
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make amendments to secondary legislation in consequence of the Pension Schemes Act 2015 c.8 (“the 2015 Act”) and revoke the Transfer Values (Disapplication) Regulations 2010 (S.I. 2010/6) (“the 2010 Regulations”), which apply to members of the pension scheme established by the Secretary of State under section 67(1) of the Pensions Act 2008 (c.30). Part 4 and Schedule 4 of the 2015 Act provide greater flexibility to pension scheme members when accessing and transferring pension rights.

Regulation 1 contains general provisions providing for the date that the Regulations are to come into force, how the Regulations are to be cited and interpretation.

Regulation 2 makes consequential amendments following the introduction of the 2015 Act to regulation 1 of the Occupational Pension Schemes (Transfer Values) Regulations 1996 (S.I. 1996/1847) (“the 1996 Regulations”).

Regulation 3(2) makes consequential amendments to regulation 2 of the 1996 Regulations. Regulation 3(3) revokes regulations 3, 4 and 5 of the 1996 Regulations. The provisions are concerned with the termination of a member’s employment, which is no longer relevant following the introduction of the 2015 Act.

Regulation 4 makes consequential amendments to Part 3 of the 1996 Regulations, which contains provisions concerning statements of entitlement and the calculation of a member’s cash equivalent. Regulation 4(4)(c) provides that where a member applies for a statement of entitlement in respect of more than one of the categories of benefits, the trustees must provide a separate cash equivalent for each category.

Regulation 5 makes consequential amendments to Part 5 of the 1996 Regulations, which provides for the Regulatory Authority to grant extensions of time for the payment of the cash equivalent.

Regulation 6 makes consequential amendments to Part 6 of the 1996 Regulations. Regulation 6(2) amends regulation 14 of the 1996 Regulations and provides for when the time for a member to make an application to take the cash equivalent will be extended. The amendment also provides that time for the trustee to do what is required is extended in the same circumstances.

Regulation 7 makes consequential amendments to Part 7 of the 1996 Regulations, which provides for the maximum penalty under section 10 of the Pensions Act 1995 (c.26).

Regulation 8 revokes Part 8 of the 1996 Regulations, which contains revocations of other legislation and transitional provisions that are no longer needed following the changes introduced by the 2015 Act. .

Regulation 9 makes consequential amendments to Schedule 1 to the 1996 Regulations, which sets out information that must be made available to a member of a pension scheme in certain circumstances. Regulation 9(4) provides that where a trustee is not required by section 48 of the 2015 Act to check that the member has received independent financial advice, the trustees make a recommendation that the member should take financial advice.

Regulation 10 makes consequential amendments to Schedule 1A to the 1996 Regulations, which provides for circumstances where a cash equivalent may be reduced. Regulation 10(3) amends paragraph 8 of Schedule 1A so that it applies to the transfer of safeguarded benefits.

Regulation 11 is a transitional provision preserving the effect of paragraph 3 of Schedule 1 to the 1996 Regulations as it was in force immediately before 6th April 2015 in respect of a member who

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has made an application for a statement of entitlement under section 93A(1) of the Pension Schemes Act 1993 (c.48) before 6th April 2015.

Regulation 12 makes consequential amendments to the Personal Pension Schemes (Transfer Values) Regulations 1987 (S.I. 1987/1112) and Regulation 13 makes consequential amendments to the 2010 Regulations.

Regulation 14 revokes the 2010 Regulations so as to provide that Chapter 4 of Part 4 (protection for early leavers), which will become Chapter 1 of Part 4ZA (transfer rights: general) on 6th April 2015 when amendments made by section 67 of, and paragraph 4 of Schedule 4 to, the 2015 Act come into force, and Chapter 2 of Part 4A (requirements relating to pension credit benefit) of the Pension Schemes Act 1993 do apply to the pension scheme established by the Secretary of State under section 67(1) of the Pensions Act 2008. Those provisions entitle members of occupational or personal pension schemes to acquire a right to a cash equivalent of benefits which have accrued to or in respect of them.

In respect of regulations 1 to 13, there are no additional costs to business, the private sector and civil society organisations as a result of this instrument and, as such, no impact assessment has been prepared.

An assessment of the impact of regulation 14 on private sector and civil society organisations has been made. A copy of this assessment is available in the libraries of both Houses of Parliament and alongside this instrument on www.legislation.gov.uk. Copies may also be obtained from the Better Regulation Unit of the Department for Work and Pensions, Caxton House, Tothill Street, London SW1H 9NA.