

1996 No. 1054

PENSIONS

The Social Security (Reduced Rates of Class 1 Contributions) (Salary Related Contracted-out Schemes) Order 1996

Made - - - - - *3rd April 1996*
Coming into force - *6th April 1997*

Whereas the Secretary of State has under section 42 of the Pension Schemes Act 1993(a) laid before each House of Parliament a report stating what, in view of the report of the Government Actuary under that section, he considers the percentages should be under section 41(1A) of that Act(b):

And whereas a draft of the following order in accordance with section 42 of the Pension Schemes Act 1993, was laid before, and approved by, resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Security, in exercise of the powers conferred upon him by section 42 of the Pension Schemes Act 1993 and of all other powers enabling him in that behalf, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Social Security (Reduced Rates of Class 1 Contributions) (Salary Related Contracted-out Schemes) Order 1996, and shall come into force on 6th April 1997.

Alteration of reduced rates of Class 1 contributions

2. In section 41(1A) of the Pension Schemes Act 1993 (reduced rates of Class 1 contributions) the percentage specified—

- (a) in paragraph (a) shall be 1.6 per cent; and
- (b) in paragraph (b) shall be 3 per cent.

Consequential provision

3. In paragraph 2(3)(a) of Schedule 4 to the Pension Schemes Act 1993 (priority in bankruptcy: employer's contributions to an occupational pension scheme), so far as the percentage specified in that paragraph applies in relation to earnings paid or payable on or after 6th April 1997, the percentage specified for non-contributing earners in relation to a salary related contracted-out scheme shall be 4.6 per cent.

Signed by authority of the Secretary of State for Social Security.

Oliver Heald
Parliamentary Under-Secretary of State,
Department of Social Security

3rd April 1996

(a) 1993 c. 48. Section 42 was amended by section 137 of the Pensions Act 1995 (c. 26).
(b) Section 41 was amended by section 137 of the Pensions Act 1995.

SOCIAL SECURITY (REDUCED RATES OF CLASS 1 CONTRIBUTIONS) (SALARY RELATED CONTRACTED-OUT SCHEMES) ORDER 1996

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, a draft of which has been laid before and approved by a resolution of each House of Parliament, is made as a consequence of a review by the Secretary of State under section 42 of the Pension Schemes Act 1993 (“the 1993 Act”) following a report by the Government Actuary in relation to the contracted-out percentages under section 41 of the 1993 Act.

This Order specifies with effect from 6th April 1997 the contracted-out percentages to be deducted from primary and secondary Class 1 contributions in respect of members of salary related contracted-out schemes.

A consequential provision altering the percentage specified in paragraph 2(3)(a) of Schedule 4 to the 1993 Act (priority in bankruptcy: calculation of employer’s contribution to an occupational pension scheme) is made by article 3 of this Order.

In accordance with section 42 of the 1993 Act, a copy of a report by the Government Actuary on the percentages which, in his opinion, are required to reflect the cost of providing benefits of an actuarial value equivalent to that of the benefits which, under section 48A (effect of reduced contributions and rebates on social security benefits), are foregone by or in respect of members of salary related contracted-out schemes, together with a copy of a report by the Secretary of State, was laid before Parliament with a draft of this Order.

These reports are contained in a Command Paper published by Her Majesty’s Stationery Office (Cm. 3221).