

EXPLANATORY MEMORANDUM TO

The Teachers' Superannuation (Additional Voluntary Contributions) (Amendment) Regulations (Northern Ireland) 2015

[SR 2015 No. 294]

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Education to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under the Teachers' Superannuation (Northern Ireland) Order 1972 and the Public Service Pensions Act (Northern Ireland) 2014 and is subject to the negative resolution procedure.

2. Purpose

- 2.1. These Regulations permit members of the new NI Teachers' Pension Scheme (NITPS) 2015 access to the additional voluntary contributions (AVC) scheme and enable NITPS members to avail of the greater flexibility over how they access their money purchase pension pots announced in the 2014 Budget. They enable NITPS members to utilise the additional flexibilities for defined contribution pension schemes provided for in the Pension Schemes Act 2015 and take account of changes to tax treatment of individuals' pension funds introduced by the Taxation of Pensions Act 2014.
- 2.2. These regulations will introduce improvements, rather than any detriments, to members of the NITPS. The regulations will be retrospective: regulation 4(a), which defines a member's AVC policy age, has retrospective effect from 1 April 2015 and the rest of the regulations have retrospective effect from 6 April 2015. This ensures that no member of the NITPS is disadvantaged.
- 2.3. The Teachers' Superannuation (Additional Voluntary Contributions) Regulations (NI) 1996 are amended to define a member's AVC normal pension age by reference to the member's normal pension age under the relevant NI Teachers' Superannuation Scheme principal regulations at the time the AVC election is made; allow any person in pensionable service to make an inward transfer of rights from a registered pension scheme or qualifying recognised overseas pension scheme (QROPs); permit any person to make an outward transfer of the value of some or all of their AVC investments to a registered pension scheme or QROPs; permit the payment of any AVC benefit from normal minimum pension age (currently age 55) and permit members to make benefits elections on more than one occasion; permit a member to request one or more uncrystallised fund pension lump sum payments (from 6 April 2015) and/or one or more annuities; permit payment to a member of one or more pension; commencement lump sums where permitted by the Finance Act 2004; permit payment of a small pension lump sum under regulation 11, 11A or 12 of the Registered Pension Schemes (Authorised Payments) Regulations

2009; and permit payment, from 1 October 2015, of a short service refund where a person leaves pensionable service with qualifying service of less than 30 days. Before 1 October 2015 permit payment of a short service refund where a person receives a repayment of contributions under the principal regulations.

- 2.4. Full details of the changes to the Additional Voluntary Contributions provisions were placed on the Department's website.

3. Background

- 3.1. In the 2014 Budget, the Chancellor announced tax changes to private pensions, giving savers greater flexibility over how they access their money purchase pension pots. Many of the Budget reforms introducing the pensions flexibilities required substantive changes to tax legislation. The Pension Schemes Act 2015 contains a number of measures to ensure that the tax change flexibilities are reflected in pension law and to ensure appropriate safeguards are in place. Many of the measures which came into effect from 6 April 2015 to coincide with the tax changes were extended to NI by means of a Legislative Consent Motion.

4. Consultation

- 4.1. The changes to the Regulations resulted from Treasury policy ("Freedom and Choice in Pensions") which had been previously consulted on by the Treasury.
- 4.2. The Department consulted with key stakeholders through the Teachers' Superannuation Consultative Committee (TSCC) and the NI Teachers Pension Scheme Advisory Board prior to and during the formal consultation process. The TSCC was the established forum for consultation on matters relating to the NITPS until 1 April 2015 when it was replaced by the NI Teachers' Pension Scheme Advisory Board. Like the TSCC the Advisory Board comprises representatives from teachers' unions and employers.
- 4.3. The Department published a consultation document on 20 May 2015, initiating a 4 week consultation on amendments to regulations which was published on the Department's website. The Department notified bodies in the education sector, other stakeholders, and other interested parties. In addition, schools were emailed. Responses could be returned by email or by post. The consultation closed on 17 June 2015.
- 4.4. Four responses to the consultation were received, from a serving teacher; a teachers' union; an employer and Prudential . All responses were supportive of the changes.

5. Equality Impact

- 5.1. The need for a full Equality Impact Assessment has been screened out for these Regulations.

6. Regulatory Impact

- 6.1. A Regulatory Impact Assessment has not been carried out for these Regulations as they have no impact on businesses, charities, social economy enterprises or voluntary bodies.

7. Financial Implications

7.1. There are no financial implications arising from these regulations.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Departmental Solicitor's Office has confirmed that the regulations comply with Section 24 of the Northern Ireland Act 1998 which requires that they are compatible with the rights in the European Convention for the Protection of Human Rights and Fundamental Freedoms.

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. Regulations implementing similar amendments have been made by the Teachers' Pension Scheme in England and Wales.

11. Additional Information

11.1. Not applicable.