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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations provide for the requirements relating to, and the indexation of, pension credit benefit.

Part I and regulation 1 provide for citation, commencement and interpretation of the Regulations.

Regulation 2 specifies the classes of occupational pension scheme which are not salary related.

Part II sets out requirements relating to pension credit benefit under occupational pension schemes.

Regulations 3 and 4 specify the circumstances in which pension credit benefit may be commuted.

Regulation 5 sets out how pension credit benefit may be secured.

Regulations 6 to 9 set out the alternatives to pension credit benefit which a scheme may provide.

Regulation 10 provides for the circumstances in which a person's pension credit rights may be transferred from one occupational pension scheme to another without that person's consent.

Regulation 11 specifies what the value of the alternatives to pension credit benefit must be.

Regulations 12 to 14 set out the requirements to be met where pension credit benefit or alternatives to pension credit benefit are secured by insurance policies or annuity contracts.

Regulation 15 describes further conditions on which liability for pension credit benefit or alternatives to pension credit benefit may be discharged.

Part III contains regulations 16 to 31 which deal with transfer values in respect of pension credit benefit.

Regulations 16 to 19 specify the circumstances in which transfer payments may be made in respect of safeguarded rights.

Regulations 20 to 22 describe requirements to be met by annuities, other pension arrangements, and eligible schemes in respect of transfer values.

Regulation 23 sets out the provisions relating to statements of entitlement.

Regulations 24 and 27 to 30 provide how cash equivalents are to be calculated and the circumstances in which they can be increased or reduced.

Regulation 25 specifies the period within which the trustees or managers of an occupational pension scheme are to notify the Occupational Pensions Regulatory Authority (OPRA) should they fail to comply with a transfer notice within the period prescribed by section 101J(1) of the Pension Schemes Act 1993.

Regulation 26 provides for OPRA to extend the statutory time limits for payment of cash equivalents on the application of the trustees or managers of an occupational pension scheme.

Regulation 31 specifies the maximum penalties which OPRA may impose in any case where OPRA is satisfied that a trustee or manager has not taken all reasonable steps to ensure that the obligation to provide the member with a statement of entitlement, or where OPRA is informed that the trustees or managers have failed to comply with a transfer notice within the period specified in section 101J(1) of the Pension Schemes Act 1993, is fulfilled.

Part IV contains regulations 32 to 35. Regulations 32 to 34 provide for how a pension, to which section 40(2) of the Welfare Reform and Pensions Act 1999 applies, is to be increased. Regulation 35 defines eligible pension credit rights.

**Status:** *This is the original version (as it was originally made).*

An assessment of the cost to business of the provisions of the Welfare Reform and Pensions Act 1999, including these Regulations, is detailed in the Regulatory Impact Assessment for that Act. A copy of this Assessment has been placed in the libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Social Security, Pensions on Divorce, 3rd Floor, The Adelphi, 1-11 John Adam Street, London WC2N 6HT.