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STATUTORY INSTRUMENTS

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**1996 No. 1462**

**The Contracting-out (Transfer and  
Transfer Payment) Regulations 1996**

**PART I**  
**GENERAL**

**Citation, commencement and interpretation**

**1.**—(1) These Regulations may be cited as the Contracting-out (Transfer and Transfer Payment) Regulations 1996 and shall come into force on 6th April 1997.

(2) In these Regulations—

“the 1993 Act” means the Pension Schemes Act 1993;

“accrued rights”, for the purposes of Parts II and IV of these Regulations, has the meaning given to that expression in section 20(6) of the 1993 Act;

“appropriate personal pension scheme” shall be construed in accordance with section 7 of the 1993 Act<sup>(1)</sup>;

“appropriate policy” means a policy of insurance or an annuity contract such as is described in section 19(4) of the 1993 Act;

“appropriately secured” has the meaning given to that expression in section 19(3) of the 1993 Act;

“connected employer transfer” and “connected employer transfer payment” mean respectively a transfer of guaranteed minimum pensions from a salary-related contracted-out scheme to a salary-related contracted-out scheme and a transfer payment in respect of section 9(2B) rights from a salary-related contracted-out scheme to a salary-related contracted-out scheme where either—

- (a) the transferring scheme and the receiving scheme apply to employment with the same employer; or
- (b) the transferring scheme and the receiving scheme apply to employment with different employers, the earner or person concerned is one of a group of persons in respect of whom transfers or transfer payments are being made from the transferring scheme to the receiving scheme and either—
  - (i) the transfer or transfer payment is a consequence of a financial transaction between the employers,
  - (ii) each of the employers is one of a group of companies consisting of a holding company and one or more subsidiaries within the meaning of section 736 of the Companies Act 1985<sup>(2)</sup>, or

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<sup>(1)</sup> Section 7 was amended by section 136(1) of and paragraph 22 of Schedule 5 to the Pensions Act 1995.

<sup>(2)</sup> 1985 c. 6. Section 736 was substituted, together with section 736A, by section 144(1) of the Companies Act 1989 (c. 40).

- (iii) the employers are associated employers within the meaning of section 590A(3) and (4) of the Income and Corporation Taxes Act 1988<sup>(3)</sup>;

“earner” includes an earner who is not in employment at the time of the transfer or transfer payment;

“money purchase contracted-out scheme” means an occupational pension scheme which is contracted-out by virtue of satisfying section 9(3) of the 1993 Act<sup>(4)</sup>;

“overseas arrangement” means a scheme or arrangement, other than an occupational pension scheme, which—

- (a) has effect, or is capable of having effect, so as to provide benefits on termination of employment or on death or retirement to or in respect of earners;
- (b) is not an appropriate personal pension scheme; and
- (c) is administered wholly or primarily outside the United Kingdom;

“overseas scheme” means an occupational pension scheme which is administered wholly or primarily outside the United Kingdom but does not include one which is contracted-out within the meaning of section 7(3) of the 1993 Act nor one in respect of which section 53 of the 1993 Act<sup>(5)</sup> applies;

“the principal appointed day” has the meaning given to that expression in section 7(2B) of the 1993 Act<sup>(6)</sup>;

“protected rights” has the meaning given to that expression in section 10 of the 1993 Act<sup>(7)</sup>;

“salary-related contracted-out scheme” means an occupational pension scheme which is contracted-out by virtue of satisfying section 9(2) of the 1993 Act<sup>(8)</sup>;

“scheme” means an occupational pension scheme or a personal pension scheme;

“section 9(2B) rights” are—

- (a) rights (other than rights attributable to voluntary contributions within the meaning of section 111 of the 1993 Act) which are attributable to an earner’s service on or after the principal appointed day in employment which is contracted-out in accordance with section 9(2B) of the 1993 Act<sup>(9)</sup>; and
- (b) where a transfer payment has been made to a salary-related scheme in respect of rights mentioned in paragraph (a) or of post-97 protected rights (as defined in regulation 1(2) of the Protected Rights (Transfer Payment) Regulations 1996<sup>(10)</sup>), any rights arising under that scheme as a consequence of that payment or, where only part of it was made in respect of such rights, of that part of it;

“trustees”, in relation to a scheme which is not set up or established under a trust, means the managers of the scheme.

(3) 1988 c. 1. Section 590A was inserted by section 75 of the Finance Act 1989 (c. 26) and paragraphs 1, 4 and 18(2) of Part I of Schedule 6 to that Act.

(4) Section 9(3) was amended by section 136(4) of and paragraph 24 of Schedule 5 to the Pensions Act 1995.

(5) Section 53 was amended by paragraph 48 of Schedule 5 to the Pensions Act 1995.

(6) Section 7(2B) was inserted by section 136(1) of the Pensions Act 1995.

(7) Section 10 was amended by paragraph 25 of Schedule 5 to the Pensions Act 1995.

(8) Section 9(2) was amended by section 136(3) of the Pensions Act 1995.

(9) Section 9(2B) was inserted by section 136(3) of the Pensions Act 1995.

(10) S.I.1996/1461.