

2009 No. 846

PENSIONS

The Occupational Pension Schemes (Contracting-out) (Amendment) Regulations 2009

Made - - - - -

2nd April 2009

Coming into force -

6th April 2009

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 24B(5), 24C, 181(1), 182(2) and (3) and 183(1) of the Pension Schemes Act 1993(a).

In accordance with section 185(1) of that Act(b), the Secretary of State has consulted such persons as the Secretary of State considers appropriate.

A draft of these Regulations has been laid before Parliament in accordance with section 186(3)(a) of that Act(c) and approved by a resolution of each House of Parliament.

Citation and commencement

1. These Regulations may be cited as the Occupational Pension Schemes (Contracting-out) (Amendment) Regulations 2009 and shall come into force on 6th April 2009.

[Regulation 2 inserts regulations 69A and 69B of S.I. 1996/1172.]

Signed by authority of the Secretary of State for Work and Pensions.

William D.McKenzie
Parliamentary Under-Secretary of State,
Department for Work and Pensions

2nd April 2009

(a) 1993 c. 48. Sections 24B and 24C were inserted by section 14(3) of the Pensions Act 2007 (c. 22). Section 181(1) is cited for the meaning it gives to “prescribed” and “regulations”. Section 183(1) was amended by paragraph 79 of Schedule 5, and paragraph 15(a) of Schedule 6, to the Pensions Act 1995 (c. 26).

(b) Section 185(1) was amended by paragraph 46 of Schedule 3, and paragraph 80(a) of Schedule 5, to the Pensions Act 1995.

(c) Section 186(3)(a) was inserted by section 14(12)(a) of the Pensions Act 2007.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Occupational Pension Schemes (Contracting-out) Regulations 1996 (S.I. 1996/1172) (“the 1996 Regulations”).

Guaranteed minimum pensions (“GMPs”) can be converted into other pension benefits under new provisions introduced by section 14 of the Pensions Act 2007 (c. 22). These Regulations relate to two conditions in connection with that conversion.

Regulation 2(2) inserts a new regulation 69A into the 1996 Regulations. It makes provision for how trustees are to determine whether the value of a pension scheme member’s benefits after the conversion of their GMPs are actuarially at least equivalent to their value before the conversion. The trustee must take advice from the actuary and decide the assumptions to be used. The assumptions should be appropriate at the date on which the conversion takes effect. The actuary must use the assumptions and ignore certain amounts to calculate the actuarial values of the benefits. If the benefits are actuarially at least equivalent, the actuary must send the trustees a certificate.

Regulation 2(2) inserts a new regulation 69B into the 1996 Regulations. It prescribes the circumstances in which, and the periods during which, survivors’ benefits must be provided after conversion. The circumstances and periods are the same as the requirements for survivors’ benefits in existing legislation on GMPs.

An assessment of the impact on private and voluntary sector pension schemes of the provisions in these regulations is included in the impact assessment that accompanied the Pensions Act 2007. Copies of that assessment are available in the libraries of both Houses of Parliament and may also be obtained from the Better Regulation Unit of the Department for Work and Pensions, level 4, the Adelphi, 1-11 John Adam Street, London WC2N 6HT or from the DWP website: <http://www.dwp.gov.uk/resourcecentre/ria.asp>.