

Draft Order laid before Parliament under section 42B(1) of the Pension Schemes Act 1993 for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

1998 No.

PENSIONS

**The Social Security (Reduced Rates of
Class 1 Contributions, and Rebates) (Money
Purchase Contracted-out Schemes) Order 1998**

Made - - - - 1998
Coming into force - - 6th April 1999

Whereas the Secretary of State has, under section 42B of the Pension Schemes Act 1993(1), laid before each House of Parliament a report, stating what, in view of the report of the Government Actuary under that section, she considers the appropriate flat-rate and age-related percentages should be for the purposes of section 42A of that Act:

And whereas a draft of the following Order was, in accordance with section 42B of the Pension Schemes Act 1993, laid before, and approved by a resolution of, each House of Parliament:

Now, therefore, the Secretary of State for Social Security, in exercise of the powers conferred on her by section 42B of the Pension Schemes Act 1993 and of all other powers enabling her in that behalf, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Social Security (Reduced Rates of Class 1 Contributions, and Rebates) (Money Purchase Contracted-out Schemes) Order 1998 and shall come into force on 6th April 1999.

Reduced rates of Class 1 contributions, and rebates

2. For the purposes of section 42A of the Pension Schemes Act 1993 (reduced rates of Class 1 contributions, and rebates)—

- (a) the appropriate flat-rate percentage in respect of earners for the tax years 1999–2000 to 2001–2002, in the case of a primary Class 1 contribution is 1.6 per cent., and in the case of a secondary Class 1 contribution is 0.6 per cent.;

(1) 1993 c. 48. Sections 42A and 42B were inserted by section 137(5) of the Pensions Act 1995 (c. 26).

- (b) the appropriate age-related percentages in respect of earners for the tax years 1999–2000 to 2001–2002 are the percentages specified in the Table set out in the Schedule to this Order, by reference to the earners' ages on the last day of the preceding tax year.

Amendment of previous Order

3. In the Social Security (Reduced Rates of Class 1 Contributions and Rebates) (Money Purchase Contracted-out Schemes) Order 1996(2)—

- (a) in article 2, for the words “to 2001–02” (in both places where they occur) there shall be substituted the words “and 1998–99”; and
- (b) in the Table in the Schedule, the columns relating to the tax years 1999–2000, 2000–2001 and 2001–2002 shall be omitted.

Signed by authority of the Secretary of State for Social Security.

1998

Parliamentary Under-Secretary of State,
Department of Social Security

SCHEDULE

Article 2

TABLE

Appropriate age-related percentages of earnings exceeding the lower earnings limit but not the upper earnings limit.

<i>Age on last day of preceding tax year</i>	<i>Appropriate age-related percentages for the tax year</i>		
	1999–2000	2000–2001	2001–2002
15	2.2	2.2	2.2
16	2.2	2.2	2.2
17	2.3	2.3	2.3
18	2.3	2.3	2.3
19	2.3	2.4	2.4
20	2.4	2.4	2.4
21	2.5	2.5	2.5
22	2.5	2.5	2.5
23	2.6	2.6	2.6
24	2.6	2.6	2.6
25	2.7	2.7	2.7
26	2.7	2.7	2.7
27	2.8	2.8	2.8
28	2.9	2.9	2.9
29	2.9	2.9	2.9
30	3.0	3.0	3.0
31	3.0	3.0	3.0
32	3.1	3.1	3.1
33	3.2	3.2	3.2
34	3.2	3.2	3.3
35	3.3	3.3	3.3
36	3.4	3.4	3.4
37	3.5	3.5	3.5
38	3.7	3.6	3.5
39	3.8	3.8	3.7
40	4.0	3.9	3.8
41	4.2	4.1	4.0
42	4.4	4.3	4.2

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: *The Social Security (Reduced Rates of Class 1 Contributions, and Rebates) (Money Purchase Contracted-out Schemes) Order 1998 No. 945*

<i>Age on last day of preceding tax year</i>	<i>Appropriate age-related percentages for the tax year</i>		
	1999–2000	2000–2001	2001–2002
43	4.6	4.5	4.4
44	5.0	4.7	4.6
45	5.6	5.1	4.8
46	6.3	5.7	5.2
47	7.1	6.4	5.8
48	8.0	7.2	6.6
49	8.8	8.2	7.4
50	9.0	9.0	8.4
51	9.0	9.0	9.0
52	9.0	9.0	9.0
53	9.0	9.0	9.0
54	9.0	9.0	9.0
55	9.0	9.0	9.0
56	9.0	9.0	9.0
57	9.0	9.0	9.0
58	9.0	9.0	9.0
59	9.0	9.0	9.0
60	9.0	9.0	9.0
61	9.0	9.0	9.0
62	9.0	9.0	9.0
63	9.0	9.0	9.0

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, a draft of which has been laid before, and approved by a resolution of, each House of Parliament, is made as a consequence of a review by the Secretary of State under section 42B of the Pension Schemes Act 1993 (“the 1993 Act”) following a report by the Government Actuary in relation to the contracted-out percentages under section 42A of that Act.

This Order specifies with effect from 6th April 1999 the appropriate flat-rate percentage and the appropriate age-related percentages in respect of earners who are members of money purchase

contracted-out pension schemes (article 2 and Schedule), and amends the previous Order to restrict its application to the tax years 1997–98 and 1998–99 (article 3).

In accordance with section 42B of the 1993 Act, a copy of a report by the Government Actuary on the percentages which, in his opinion, are required so as to reflect the cost of providing benefits of an actuarial value equivalent to that of the benefits which, under section 48A (effect of reduced contributions and rebates on social security benefits), are forgone by or in respect of members of money purchase contracted-out schemes, together with a copy of the report by the Secretary of State, was laid before Parliament with a draft of this Order.

These reports are contained in a Command Paper published by The Stationery Office Limited (Cm. 3888).