
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations consolidate, with amendments, Regulations relating to the preservation of benefits under occupational pension schemes.

The requirements as to preservation of benefit under occupational pension schemes are contained in Part I of Schedule 16 to the Social Security Act 1973. Part II of that Schedule has effect for enabling the Secretary of State to make regulations modifying those requirements and generally in relation to the preservation of benefit under occupational pension schemes. Section 63 of that Act has effect for securing that occupational pension schemes conform with the preservation requirements insofar as conformity can be achieved by the use of powers conferred by that section (in addition to any power otherwise exercisable) on those concerned with such schemes and on the Occupational Pensions Board.

These Regulations prescribe the persons who are to be treated as “employers”, “members” and “prospective members” in relation to occupational pension schemes (regulations 2 and 3) and extend the definition of “supplementary credits” (regulation 4). They prescribe means of assuring short service benefit (regulation 6), the alternatives to short service benefit that may be provided instead of short service benefit (regulations 7 to 11), requirements relating to the basis of computation of short service benefit (regulations 14 to 17), the deductions that may be made from short service benefit (regulation 20) and specific provisions relating to preservation of benefit that must be included in scheme rules (regulation 27).

These Regulations also prescribe the circumstances in which short service benefit in the form of a lump sum may be paid before normal pension age (regulation 5), a member’s accrued rights may be transferred to another occupational pension scheme without the member’s consent (regulation 12), “wailing periods” must be treated as pensionable service (regulation 13), short service benefit and benefits or rights alternative to short service benefit may be commuted (regulation 18), short service benefit must be provided for people other than the member (regulation 19), payment of short service benefit may be postponed or suspended (regulation 22) and transfers may be made to “overseas schemes” (regulation 26).

Finally, these Regulations modify the preservation requirements in cases where a member whose pensionable service is broken returns to pensionable service under the same scheme (regulation 21) and cases where schemes provide for the payment by members of voluntary contributions (regulation 23), and in their application to schemes funded by level annual premiums (regulation 24) and schemes with an overseas element (regulation 25).

The report of the Occupational Pensions Board on the draft of these Regulations which was referred to them, together with a statement by the Secretary of State showing the extent to which these Regulations give effect to the Board’s recommendations, is contained in Command Paper No. 1409, published by Her Majesty’s Stationery Office.

Changes to legislation:

There are currently no known outstanding effects for the The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.