
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend certain provisions in primary and subordinate legislation in consequence of section 13 of the Pensions Act (Northern Ireland) 2008 which abolishes contracting-out of the state additional pension for pension schemes on a defined contribution basis. Section 13(1) provides that contracting-out certificates in relation to money purchase contracted-out schemes and appropriate schemes (as defined by section 176(1) of the [Pension Schemes Act \(Northern Ireland\) 1993 \(c. 49\)](#)) cease to have effect from the abolition date (the date of the coming into operation of section 13(1)). Section 13(1) comes into operation on 6th April 2012 by virtue of the Pensions (2008 Act) (Commencement No. 3) Order (Northern Ireland) 2012 ([S.R. 2012 No. 115\(C. 11\)](#)).

The Regulations also provide for transitional provisions for the 3 years following abolition.

References to, and provisions which relate to, schemes which are contracted-out on a defined contribution basis are either omitted, or where appropriate, replaced with references to schemes which were contracted-out on that basis.

Regulations 4 and 8 provide for changes to the disclosure of information requirements that schemes must comply with in relation to their contracting-out status. The amendments made by those regulations provide that schemes must inform affected members that the scheme has ceased to be contracted-out and explain the effect of that change on members' entitlement to state additional pension from the abolition date, within one month and 4 months of the abolition date respectively, unless schemes have already provided such information in the 12 months preceding the abolition date. This requirement is for one year only and is subsequently omitted by regulations 15 and 16 from 6th April 2013.

Regulation 7 amends the Contracting-out (Transfer and Transfer Payments) Regulations (Northern Ireland) 1996 to provide that, from the abolition date, transfers will be able to be made from defined benefit contracted-out schemes to schemes which are not salary related (defined benefit) contracted-out schemes, overseas schemes or overseas arrangements, as long as certain safeguards are met.

A 3-year transitional period ending on 6th April 2015 is provided for in relation to statutory provisions which relate to the national insurance rebate due to schemes from Her Majesty's Revenue and Customs ("HMRC") as a result of contracting-out in previous years. Regulations 17 to 20 amend or omit various provisions which relate to the making of minimum payments and contributions to schemes by employers and HMRC.

Regulation 14 makes consequential revocations.

As these Regulations make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to Great Britain, the requirement to consult under section 13(11) of the Pensions Act (Northern Ireland) 2008 does not apply by virtue of sub-section (12)(e) of that section.

An assessment of the cost to business of these Regulations is detailed in a Regulatory Impact Assessment, a copy of which has been laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of that assessment are available from the Department for Social Development, Social Security Policy and Legislation Division, Level 1, James House, 2-4 Cromac Avenue, Gasworks Business Park, Ormeau Road, Belfast BT7 2JA or from the website: <http://www.dsdni.gov.uk/index/ssa/ssani-publications/ssani-pensions-publications.htm>. A copy of

Status: *This is the original version (as it was originally made).*

the Assessment is also annexed to the Explanatory Memorandum which is available alongside this Statutory Rule on the website: <http://www.legislation.gov.uk/nisr>.