

## **EXPLANATORY MEMORANDUM TO**

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

#### **SR 2016 No. 82**

1. This Explanatory Memorandum has been prepared by the Department of Justice to accompany the Statutory Rule (detailed above) which is being laid before the Northern Ireland Assembly.

The Statutory Rule is made under powers conferred by sections 1(1) and (2)(g), and 3(1), (2), (3)(a) and (5) of the Public Service Pensions Act (Northern Ireland) 2014 and by Articles 14 and 15 of the Superannuation (Northern Ireland) Order 1972 and is subject to the negative resolution procedure.

#### **2. Purpose of the Instruments**

- 2.1 These Regulations mean that members of the Police Service of Northern Ireland (“the PSNI”) with a protected pension age retiring before age 55 or those retiring members aged 55 or over, are no longer required to purchase an annuity from their Additional Voluntary Contribution (“AVC”) pension provider with effect from 6<sup>th</sup> April 2015.

#### **3. Legislative Context**

- 3.1 These Regulations principally amend the Royal Ulster Constabulary Pensions (Additional Voluntary Contributions) Regulations 1993 (“the principal regulations”) to allow members of the PSNI to access flexibilities introduced by the Taxation of Pensions Act 2014.
- 3.2 These Regulations enable members of the PSNI with a protected pension age retiring before age 55 or those retiring members of the PSNI aged 55 or over are no longer required to purchase an annuity from their AVC pension provider with effect from 6<sup>th</sup> April 2015.

#### **4. Policy Background**

- 4.1 The principal regulations provided for an in-house AVC scheme. The AVC scheme was originally administered by The Equitable Life Assurance Society and some members of the PSNI may still have benefits with this AVC pension provider. Since 2002, The Standard Life Assurance Company has been designated AVC pension providers.
- 4.2 The take-up by members of the PSNI under the AVC scheme has always been low in view of the small amount of extra pension available on retirement. The AVC scheme closed to new members of the PSNI with effect from 1<sup>st</sup> October 2010.

4.3 The Department seeks to amend the AVC scheme under the principal regulations. The amendment enables members of the PSNI under the AVC scheme, to access the flexibilities already included in the Taxation of Pensions Act 2014. Principally, members of the PSNI with a protected pension age retiring before age 55 or those retiring members of the PSNI aged 55 or over, would no longer be required to purchase an annuity from their AVC pension provider with effect from 6<sup>th</sup> April 2015.

4.4 In addition to members of the PSNI no longer being required to purchase an annuity from their AVC pension provider, further options under this amendment include; some flexible draw-down; payment of one or more uncrystallised lump sums; limits that previously applied to benefits being removed.

## **5. Consultation**

5.1 As required by section 21 of the Public Service Pensions Act (Northern Ireland) 2014, the Department of Justice has consulted the Northern Ireland Policing Board and the Police Association for Northern Ireland. The consultation was also extended to the Chief Constable of the Police Service of Northern Ireland.

5.2 In accordance with section 3(5) of that Act, the Department of Justice has obtained the consent of the Department of Finance and Personnel.

5.3 The draft regulations were issued for consultation from 11<sup>th</sup> January 2016 to 27<sup>th</sup> January 2016. The level of public interest in the introduction of these amendments is low. There was no public consultation process and no media coverage.

## **6. Equality Impact**

6.1 Consideration has been given to compliance with section 75 of the Northern Ireland Act 1998 and no equality issues have been identified by the Department.

## **7. Regulatory Impact**

7.1 The Department does not consider that there is a need for a regulatory impact assessment for this instrument as it has no impact on business, charities or voluntary bodies.

## **8. Financial Implications**

8.1 The impact on the public sector is limited to the area of police pensions provision. It is not anticipated to result in any costs.

**9. Section 24 of the Northern Ireland Act 1998**

9.1 The proposed legislation is considered compatible with section 24 of the Northern Ireland Act 1998.

**10. European Implications**

10.1 Not applicable.

**11. Parity or Replicatory Measure**

11.1 None, except that the regulations are made under the Public Service Pensions Act (Northern Ireland) 2014. This is the equivalent of the Public Service Pensions Act 2013 which applies in Scotland, England and Wales.

11.2 Similar regulations are being prepared in Scotland, England and Wales.

**12. Additional Information**

12.1 Not applicable.