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STATUTORY RULES OF NORTHERN IRELAND

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**2000 No. 144**

**PENSIONS**

**The Pension Sharing (Valuation)  
Regulations (Northern Ireland) 2000**

*Made - - - - 26th April 2000*

*Coming into operation 1st December 2000*

The Department for Social Development, in exercise of the powers conferred on it by Articles 24(2), 27(1) and (2) and 73(4) of the Welfare Reform and Pensions (Northern Ireland) Order 1999<sup>(1)</sup>, and now vested in it<sup>(2)</sup>, and of all other powers enabling it in that behalf, hereby makes the following Regulations:

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Pension Sharing (Valuation) Regulations (Northern Ireland) 2000 and shall come into operation on 1st December 2000.

(2) In these Regulations—

“the 1999 Order” means the Welfare Reform and Pensions (Northern Ireland) Order 1999;

“the Minimum Funding Requirement Regulations” means the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations (Northern Ireland) 1996<sup>(3)</sup>;

“the Winding Up Regulations” means the Occupational Pension Schemes (Winding Up) Regulations (Northern Ireland) 1996<sup>(4)</sup>;

“the Department” means the Department for Social Development;

“employer” has the meaning given by section 176(1);

“occupational pension scheme” has the meaning given by section 1;

“pension arrangement” has the meaning given by Article 43(1) of the 1999 Order;

“relevant arrangement” has the meaning given by Article 26(8) of the 1999 Order;

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(1) S.I. 1999/3147 (N.I. 11)

(2) See Article 8(b) of S.R. 1999 No. 481

(3) S.R. 1996 No. 570; relevant amending regulations are S.R. 1997 Nos. 160 and 544

(4) S.R. 1996 No. 621, as amended by S.R. 1997 No. 160 and S.R. 1999 No. 486

“relevant benefits” has the meaning given by section 612 of the Income and Corporation Taxes Act 1988<sup>(5)</sup>;

“scheme” means an occupational pension scheme;

“scheme actuary”, in relation to a scheme to which Article 47(1)(b) applies, means the actuary mentioned in Article 47(1)(b);

“transfer credits” has the meaning given by section 176(1);

“transferor” has the meaning given by Article 26(8) of the 1999 Order;

“trustees or managers” has the meaning given by Article 43(1) of the 1999 Order;

“valuation day” has the meaning given by Article 26(7) of the 1999 Order.

(3) In these Regulations—

(a) any reference to a numbered section is a reference to the section of the Pension Schemes Act bearing that number; and

(b) any reference to a numbered Article is a reference to the Article of the Pensions Order bearing that number.

(4) For the purposes of these Regulations and notwithstanding section 39(2) of the Interpretation Act (Northern Ireland) 1954<sup>(6)</sup>, where a period of time is expressed to begin on, or to be reckoned from, a particular day, that day shall be included in the period.

### **Rights under a pension arrangement which are not shareable**

2.—(1) Rights under a pension arrangement which are not shareable are—

(a) subject to paragraph (2), any rights accrued between 1961 and 1975 which relate to contracted-out equivalent pension benefit within the meaning of section 56 of the National Insurance Act (Northern Ireland) 1966<sup>(7)</sup> (equivalent pension benefits, etc.);

(b) any rights in respect of which a person is in receipt of—

(i) a pension;

(ii) an annuity;

(iii) payments under an interim arrangement within the meaning of section 24(1A)<sup>(8)</sup> (ways of giving effect to protected rights), or

(iv) income withdrawal within the meaning of section 630(1) of the Income and Corporation Taxes Act 1988<sup>(9)</sup> (interpretation),

by virtue of being the widow, widower or other dependant of a deceased person with pension rights under a pension arrangement, and

(c) any rights which do not result in the payment of relevant benefits.

(2) Paragraph (1)(a) applies only when those rights are the only rights held by a person under a pension arrangement.

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(5) 1988 c. 1

(6) 1954 c. 33 (N.I.)

(7) 1966 c. 6 (N.I.); section 56 was repealed by Schedule 28 to the Social Security Act 1973 (c. 38) but continued in force by regulation 3 of, and Schedule 1 to, S.R. 1975 No. 48

(8) Section 24(1A) was inserted by Article 139(3) of the Pensions (Northern Ireland) Order 1995, and is substituted by paragraph 4(3) of Schedule 2 to the Welfare Reform and Pensions (Northern Ireland) Order 1999

(9) The definition of “income withdrawal” was inserted by paragraph 1 of Schedule 11 to the Finance Act 1995 (c. 4)

### **Calculation and verification of cash equivalents for the purposes of the creation of pension debits and credits**

3. For the purposes of Article 26 of the 1999 Order (creation of pension debits and credits), cash equivalents may be calculated and verified—

- (a) where the relevant arrangement is an occupational pension scheme, in accordance with regulations 4 and 5, or
- (b) in any other case, in accordance with regulations 6 and 7.

### **Occupational pension schemes: manner of calculation and verification of cash equivalents**

4.—(1) In a case to which, or to the extent to which, paragraph (2) or (5) does not apply, cash equivalents are to be calculated and verified in such manner as may be approved in a particular case by the scheme actuary or, in relation to a scheme to which Article 47(1)(b) (professional advisers) does not apply, by—

- (a) a Fellow of the Institute of Actuaries;
- (b) a Fellow of the Faculty of Actuaries<sup>(10)</sup>; or
- (c) a person with other actuarial qualifications who is approved by the Department, at the request of the trustees or managers of the scheme in question, as being a proper person to act for the purposes of these Regulations in connection with that scheme,

and, subject to paragraph (2), in the following paragraphs of this regulation and in regulation 5, “actuary” means the scheme actuary or, in relation to a scheme to which Article 47(1)(b) does not apply, the actuary referred to in sub-paragraph (a), (b) or (c).

(2) Where the transferor, in respect of whose rights a cash equivalent is to be calculated and verified, is a member of a scheme having particulars from time to time set out in regulations made under Article 9 of the Superannuation (Northern Ireland) Order 1972<sup>(11)</sup> (superannuation of persons employed in local government service, etc.), that cash equivalent shall be calculated and verified in such manner as may be approved by the Government Actuary or by an actuary authorised by the Government Actuary to act on his behalf for that purpose and in such a case “actuary” in this regulation and in regulation 5 means the Government Actuary or the actuary so authorised.

(3) Except in a case to which paragraph (5) applies, cash equivalents are to be calculated and verified by adopting methods and making assumptions which—

- (a) if not determined by the trustees or managers of the scheme in question, are notified to them by the actuary, and
- (b) are certified by the actuary to the trustees or managers of the scheme—
  - (i) as being consistent with “Retirement Benefit Schemes — Transfer Values (GN 11)”<sup>(12)</sup> published by the Institute of Actuaries and the Faculty of Actuaries and current on the valuation day;
  - (ii) as being consistent with the methods adopted and assumptions made, at the time when the certificate is issued, in calculating the benefits to which entitlement arises under the rules of the scheme in question for a person who is acquiring transfer credits under those rules, and

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(10) The Institute of Actuaries is at Staple Inn Hall, High Holborn, London WC1V 7QJ. The Faculty of Actuaries is at Maclaurin House, 18 Dublin Street, Edinburgh EH1 3PP

(11) S.I. 1972/1073 (N.I. 10)

(12) The publication “Retirement Benefit Schemes—Transfer Values (GN 11)” may be obtained from the Institute of Actuaries, Staple Inn Hall, High Holborn, London WC1V 7QJ and from the Faculties of Actuaries, Maclaurin House, 18 Dublin Street, Edinburgh EH1 3PP. The publication is also available on the following internet web-site: <http://www.actuaries.org.uk>

(iii) in the case of a scheme to which Article 56 (minimum funding requirement) applies as providing as a minimum an amount, consistent with the methods adopted and assumptions made in calculating, for the purposes of Article 57 (valuation and certification of assets and liabilities), the liabilities mentioned in Article 73(3)(a), (aa), (b), (c)(i) and (d)(13) (preferential liabilities on winding up), subject, in any case where the cash equivalent calculation is made on an individual and not a collective basis, to any adjustments which are appropriate to take account of that fact.

(4) If, by virtue of Schedule 5 to the Minimum Funding Requirement Regulations(14) (modifications), Article 56 applies to a section of a scheme as if that section were a separate scheme, paragraph (3)(b)(iii) shall apply as if that section were a separate scheme and as if the reference therein to a scheme were accordingly a reference to that section.

(5) Where a cash equivalent or any portion of a cash equivalent relates to money purchase benefits which do not fall to be valued in a manner which involves making estimates of the value of benefits, then that cash equivalent or that portion shall be calculated and verified in such manner as may be approved in a particular case by the trustees or managers of the scheme.

#### **Occupational pension schemes: further provisions as to the calculation of cash equivalents and increases and reductions of cash equivalents**

5.—(1) Where it is the established custom for additional benefits to be awarded from the scheme at the discretion of the trustees or managers or the employer, the cash equivalent shall, unless the trustees or managers have given a direction that cash equivalents shall not take account of such benefits, take account of any such additional benefits as will accrue to the transferor if the custom continues unaltered.

(2) The trustees or managers shall not make a direction such as is mentioned in paragraph (1) unless, within 3 months before making the direction, they have consulted the actuary and have obtained the actuary's written report on the implications for the state of funding of the scheme of making such a direction, including the actuary's advice as to whether or not in the actuary's opinion there would be any adverse implications for the funding of the scheme should the trustees or managers not make such a direction.

(3) Subject to paragraph (6), in the case of a scheme to which Article 56 applies, each respective part of the cash equivalent which relates to liabilities referred to in Article 73(3)(a), (aa), (b), (c)(i) or (d) may be reduced by the percentage which is the difference between—

- (a) 100 per cent, and
- (b) the percentage of the liabilities mentioned in the relevant sub-paragraph of Article 73(3) which the actuarial valuation shows the scheme assets as being sufficient to satisfy,

where the actuarial valuation is the latest actuarial valuation obtained in accordance with Article 57 before the valuation day.

(4) If, by virtue of Schedule 5 to the Minimum Funding Requirement Regulations, Article 56 applies to a section of a scheme as if that section were a separate scheme, paragraph (3) of this regulation shall apply as if that section were a separate scheme, and as if the reference therein to a scheme were accordingly a reference to that section.

(5) The reduction referred to in paragraph (3) shall not apply to a case where liability in respect of a pension credit is to be discharged in accordance with paragraph 1(2) of Schedule 5 to the 1999 Order (pension credits: mode of discharge — funded pension schemes).

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(13) Article 73 was modified by regulation 3 of S.R. 1996 No. 621 (as amended by regulation 9 of S.R. 1999 No. 486) and amended by Article 35(1) of, and paragraph 44 of Schedule 9 to, the Welfare Reform and Pensions (Northern Ireland) Order 1999. See also Article 11 of S.R. 1997 No. 192 (C. 10)

(14) Schedule 5 was amended by S.R. 1997 Nos. 160 and 544

(6) Where a scheme has begun to be wound up, a cash equivalent may be reduced to the extent necessary for the scheme to comply with Articles 73 and 74(15) (discharge of liabilities by insurance, etc.), and the Winding Up Regulations.

(7) If, by virtue of the Winding Up Regulations, Article 73 applies to a section of a scheme as if that section were a separate scheme, paragraph (6) of this regulation shall apply as if that section were a separate scheme and as if the references therein to a scheme were accordingly references to that section.

(8) Where all or any of the benefits to which a cash equivalent relates have been surrendered, commuted or forfeited before the date on which the trustees or managers discharged their liability in respect of the pension credit in accordance with the provisions of Schedule 5 to the 1999 Order, the cash equivalent of the benefits so surrendered, commuted or forfeited shall be reduced to nil.

(9) In a case where two or more of the paragraphs of this regulation fall to be applied to a calculation, they shall be applied in the order in which they occur in this regulation.

#### **Other relevant arrangements: manner of calculation and verification of cash equivalents**

6.—(1) Except in a case to which paragraph (3) applies, cash equivalents are to be calculated and verified in such manner as may be approved in a particular case by—

- (a) a Fellow of the Institute of Actuaries;
- (b) a Fellow of the Faculty of Actuaries, or
- (c) a person with other actuarial qualifications who is approved by the Department, at the request of the person responsible for the relevant arrangement, as being a proper person to act for the purposes of this regulation and regulation 7 in connection with that arrangement,

and in paragraph (2) “actuary” means any person such as is referred to in sub-paragraph (a), (b) or (c).

(2) Except in a case to which paragraph (3) applies, cash equivalents are to be calculated and verified by adopting methods and making assumptions which—

- (a) if not determined by the person responsible for the relevant arrangement, are notified to him by an actuary, and
- (b) are certified by an actuary to the person responsible for the relevant arrangement as being consistent with “Retirement Benefit Schemes — Transfer Values (GN 11)”, published by the Institute of Actuaries and the Faculty of Actuaries and current on the valuation day.

(3) Where a transferor’s cash equivalent, or any portion of it—

- (a) represents his rights to money purchase benefits under the relevant arrangement, and
- (b) those rights do not fall, either wholly or in part, to be valued in a manner which involves making estimates of the value of benefits,

then that cash equivalent, or that portion of it, shall be calculated and verified in such manner as may be approved in a particular case by the person responsible for the relevant arrangement.

(4) This regulation and regulation 7 apply to a relevant arrangement other than an occupational pension scheme.

#### **Other relevant arrangements: reduction of cash equivalents**

7. Where all or any of the benefits to which a cash equivalent relates have been surrendered, commuted or forfeited before the date on which the person responsible for the relevant arrangement discharges his liability for the pension credit in accordance with the provisions of Schedule 5 to

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(15) Article 74 is amended by paragraph 45 of Schedule 9 to the Welfare Reform and Pensions (Northern Ireland) Order 1999. See also Article 11 of S.R. 1997 No. 192 (C. 10)

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the 1999 Order, the cash equivalent of the benefits so surrendered, commuted or forfeited shall be reduced in proportion to the reduction in the total value of the benefits.

Sealed with the Official Seal of the Department for Social Development on 26th April 2000.

L.S.

*John O'Neill*  
Senior Officer of the  
Department for Social Development

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## EXPLANATORY NOTE

*(This note is not part of the Regulations.)*

These Regulations specify the types of pension rights which are not subject to pension sharing, and make provision for the calculation and verification of cash equivalents for the purpose of creating pension debits and credits.

Regulation 1 provides for citation, commencement and interpretation.

Regulation 2 specifies rights under a pension arrangement which are not subject to pension sharing.

Regulation 3 specifies that the calculation and verification of cash equivalents for the purposes of creating pension debits and credits may be made by reference to these Regulations.

Regulations 4 and 5 specify how cash equivalents in respect of rights in occupational pension schemes may be calculated and verified.

Regulations 6 and 7 specify how cash equivalents in respect of rights in pension arrangements other than occupational pension schemes may be calculated and verified.

As these Regulations make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Social Security in relation to Great Britain, the requirement for consultation does not apply by virtue of Article 73(9) of the Welfare Reform and Pensions (Northern Ireland) Order 1999 (“the Order”).

The Welfare Reform and Pensions (1999 Order) (Commencement No. 3) Order (Northern Ireland) 2000 (S.R. 2000 No. 133 (C. 5)) provides for the coming into operation of Articles 24 (2) and 27(1) and (2) of the Order, insofar as they are not already in operation, on 1st December 2000.