
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Teachers' Superannuation (Additional Voluntary Contributions) Regulations (Northern Ireland) 1996 ("the 1996 Regulations") and the Teachers' Superannuation Regulations (Northern Ireland) 1998 ("the 1998 Regulations") in connection with the new provisions for the taxation of pension schemes in the Finance Act 2004.

Amendment of the 1996 Regulations

Regulation 4 amends regulation 3(2) of the 1996 Regulations to remove the constraints on accepting an election relating to the level of contributions and benefits. Regulation 5 omits regulation 8(3) of the 1996 Regulations which imposed a limit on contributions. Regulations 10 and 13 omit, respectively, regulation 14 of, and the Schedule to, the 1996 Regulations which imposed limits on benefits.

Regulation 7 provides that regulation 11(2) of the 1996 Regulations, which provides that a transfer value can only be paid if one is also payable under the 1998 Regulations, only applies to a person who has ceased to be a contributor before 6th April 2006.

Regulation 8(a), (b), (c) and 12(a) amend, respectively, regulations 12 and 16 of the 1996 Regulations to provide that a person can elect to take part of his benefit as a lump sum if it is a "pension commencement lump sum" as defined in the Finance Act 2004.

The other amendments are minor amendments consequential on the new taxation provisions and the provisions referred to above. These include—

- (a) amendments changing references to schemes approved under various provisions of the Income and Corporation Taxes Act 1988 ("the Taxes Act") to references to registered pension schemes; in consequence the provisions relating to transfers are simplified (Regulations 3, 6 and 7), and
- (b) amendments reflecting the provisions in the Finance Act 2004 under which small pensions can be commuted to a lump sum (Regulations 8(d) and 9).

Amendment of the 1998 Regulations

Regulation 16 amends regulation E4 of the 1998 Regulations to increase the age at which a person can retire early on the basis of redundancy or in the interests of the efficient discharge of his employer's functions from 50 to 55 where the person is a "post-5th April 2006 entrant" as defined.

Regulation 18 amends regulation E22 of the 1998 Regulations so as to change the meaning of "child". The effect of regulation 18(d) is that these changes do not apply where the child is in receipt of benefits under the 1998 Regulations on 5th April 2006 or to the child of a person who had retired on or before 5th April 2006.

Regulation 23 amends the date by which persons may be able to elect that the Teachers' Superannuation (Amendment) (No. 2) Regulations (Northern Ireland) 2005 do not apply if the effect is that the person is placed in a worse position.

Again the other amendments are minor amendments consequential on the new taxation provisions and the provisions specified above. These include—

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- (a) amendments referring to provisions in the Finance Act 2004 under which small pensions can be commuted to a lump sum (regulation 17), and
- (b) amendments changing references to schemes approved under various provisions of the Taxes Act to references to a registered pension scheme; this has meant some simplification to provisions relating to transfers (regulations 19, 20 and 22), including an express provision preventing the acceptance of a transfer value from certain schemes which are money purchase arrangements and which provide additional benefits (regulations 20(c) and (d)).

General

Regulation 24 makes provision for persons to elect that the amendments made by these Regulations do not apply if the effect is that the person is placed in a worse position.