
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Occupational Pension Schemes (Contracting-out) (Amount Required for Restoring State Scheme Rights and Miscellaneous Amendment) Regulations 1998 and the Occupational Pension Schemes (Contracting-out) (Amount Required for Restoring State Scheme Rights and Miscellaneous Amendment) Regulations (Northern Ireland) 1998 (“the principal Regulations”) which provide for the determination by the Commissioners of Inland Revenue of the amount required for restoring, to members of occupational pension schemes which wind up insolvent, certain rights under the State retirement pension scheme.

Regulation 4 in the principal Regulations (which provides for the market level indicator which is to be used in the calculation of that amount) is amended to require the use of different investment indices relating to the yields of gilts and equities. The index to be used is determined by reference to the date on which the Commissioners of Inland Revenue determine that a scheme’s resources are insufficient to meet its liability for the cash equivalent of a member’s rights under the scheme.

Schedule 2 to the principal Regulations (which contains a Table for deriving an index number from the gross redemption yield of 15-year gilts) is amended to include in the Table entries for yields between 3.96 per cent. and 4.99 per cent.