

**2006 No. 34**

**PENSIONS**

**The Occupational Pension Schemes (Transfer Values etc.) (Coal Staff and Mineworkers' Schemes) (Amendment) Regulations 2006**

<i>Made</i>	- - - -	<i>10th January 2006</i>
<i>Laid before Parliament</i>		<i>16th January 2006</i>
<i>Coming into force</i>	- -	<i>6th February 2006</i>

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 97(1), 101I, 181(1), 182(2) and (3) and 183(3) of the Pension Schemes Act 1993(a) and sections 30 and 83(4) and (6) of the Welfare Reform and Pensions Act 1999(b).

In accordance with section 185(1) of the Pension Schemes Act 1993 and section 83(11) of the Welfare Reform and Pensions Act 1999 he has consulted such persons as he considers appropriate.

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Transfer Values etc.) (Coal Staff and Mineworkers' Schemes) (Amendment) Regulations 2006 and shall come into force on 6th February 2006.

(2) In these Regulations—

“the Pension Credit Benefit Regulations” means the Pension Sharing (Pension Credit Benefit) Regulations 2000(c);

“the Transfer Values Regulations” means the Occupational Pension Schemes (Transfer Values) Regulations 1996(d);

“the Valuation Regulations” means the Pension Sharing (Valuation) Regulations 2000(e).

**Amendment of the Transfer Values Regulations**

2.—(1) Regulation 7 of the Transfer Values Regulations (manner of calculation and verification of cash equivalents) is amended in accordance with this regulation.

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(a) 1993 c.48. Section 101I was inserted by section 37 of the Welfare Reform and Pensions Act 1999 (c.30) (“the 1999 Act”). Section 183(3) was amended by paragraph 45 of Schedule 3, paragraph 15(b) of Schedule 6 and Part 1 of Schedule 7 to the Pensions Act 1995 (c.26) and paragraph 42 of Schedule 12 to the 1999 Act. It is also amended by paragraph 32 of Schedule 12 to the Pensions Act 2004 (c.35). Section 181(1) is cited because of the meaning there given to “prescribe” and “regulations”.

(b) 1999 c.30.

(c) S.I. 2000/1054; relevant amending instruments are S.I. 2000/2691 and 2005/706.

(d) S.I. 1996/1847; relevant amending instruments are S.I. 1997/786 and 2005/706.

(e) S.I. 2000/1052; relevant amending instruments are S.I. 2000/2691 and 2005/706.

(2) In paragraph (1) for “paragraph (2) or (5)” substitute “paragraph (2), (2A) or (5)”.

(3) After paragraph (2) insert—

“(2A) Where a member, in relation to whom a cash equivalent is to be calculated and verified, is a member of a scheme modified by—

(a) the British Coal Staff Superannuation Scheme (Modification) Regulations 1994(a);  
or

(b) the Mineworkers’ Pension Scheme (Modification) Regulations 1994(b),

the cash equivalent of his bonus shall be calculated and verified by the actuary to reflect the fact that a reduced bonus, or no bonus, may become payable in accordance with the provisions governing the scheme in question.

(2B) For the purposes of paragraph (2A) “bonus” means any—

(a) augmentation of his benefits; or

(b) new, additional or alternative benefits,

which the trustees of the scheme in question have applied to the member’s benefits, or granted to him in accordance with the provisions governing that scheme, on the basis of findings as to that scheme’s funding position.”.

### **Amendment of the Pension Credit Benefit Regulations**

3.—(1) Regulation 24 of the Pension Credit Benefit Regulations (manner of calculation and verification of cash equivalents) is amended in accordance with this regulation.

(2) In paragraph (1) for “paragraph (2) or (5)” substitute “paragraph (2), (2A) or (5)”.

(3) After paragraph (2) insert—

“(2A) Where an eligible member, in relation to whom a cash equivalent is to be calculated and verified, is a member of a scheme modified by—

(a) the British Coal Staff Superannuation Scheme (Modification) Regulations 1994; or

(b) the Mineworkers’ Pension Scheme (Modification) Regulations 1994,

the cash equivalent of his bonus shall be calculated and verified by the actuary to reflect the fact that a reduced bonus, or no bonus, may become payable in accordance with the provisions governing the scheme in question.

(2B) For the purposes of paragraph (2A) “bonus” means any—

(a) augmentation of his benefits; or

(b) new, additional or alternative benefits,

which the trustees of the scheme in question have applied to the eligible member’s benefits, or granted to him in accordance with the provisions governing that scheme, on the basis of findings as to that scheme’s funding position.”.

### **Amendment of the Valuation Regulations**

4.—(1) Regulation 4 of the Valuation Regulations (manner of calculation and verification of cash equivalents) is amended in accordance with this regulation.

(2) In paragraph (1) for “paragraph (2) or (5)” substitute “paragraph (2), (2C) or (5)”.

(3) After paragraph (2B)(c) insert—

“(2C) Where a transferor, in relation to whom a cash equivalent is to be calculated and verified, is a member of a scheme modified by—

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(a) S.I. 1994/2576, amended by S.I. 2001/3649.

(b) S.I. 1994/2577, amended by S.I. 2001/3649 and 2004/3379.

(c) Regulation 4(2B) was inserted by S.I. 2000/2691.

- (a) the British Coal Staff Superannuation Scheme (Modification) Regulations 1994; or
- (b) the Mineworkers' Pension Scheme (Modification) Regulations 1994,

the cash equivalent of his bonus shall be calculated and verified by the actuary to reflect the fact that a reduced bonus, or no bonus, may become payable in accordance with the provisions governing the scheme in question.

(2D) For the purposes of paragraph (2C) "bonus" means any—

- (a) augmentation of his benefits; or
- (b) new, additional or alternative benefits,

which the trustees of the scheme in question have applied to the transferor's benefits, or granted to him in accordance with the provisions governing that scheme, on the basis of findings as to that scheme's funding position."

Signed by authority of the Secretary of State for Work and Pensions.

10th January 2006

*Stephen C. Timms*  
Minister of State,  
Department for Work and Pensions

## EXPLANATORY NOTE

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

These Regulations make amendments which relate to schemes referred to in the British Coal Staff Superannuation Scheme (Modification) Regulations 1994 (S.I. 1994/2576) (“the British Coal Scheme”) and the Mineworkers’ Pension Scheme (Modification) Regulations 1994 (S.I. 1994/2577) (“the Mineworkers’ Scheme”).

Regulation 2 amends the Occupational Pension Schemes (Transfer Values) Regulations 1996 (S.I. 1996/1847) where a cash equivalent transfer value is being calculated for a member of the British Coal Scheme or the Mineworkers’ Scheme. Where such a member has been awarded a bonus, or bonuses, the amount of the cash equivalent transfer value payable in respect of such bonuses shall reflect that the bonuses are not guaranteed and could be reduced in the future, as a result of the scheme’s funding position.

Regulation 3 makes amendments to the Pension Sharing (Pension Credit Benefit) Regulations 2000 (S.I. 2000/1054) similar to those made in regulation 2.

Regulation 4 makes amendments to the Pension Sharing (Valuation) Regulations 2000 (S.I. 2000/1052) similar to those made in regulation 2.

A full regulatory impact assessment has not been produced for this instrument as it has a negligible impact on the costs of business.

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