

**EXPLANATORY MEMORANDUM TO THE
OCCUPATIONAL PENSION SCHEMES (CONTRACTING-OUT) (AMOUNT
REQUIRED FOR RESTORING STATE SCHEME RIGHTS) AMENDMENT
REGULATIONS 2005**

2005 No. 891

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.
2. **Description**
 - 2.1 Where a member of a contracted-out pension scheme, which is in wind-up, chooses to have his additional state pension reinstated, as permitted by Deemed Buyback, regulations set out how this is to be calculated. These regulations amend the factors used to calculate this. They also set out for the first time how to put a value on contracted-out service after 5th April 2002 (when state second pension was introduced) to the date of using Deemed Buyback.
3. **Matter of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None
4. **Legislative Background**
 - 4.1 The Regulations are made under the powers at paragraph 5(3C)(c) of Schedule 2 to the Pension Schemes Act 1993.
 - 4.2 The 2005 regulations amend Regulations which provide an actuarial definition of the amount required to restore state scheme rights in these circumstances by reference to the calculation of the additional pension element of the state pension.
 - 4.3 These are the Occupational Pension Schemes (Contracting-Out) (Amount Required for Restoring State Scheme Rights and Miscellaneous Amendment) Regulations 1998 (SI 1998/1397).
5. **Extent**
 - 5.1 This instrument applies to the United Kingdom.
6. **European Convention on Human Rights**
 - 6.1 Not applicable
7. **Policy Background**
 - 7.1 The Deemed Buyback facility provides Government support to certain members of underfunded pension schemes so as to allow them to restore all or some of the state additional pension forgone while a member of a contracted out pension scheme. It was introduced in the Pensions Act 1995 and came into operation in April 1997.
 - 7.2 A consultation was held on draft Regulations, to which five responses were received. No changes were made to them as a result of comments received during the consultation.

8. Impact

8.1 A Regulatory Impact Assessment has not been produced for this instrument as it has no impact on the costs of business.

9. Contact

9.1 Rachael Holmes at the Department for Work and Pensions (tel.: 020 7962 8468 or email: rachael.holmes2@dwp.gsi.gov.uk) can answer any queries regarding the instrument.

31 March 2005