
STATUTORY INSTRUMENTS

2000 No. 2691

**The Pension Sharing (Consequential and
Miscellaneous Amendments) Regulations 2000**

**Amendment of the Pension Sharing (Implementation and Discharge of Liability)
Regulations 2000**

11.—(1) The Pension Sharing (Implementation and Discharge of Liability) Regulations 2000 shall be amended in accordance with this regulation.

(2) In regulation 1 (citation, commencement and interpretation), in paragraph (2)—

- (a) delete the definition of “guaranteed minimum pension”;
- (b) after the definition of “the implementation period” insert the following definition—
““the Inland Revenue” means the Commissioners of Inland Revenue;”;
- (c) for the definition of “pension sharing order or provision” substitute the following definition—
““pension sharing order” means an order which is mentioned in section 28(1) of the 1999 Act;”;
- (d) delete the definition of “protected rights”;
- (e) in the definition of “the reference banks” for sub-paragraph (a) substitute the following sub-paragraph—
“(a) are authorised by the Financial Services Authority under the Banking Act 1987(1);”.

(3) For the regulation 6 (discharge of liability in respect of a pension credit following the death of the person entitled to the pension credit), substitute the following regulation—

“Discharge of liability in respect of a pension credit following the death of the person entitled to the pension credit

6.—(1) The person responsible for the pension arrangement shall following the death of the person entitled to the pension credit discharge his liability in respect of a pension credit in accordance with this regulation.

(2) Where the rules or provisions of a pension arrangement so provide and provided that any requirements of the Inland Revenue under Part XIV of the Income and Corporation Taxes Act 1988(2) are satisfied, the person responsible for the pension arrangement shall discharge his liability in respect of a pension credit by undertaking to—

- (a) make—
 - (i) a payment of a lump sum; or
 - (ii) payments of a pension; or
 - (iii) payments of both a lump sum and a pension,

(1) 1987 c. 22, as amended by the Bank of England Act 1998 (c. 11).
(2) 1988 c. 1.

to one or more persons; or

- (b) enter into an annuity contract or take out a policy of insurance with an insurance company for the benefit of one or more persons; or
- (c) make a payment or, as the case may be, payments under sub-paragraph (a) and enter into an annuity contract or take out an insurance policy under sub-paragraph (b).

(3) Where paragraph (2)(b) or (c) applies, the annuity contract entered into or insurance policy taken out must satisfy the requirements of paragraph 6(2) of Schedule 5 to the 1999 Act (qualifying arrangements) and regulation 11 of these Regulations.

(4) Where the provisions of paragraph (2) do not apply, liability in respect of a pension credit shall be discharged by retaining the value of the pension credit in the pension arrangement from which that pension credit was derived.

(5) Where—

- (a) liability in respect of a pension credit has been discharged in accordance with paragraph (2); and
- (b) the value of the payment or payments made, the annuity contract entered into or the insurance policy taken out, as the case may be, is less than the value of the pension credit,

the value of an amount equal to the difference between the value of the pension credit and the value of that payment or those payments, that contract or policy, as the case may be, shall be retained in the pension arrangement from which that pension credit was derived.”

(4) In regulation 7 (discharge of liability in respect of a pension credit—funded pension schemes), in paragraph (2)—

- (a) in sub-paragraph (a) for “paragraph 1(2)(a)” substitute “paragraph 1(3)(c)”;
- (b) for sub-paragraph (b) substitute the following sub-paragraph—

“(b) either—

- (i) the person entitled to the pension credit has failed to provide his consent in accordance with paragraph 1(2)(a) and (4) of that Schedule; or
- (ii) the trustees or managers of the scheme have not discharged their liability in accordance with paragraph (1) above.”

(5) In regulation 10 (calculation of the value of appropriate rights), in paragraph (4) after “arrangement” where that word last appears, insert “, and by adopting methods consistent with the requirements of Chapter IV of Part IV of the 1993 Act (protection for early leavers—transfer values)”.

(6) In regulation 12 (disqualification as a destination for pension credit—general), after paragraph (b) for “and” substitute “or”.

(7) In regulation 13 (disqualification as a destination for pension credit—contracted-out or safeguarded rights)—

- (a) in sub-paragraph (b) of paragraph (1) delete the words from “(i) a contracted-out occupational pension scheme” to the end of that sub-paragraph;
- (b) after that sub-paragraph insert the following sub-paragraph—
 - “(bb) a contracted-out occupational pension scheme to which section 149 of the 1995 Act (hybrid occupational pension schemes) applies;”.