

**EXPLANATORY MEMORANDUM TO THE
PARLIAMENTARY PENSIONS (ADDITIONAL VOLUNTARY CONTRIBUTIONS
SCHEME) (AMENDMENT) REGULATIONS 2004**

2004 No. 2417

1. This explanatory memorandum has been prepared by the Cabinet Office and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 This instrument amends the Parliamentary Pensions AVC Scheme to enable a member who has retired and is taking benefits from the main Parliamentary Pension scheme to defer using their AVC fund to buy an annuity until not later than his or her 75th birthday. The amendment has effect from 30th June 1999.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 The Parliamentary and other Pensions Act 1987 (“the Act”) confers power on the Leader of the House of Commons to make pension provision for Members of the House of Commons, Ministers and other office holders. Such provision has been made via the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993 (as amended from time to time) (referred to, for ease, as the Parliamentary Pension Scheme). Provision for Members of the House of Commons, Ministers and other office holders to make additional contributions to supplement their pension benefits from the Parliamentary Pension Scheme has been made via the Parliamentary Pensions (Additional Voluntary Contributions Scheme) Regulations 1993 (as amended from time to time) (referred to, for ease, as the AVC Scheme).

4.2 The Leader of the House of Commons, in exercise of the powers conferred by section 2(1) and (4) of the Act, is now making further amendments to the AVC Scheme with the consent of the Minister for the Civil Service.

4.3 As required by section 2(7) of the Act, the Leader of the House of Commons has consulted with the trustees of the Parliamentary Contributory Pension Fund and persons appearing to the Leader to represent persons likely to be affected, that is the Chair of the Parliamentary Labour Party, the Chair of the 1922 Committee, the shadow Leader of the House, the Chair of the Parliamentary Liberal Democrat Party, and the Scottish National Party (for consultation with the other minority parties), who have raised no concerns.

5. Extent

5.1 This instrument applies to all of the United Kingdom.

6. Policy background

6.1 The Regulations amend the AVC Scheme so that AVC benefits no longer have to come into payment only at the same time as benefits from the Parliamentary Pension Scheme but, where main scheme benefits are already in payment, can be deferred until no later than the scheme member's 75th birthday. This is to reflect the relaxation from 30th June 1999 of Inland Revenue rules as to when AVC benefits must come into payment. Scheme members have been making use of the flexibility but the scheme rules need to be formally amended.

7. Impact

7.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

7.2 There is no impact on the public sector.

8. Contact

Peter Spain at the Cabinet Office Tel: 01256 846428 or e-mail: peter.spain@cabinet-office.x.gsi.gov.uk can answer any queries regarding the instrument.