraph (3) of this regulation, the annuity satisfies requirements of the Inland Revenue.
- (3) The kinds of scheme mentioned in paragraphs (1)(d) and (2)(b) of this regulation are—
- (a) a scheme which is approved by the Commissioners of Inland Revenue for the purposes of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988(2);
- (b) a scheme which is being considered for approval by the Commissioners of Inland Revenue for the purposes of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988;
- (c) a relevant statutory scheme as defined in section 611A(1)(3) of the Income and Corporation Taxes Act 1988;
- (d) a fund to which section 608 of the Income and Corporation Taxes Act 1988 applies; and
- (e) a scheme which is approved by the Commissioners of Inland Revenue under Chapter IV of Part XIV of the Income and Corporation Taxes Act 1988.
- (4) The prescribed circumstances referred to in section 95(5)(a) of the 1993 Act (except in prescribed circumstances section 95(2) to be construed as if paragraph (d) were omitted) are that a member of a scheme who has acquired a right to a cash equivalent under section 94 of that Act has required the trustees to use the cash equivalent for subscribing to a pension arrangement mentioned in paragraph (5)(a).
- (5) The prescribed requirements referred to in section 95(2)(d) of the 1993 Act (cash equivalent to be used for subscribing to pension arrangements not mentioned in section 95(2)(a) to (c)) are that the pension arrangement to which it is proposed to subscribe—
- (a) is an overseas arrangement or a self-employed pension arrangement;
- (b) if it is an overseas arrangement and the cash equivalent is or includes the cash equivalent of accrued section 9(2B) rights, is one to which a transfer payment in respect of such rights may be made in accordance with regulation 11 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996; and
- (c) if the scheme from which rights are transferred is of a kind described in any of subparagraphs (a) to (d) of paragraph (3) of this regulation, satisfies requirements of the Inland Revenue.
- (6) In this regulation—
- (a) “self-employed pension arrangement” means a personal pension scheme within the meaning of Chapter IV of Part XIV of the Income and Corporation Taxes Act 1988 which is approved by the Inland Revenue under that Chapter but which is neither a personal pension scheme within the meaning of section 1 of the 1993 Act nor a contract or a scheme approved under Chapter III of Part XIV of the Income and Corporation Taxes Act 1988; and
- (b) “overseas arrangement” has the same meaning as in the Contracting-out (Transfer and Transfer Payment) Regulations 1996.

(1) S.I. 1985/1929. The relevant amending instruments are S.I. 1986/2171, S.I. 1987/1106, S.I. 1987/1114, S.I. 1988/476, S.I. 1988/1016, S.I. 1992/1531 and S.I. 1994/1062.

(2) 1988 c. 1.

(3) Section 611A(1) was inserted by section 75 of and paragraphs 1, 15 and 18(1) of Part I of Schedule 6 to the Finance Act 1989 (c. 26).

