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STATUTORY INSTRUMENTS

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**1996 No. 1977**

**The Occupational Pension Schemes (Mixed  
Benefit Contracted-out Schemes) Regulations 1996**

**Parts of a relevant scheme to be treated as separate schemes for contracting-out purposes**

2.—(1) Subject to paragraph (4), if the condition specified in paragraph (2) is satisfied, a relevant scheme is to be treated for the purposes of Part III of the 1993 Act as if the separate parts of the scheme were separate schemes.

(2) The condition referred to in paragraph (1) is that the rules of the relevant scheme are such that a member's service in a single employment at any given time may be qualifying service by reference only to one of the separate parts.

(3) Where one separate part of a relevant scheme has become inactive, it is to continue to be treated as a separate scheme for the purposes of Part III of the 1993 Act, notwithstanding that it has ceased to satisfy subsection (2) or, as the case may be, subsection (3) of section 9 of that Act<sup>(1)</sup>.

(4) Part III of the 1993 Act is to have effect, in relation to the separate parts of a relevant scheme, with the following modifications—

- (a) any reference to a contracting-out certificate is to be read as a reference to a single certificate—
  - (i) relating to both separate parts of the relevant scheme and stating that the relevant scheme is contracted-out by virtue of subsections (2) and (3) of section 9; or
  - (ii) relating, if one of the separate parts is inactive, to the other part of the relevant scheme and stating that the relevant scheme is contracted-out by virtue of subsection (2) or, as the case may be, subsection (3) of section 9,and section 12 (determination of basis on which scheme is contracted-out) does not apply;
- (b) any reference in section 11 (elections as to employments covered by contracting-out certificates) to an election is to be read as a reference to an election in relation to the relevant scheme;
- (c) in section 16 (revaluation of earnings factors: early leavers) references to the scheme are to be read as references to the relevant scheme;
- (d) sections 50 to 53, except section 51, (approval of arrangements for, and supervision of, formerly certified schemes)<sup>(2)</sup> are to apply to an inactive part of the relevant scheme as if it were a scheme which had ceased to be certified as a contracted-out scheme;
- (e) in section 55(2) (circumstances in which a contributions equivalent premium is payable) the reference to an occupational scheme is to be read as a reference to the relevant scheme and in sections 56(4), 57(3) and (4), 60(4), 61(1)(b), (8) and (11) references to a scheme are to be read as references to the relevant scheme<sup>(3)</sup>;

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<sup>(1)</sup> Section 9 was amended by section 136(3) and (4) of the Pensions Act 1995.

<sup>(2)</sup> Sections 50, 52 and 53 were amended by Schedule 5 to the Pensions Act 1995.

<sup>(3)</sup> Sections 55, 56, 58, 60 and 61 were amended by Schedule 5 to the Pensions Act 1995.

- (f) in spite of sub-paragraph (e) above, in section 58(4) (amount of a contributions equivalent premium) the reference to a scheme in relation to an earner's contracted-out employment is to be read as a reference only to the salary-related part of the relevant scheme.
- (5) For the purposes of any regulations made under Part III of the 1993 Act, a relevant scheme is also to be treated as if the separate parts of the scheme were separate schemes, subject to the modifications to that Part provided for in paragraph (4) above and any modifications to such regulations provided for in regulations 3 and 4 below.