
STATUTORY INSTRUMENTS

2003 No. 1727

The Occupational Pension Schemes (Transfer Values and Miscellaneous Amendments) Regulations 2003

Amendment of the Pension Sharing (Pension Credit Benefit) Regulations 2000

6.—(1) The Pension Sharing (Pension Credit Benefit) Regulations 2000(1) shall be amended as provided for by the following paragraphs of this regulation.

(2) In paragraph (2) of regulation (1) (interpretation)—

(a) after the definition of “contracted-out rights” there shall be inserted the following definition:

““effective date” in paragraph (4) or (4A) of regulation 27 means the date as at which the assets and liabilities are valued;”;

(b) in the definition of “valuation date”, for the words “the 1993 Act.” there shall be substituted the words “the 1993 Act;”;

(c) after the definition of “valuation date” there shall be added the following definition:

““valuation day” has the meaning given in section 29(7) of the 1999 Act.”.

(3) After paragraph (3) of regulation 27 (increases and reductions of cash equivalents before a statement of entitlement has been sent to the eligible member) there shall be inserted the following paragraph:

“(4) Subject to paragraph (4A), where a scheme to which section 56 of the 1995 Act applies had, at the effective date of the actuary’s last report to the trustees or managers of the scheme before the date by reference to which the cash equivalent is determined under section 101F(4) of the 1993 Act (power to give transfer notice) in accordance with “Retirement Benefit Schemes—Transfer Values (GN 11)” published by the Institute of Actuaries and the Faculty of Actuaries and current at that date, assets that were not sufficient to pay the full amount of the cash equivalent in respect of all members, the trustees or managers may reduce each part of the cash equivalent as shown in that report that relates to the liabilities referred to in section 73(3) of the 1995 Act (preferential liabilities on winding up) as modified by regulation 3 of the Occupational Pension Schemes (Winding Up) Regulations 1996 (“the Winding Up Regulations”) by an amount that is no greater than the percentage by which the assets are shown in that report as being insufficient to pay the full amount of the corresponding part of the cash equivalent in respect of all members provided, in any case, that the amount of any cash equivalent after the reduction is not less than the minimum amount that is required under regulation 24(3)(b)(iv) (manner of calculation and verification of cash equivalents) to satisfy the liabilities referred to in section 73(3) of the 1995 Act as modified by the Winding Up Regulations.”.

(4) For paragraph (4) there shall be substituted the following paragraph:

“(4A) Where a scheme to which section 56 of the 1995 Act (minimum funding requirement) applies had, at the effective date of the latest actuarial valuation under section 57 of the 1995 Act (valuation and certification of assets and liabilities) prior to the

date by reference to which the cash equivalent is determined under section 101F(4) of the 1993 Act (power to give transfer notice), assets that were not sufficient to pay the minimum amount of the cash equivalent which relates to the liabilities referred to in section 73(3) of the 1995 Act (preferential liabilities on winding up) as modified by regulation 3 of the Occupational Pension Schemes (Winding Up) Regulations 1996 in respect of all members, each respective part of the cash equivalent that relates to those liabilities may be reduced by an amount that is no greater than the percentage which is the difference between—

- (a) 100 per cent.; and
- (b) the percentage of the liabilities mentioned in the paragraph of section 73(3) of the 1995 Act, as modified by the Winding Up Regulations, corresponding to that part which the actuarial valuation shows the scheme assets as being sufficient to satisfy.”