



Social Security Act 1986

1986 CHAPTER 50

PART I

PENSIONS

Personal pension schemes

5 Personal pension protected rights premium.

- (1) In the case of a personal pension scheme which is or has been an appropriate scheme the Occupational Pensions Board may, for the event of, or in connection with, its ceasing to be an appropriate scheme, approve any arrangements made or to be made in relation to the scheme, or for its purposes, for the preservation or transfer of protected rights under the scheme.
- (2) If the scheme ceases to be an appropriate scheme (whether by being wound up or otherwise) and the Board either—
 - (a) have withdrawn their approval of previously approved arrangements relating to it; or
 - (b) have declined to approve arrangements relating to it,the Board may issue a certificate to that effect.
- (3) A certificate issued under subsection (2)(a) or (b) above shall be cancelled by the Board if they subsequently approve the arrangements.
- (4) If the scheme ceases to be an appropriate scheme (whether by being wound up or otherwise), a state scheme premium shall be payable, except in prescribed circumstances—
 - (a) in respect of each earner whose protected rights under the scheme are not subject to approved arrangements; and
 - (b) in respect of each person who has become entitled to receive a pension under the scheme giving effect to protected rights which are not subject to approved arrangements.

Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Social Security Act 1986, Section 5. (See end of Document for details)

- (5) A premium under subsection (4) above may be referred to as a “personal pension protected rights premium”.
- (6) If at any time regulations are in force by virtue of which section 52C of or paragraph 16 of Schedule 1A to the ^{M1}Social Security Pensions Act 1975 has effect in relation to personal pension schemes, subsection (4)(a) above shall have effect as if after the word “arrangements” there were inserted the words “and have not been disposed of so as to discharge the trustees or managers of the scheme under section 52C of or paragraph 16 of Schedule 1A to the Social Security Pensions Act 1975”.
- (7) A personal pension protected rights premium shall be paid by the prescribed person, within the prescribed period, to the Secretary of State.
- (8) The amount of a personal pension protected rights premium payable in respect of any person shall be the cash equivalent of the protected rights in question, calculated and verified in the prescribed manner.
- (9) Where a personal pension protected rights premium is paid in respect of a person—
- (a) the rights whose cash equivalent is included in the premium shall be extinguished; and
 - (b) section 4 above and section 29(2) and (2A) of the ^{M2}Social Security Pensions Act 1975 shall have effect in relation to that person and a widow or widower of that person as if any guaranteed minimum pension to which that person or any such widow or widower is treated as entitled under those provisions and which derives from the minimum contributions, minimum payments (within the meaning of the Social Security Pensions Act 1975) or transfer payment or payments from which those rights derive were reduced by the appropriate percentage.
- (10) In subsection (9) above “the appropriate percentage” means, subject to the following provisions of this section,

$$\frac{X}{Y} \times 100$$

, where—

- (a) X = the amount of the premium together with, if the person in respect of whom it falls to be paid gives notice to the prescribed person within the prescribed period—
 - (i) the cash equivalent, calculated and verified in the prescribed manner and paid to the Secretary of State within the prescribed period, of any other rights which he has under the scheme and specifies in the notice; and
 - (ii) the amount of any voluntary contribution paid to the Secretary of State within the prescribed period by, or in respect of, the person concerned; and
 - (b) Y = the cost of providing any guaranteed minimum pension such as is mentioned in subsection (9) above.
- (11) If the appropriate percentage, as calculated under subsection (10) above, would fall between two whole numbers, it is to be taken to be the lower number.

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- (12) If it would be over 100, it is to be taken to be 100.
- (13) The remainder after the reduction for which subsection (9) above provides—
- (a) if it would contain a fraction of 1p, is to be treated as the nearest lower whole number of pence; and
 - (b) if it would be less than a prescribed amount, is to be treated as nil.
- (14) The power to make regulations conferred by subsections (8) and (10) above includes power to provide that cash equivalents are to be calculated and verified in such manner as may be approved in particular cases—
- (a) by prescribed persons;
 - (b) by persons with prescribed professional qualifications or experience; or
 - (c) by persons approved by the Secretary of State,
- and power to provide that they shall be calculated and verified in accordance with guidance prepared by a prescribed body.
- (15) The cost of providing the appropriate percentage of the guaranteed minimum pension shall be certified by the Secretary of State, and in calculating and certifying it the Secretary of State—
- (a) shall apply whichever of the prescribed actuarial tables (as in force at the time when the scheme ceases to be appropriate) is applicable in accordance with the regulations prescribing the tables; and
 - (b) may make such adjustments as he thinks necessary for avoiding fractional amounts.

Marginal Citations

M1 1975 c. 60.

M2 1975 c. 60.

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