

2016 No. 82

PUBLIC SERVICE PENSIONS

**The Police Pensions (Additional Voluntary Contributions)
(Amendment) Regulations (Northern Ireland) 2016**

Made - - - - - *29th February 2016*

Coming into operation in accordance with Regulation 1(2)

The Department of Justice makes the following Regulations in exercise of the powers conferred by sections 1(1) and (2)(g), and 3(1), (2), (3) and (5) of the Public Service Pensions Act (Northern Ireland) 2014^(a) and by Articles 14 and 15 of the Superannuation (Northern Ireland) Order 1972.

In accordance with section 21 of that Act, the Department has consulted the representatives of such persons as appear to it likely to be affected by these Regulations.

In accordance with section 3(5) of that Act, the Department of Finance and Personnel has consented to the making of these Regulations.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Police Pensions (Additional Voluntary Contributions) (Amendment) Regulations (Northern Ireland) 2016.

(2) These Regulations shall come into operation on 29th February 2016, but regulation 2 and the Schedule have effect from 6th April 2015^(b).

Amendment of the Royal Ulster Constabulary Pensions (Additional Voluntary Contributions) Regulations 1993

2. The Royal Ulster Constabulary Pensions (Additional Voluntary Contributions) Regulations 1993^(c) are amended in accordance with the Schedule.

(a) 2014 c.2 (N.I.) as amended.
(b) This is the date on which the substantive provisions of the Taxation of Pensions Act 2014 c.30 came into force. Retrospective effect is permitted by Articles 14 and 15 of the Superannuation (Northern Ireland) Order 1972.
(c) S.R. 1993 No. 249 as amended by S.R. 1997 No. 464, S.R. 2001 No. 369, S.R. 2002 No. 100, S.R. 2004 No. 31, S.R. 2006 No. 122, S.R. 2006 No. 152 and S.R. 2010 No. 421.

Sealed with the Official Seal of the Department of Justice on 29th February 2016.



David Ford
Minister of Justice

The Department of Finance and Personnel has consented to the making of these Regulations.
Sealed with the Official Seal of the Department of Finance and Personnel on 29th February 2016.



Joanne McBurney
A senior officer of the Department of Finance and Personnel

SCHEDULE

Regulation 2

Amendment of the Royal Ulster Constabulary (Additional Voluntary Contributions) Regulations 1993

1. In regulation 2 (interpretation) insert the following definitions in the appropriate place in alphabetical order—

““the 2014 Act” means the Taxation of Pensions Act 2014(a);

“the 2009 Regulations” means the Registered Pensions Schemes (Authorised Payments) Regulations 2009(b);

“the Board” means the Northern Ireland Policing Board(c);”.

2. In regulation 10B (pension sharing on divorce or nullity of marriage) for the heading “Pension sharing on divorce or nullity or marriage” substitute “Pension sharing on divorce or nullity of marriage or on the dissolution or nullity of a civil partnership”.

3. For regulation 11, (retirement pensions) substitute—

“Retirement pensions

11.—(1) A participator may apply some or all of the proceeds of an investment made under regulation 9 to arrange with an insurer—

(a) payment of a lifetime annuity;

(b) payment of a lifetime annuity and a pension commencement lump sum;

(c) a lump sum commutation payment that—

(i) reflects the value of benefits referred to in sub-paragraph (a) or (b), and

(a) 2014 c.30.

(b) S.I. 2009/1171.

(c) As established by section 2 of the Police (Northern Ireland) Act 2000 c.32.

- (ii) meets the requirements of regulations 11 and 12 of the 2009 Regulations;
 - (d) any payment to the participator that complies with the requirements of the 2014 Act.
- (2) Paragraph (1) is subject to paragraphs (10) to (13).
- (3) Subject to paragraphs (4) and (5), the approved additional voluntary contributions provider must provide a participator with an option to receive benefits under paragraph (1)(a) to (c).
- (4) Any annuity payable in accordance with paragraph (1)(a) or (b) must—
- (a) be incapable, in whole or in part, of surrender, assignation or commutation;
 - (b) commence not earlier than the participator's normal minimum pension age (within the meaning of section 279(1) of the Finance Act 2004(a));
 - (c) be payable to the participator for life.
- (5) A lump sum commutation payment referred to in paragraph (1)(c) may be paid in respect of benefits payable under paragraph (1)(a), (b) or (d).
- (6) The approved additional voluntary contributions provider may, in addition to providing a participator with benefits under paragraph (3), provide a participator with alternative benefit options under paragraph (1)(d).
- (7) A participator must, not earlier than 3 months before the date from which the participator wishes those benefits under these Regulations to be provided, make a benefits election to the Board specifying—
- (a) whether and which benefits are to be provided under paragraph (3) or, alternatively, paragraph (6);
 - (b) the approved additional voluntary contributions provider who is to provide each benefit;
 - (c) for whom, if anyone, a dependant's benefit is to be provided;
 - (d) if more than one benefit is to be provided, either—
 - (i) the proportion of the amount secured by the total investments made under regulation 9 that is to be applied to the purchase or arrangement of each of them; or
 - (ii) the dependants' benefits to be provided expressed as a percentage of the participator's benefits;
 - (e) in respect of every annuity to be provided—
 - (i) the annual rate of the annuity;
 - (ii) whether it is to be payable for life or for a fixed period;
 - (iii) whether its rate is to be fixed or to vary in accordance with the Index or increase yearly by a specified percentage or (if lower) increase by the increase in the Index for the year in question;
 - (iv) whether the rate may reduce;
 - (f) in the case of a participator who chooses a life-time annuity referred to in paragraph (1)(a) or (b) and who dies within the period of 5 years beginning with the date on which the annuity commences, whether, if the annuity had continued at the rate in force at the time of the participator's death, a lump sum is to be paid equal to the balance that would have been payable during the remainder of that period.
- (8) If there are exceptional circumstances of serious ill-health, the Board may in its discretion realise the pension investments without purchasing any pension, and in that event the amount obtained becomes payable as a lump sum.

(a) 2004 c.12.

(9) More than one benefits election may be made under paragraph (7) and an election must—

- (a) be in writing, and
- (b) contain such information as the Board requests.

(10) Upon receipt of a notice of election under paragraph (7), the Board must, as soon as reasonably practicable, realise the investments made under regulation 9 and apply the proceeds in the manner specified in it.

(11) Where a participator dies before retirement or after retirement but before the benefits under this regulation are paid, the investments made under regulation 9 must be realised and are payable as a lump sum in accordance with regulation 15(2).

(12) The Board may realise the investments made under regulation 9 and apply the proceeds to the purchase of benefits under these Regulations from an insurer in such form as appears to the Board to be suitable where the conditions in paragraph (13) are satisfied.

(13) Those conditions are—

- (a) the participator's retirement date falls on or after 1st December 1999; and
- (b) the participator has attained the age of 75 and has not given a notice of election under paragraph (7) before doing so."

4. Omit regulation 13 and Schedule 2 (benefit limits).

5. In regulation 15 (payment by responsible person)—

- (a) in paragraph (2)(a), for "regulation 11(5)" substitute "regulation 11(7)(f)";
- (b) omit paragraphs (4) and (5); and
- (c) for sub-paragraph (a) of paragraph (7), substitute—

"(a) so far as the regulation relates to a payment under regulation 11(1), the authorised additional voluntary contributions provider,".

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Royal Ulster Constabulary Pensions (Additional Voluntary Contributions) Regulations 1993 ("the principal regulations") provides for an in-house Additional Voluntary Contribution ("the AVC") scheme. The AVC scheme was administered by The Equitable Life Assurance Society from 5th April 1990 and latterly, since 1st December 2002, by The Standard Life Assurance Company. The Police Service of Northern Ireland AVC scheme closed to new members as of 1st October 2010.

These Regulations principally amend the AVC scheme to allow members of the Police Service of Northern Ireland ("the PSNI") to access flexibilities introduced by the Taxation of Pensions Act 2014. These Regulations allow members of the PSNI who are retiring with a protected pension age before 55 or aged 55 or over, to no longer be required to purchase an annuity from their AVC pension provider with effect from 6th April 2015, the beginning of the 2015-16 tax years.

Paragraph 1 of the Schedule makes consequential modifications to the defined expressions of the principal regulations (including new definitions to cover pension sharing).

Paragraph 2 of the Schedule makes an amendment to the heading to regulation 10B of the principal regulations, as amended by the Police Service of Northern Ireland Pensions (Pension Sharing) Regulations 2006 ("the 2006 Regulations"). The 2006 Regulations amended the Royal Ulster Constabulary Pensions Regulations 1988, and the Royal Ulster Constabulary Pensions (Purchase of Increased Benefits) Regulations 1988, to implement pension sharing on divorce and nullity in accordance with the Welfare Reform and Pensions (Northern Ireland) Order 1999, thus enabling members of the PSNI to purchase additional benefits and bringing pension sharing matters regulations up to date. The 2006 Regulations were backdated to 1st December 2000 in line

with UK-wide government policy. The Police Service of Northern Ireland Pensions (Amendment No.2) Regulations 2006, for the purposes of this explanatory note, make provision for the same range of survivor benefits in respect of members of the PSNI who form civil partnerships as for those members of the PSNI who marry resulting from the requirements of the Civil Partnership Act 2004.

Paragraph 3 of the Schedule substitutes regulation 11 of the principal regulations which deal with the retirement pensions of the PSNI. For example, it introduces the options of flexible draw-down, payment of one or more uncrystallised fund lump sums and the limits that previously applied to benefits are now removed. These options require consequential amendments made by paragraphs 4 and 5 of the Schedule. Paragraph 4 relates to the removal of the benefit limits and the removal of the associated benefit limits under Schedule 2, whilst paragraph 5 relates to the payment of the retirement pension by the responsible person.

Retrospective effect is authorised by Articles 14 and 15 of the Superannuation (Northern Ireland) Order 1972.

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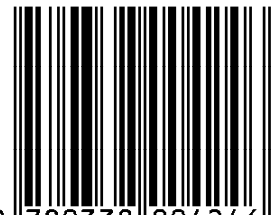
Printed in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office being the Government Printer for Northern Ireland and the Officer appointed to print Acts of the Northern Ireland Assembly.

£4.25

NI201602295 03/2016 19585

<http://www.legislation.gov.uk/id/nisr/2016/82>

ISBN 978-0-33-800424-6



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