

EXPLANATORY MEMORANDUM TO
THE OCCUPATIONAL PENSION SCHEMES (CONTRACTING-OUT)
(AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2011

S.R. 2011 No. 305

1. Introduction

- 1.1 This Explanatory Memorandum has been prepared by the Department for Social Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made under sections 8A(4) and (5), 177(2) to (4) and 178(1) of the Pension Schemes (Northern Ireland) Act 1993 and is subject to the negative resolution procedure.

2. Purpose

- 2.1 These Regulations amend the Occupational Pension Schemes (Contracting-out) Regulations (Northern Ireland) 1996 to set out in legislation essential information for actuaries in consequence of the replacement of guidance produced by the Board for Actuarial Standards. They also make consequential revocations.

3. Background

- 3.1 Existing legislation allows a salary related occupational pension scheme to contract out of the State Additional Pension on the condition that the statutory standard is met. The statutory standard requires that pensions provided by that scheme are broadly equivalent to, or better than, pensions provided under a notional reference scheme. As part of the statutory standard, actuaries are responsible for comparing the benefits provided by a contracted-out occupational pension scheme against a reference scheme (this comparison is called “the reference scheme test”).
- 3.2 In doing so, actuaries are presently required to follow detailed guidance produced by the Board for Actuarial Standards (Guidance Note 28 (GN28)). The Board is in the process of replacing the detailed Guidance Notes with principles-based guidance. As the considerations presently covered in GN28 are not included in their entirety in that new guidance, the crucial aspects of GN28 are being set out in legislation to ensure continuity of standards for actuaries when assessing whether a scheme meets the reference scheme test.

4. Consultation

- 4.1 There is no requirement to consult on these Regulations.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations. As the amendments are technical in nature, the proposals would have little implication for any of the section 75 categories. In light of this, the Department has concluded that the proposals would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 These Regulations do not require a Regulatory Impact Assessment as they have no new, or only a negligible, impact on costs on business, charities or voluntary bodies.

7. Financial Implications

7.1 None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that these Regulations –

(a) are not incompatible with any of the Convention rights,

(b) are not incompatible with Community law,

(c) do not discriminate against a person or class of person on the ground of religious belief or political opinion, and

(d) do not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain Regulations are the Occupational Pension Schemes (Contracting-out) Amendment Regulations 2011 (S.I. 2011/1294) which come into force on 1st October 2011. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions provided for in section 87 of the Northern Ireland Act 1998.