
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend:

- the Pension Protection Fund (Review and Reconsideration of Reviewable Matters) Regulations 2005 (S.I. 2005/669) (“the Review and Reconsideration Regulations”);
- the Pension Protection Fund (Compensation) Regulations 2005 (S.I. 2005/670) (“the Compensation Regulations”);
- the Pension Protection Fund (Valuation) Regulations 2005 (S.I. 2005/672) (“the Valuation Regulations”);
- the Pension Protection Fund (General and Miscellaneous Amendments) Regulations 2006 (S.I. 2006/580) (“the GMA Regulations”);
- the Pension Protection Fund (Pension Compensation Sharing and Attachment on Divorce etc) Regulations 2011 (S.I. 2011/731) (“the Compensation Sharing and Divorce Regulations”);
- the Personal and Occupational Pension Schemes (Pensions Ombudsman) Regulations 1996 (S.I. 1996/2475) (“the Pensions Ombudsman Regulations”);
- the Pension Protection Fund (Partially Guaranteed Schemes) (Modification) Regulations 2005 (S.I. 2005/277) (“the PGS Modification Regulations”);
- the Occupational Pension Schemes (Employer Debt) Regulations 2005 (S.I. 2005/678) (“the Employer Debt Regulations”); and
- the Pension Protection Fund (Provision of Information) Regulations 2005 (S.I. 2005/674) (“the Provision of Information Regulations”).

Regulation 1 provides for citation and commencement. It provides for a transitional period for regulation 3(6), which amends the Compensation Regulations, to allow surviving dependants aged 18 and above who are receiving periodic compensation for attending a qualifying course, to continue to receive it until they cease attending the course.

Regulation 2 amends the Review and Reconsideration Regulations to change the time within which an eligible person may make an application for an internal review of a decision by the Board of the Pension Protection Fund (“the Board”) from two months to 28 days.

Regulation 3 makes various amendments to the Compensation Regulations, including giving members the ability to postpone the payment of compensation, and allowing credit members to apply for early payment of compensation. A surviving dependant aged 18 to 23 is only eligible for periodic compensation if they are attending a qualifying course. The commutation limit is changed to reflect the limit for registered pension schemes as set out in paragraph 7(4) of Schedule 29 to the Finance Act 2004 (c.12).

Regulation 4 amends the Valuation Regulations. The reference to the market rate in calculating the value of protected liabilities is amended so that the best value rate available in the market is applicable. Regulation 7A of the Valuation Regulations (which specifies the regulations applicable to applications for reconsideration, and by closed schemes) is extended to apply to all valuations under sections 152 and 158 of the Pensions Act 2004 (c.35) (“the 2004 Act”). Provision is made so that the valuations of scheme assets which are contribution notices and orders reflect the actual payments received under these.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Regulation 5 amends the GMA Regulations to provide that the Board may discharge all of its liabilities in respect of money purchase benefits to a member by making a small lump sum payment, provided that the value of such benefits does not exceed £2,000. The payment must be made within a reasonable time from the date the Board notifies the member of their entitlement under regulation 8(1) of the GMA Regulations. Regulation 8(1) of the GMA Regulations gives the member 3 months from the date of being notified by the Board, to inform the Board of how they wish the liability to be discharged. If no such notice is received within this time, the Board must discharge the lump sum as it sees fit in accordance with the GMA Regulations.

Regulation 6 amends the Compensation Sharing and Divorce Regulations to make provision for the postponement of compensation by pension compensation credit members.

Regulation 7 amends the Pensions Ombudsman Regulations to update the statutory references to matters which are excluded from the Ombudsman's jurisdiction.

Regulation 8 amends the PGS Modification Regulations to provide that the Board is not able to make a determination in respect of partially guaranteed schemes under the 2004 Act (as amended by the Pensions Act 2011 (c.19)).

Regulation 9 amends the Employer Debt Regulations to exclude, for employer debt purposes, determinations under section 143 of the 2004 Act.

Regulation 10 amends the Provision of Information Regulations so that the Board is required to provide members with information on postponement of compensation.

A full impact assessment has not been produced for the provisions in regulations 2, 3(2), (3) and (5) to (10), 4, 5, and 7 as they have no impact on the private sector or civil society organisations. An assessment of the impact of the provisions in regulations 3(4), 6, and 8 to 10 is included in the impact assessment that accompanied the Pensions Act 2011. Copies of that assessment are available from the libraries of both Houses of Parliament and may also be obtained from the Better Regulation Unit of the Department for Work and Pensions, 6B Caxton House, Tothill Street, London SW1H 9NA or from the DWP website: <http://www.dwp.gov.uk/policy/pensions-reform/pensions-bill-2011/>.