

Draft Order laid before Parliament under section 7(4) of the Age-Related Payments Act 2004, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2013 No.

AGE-RELATED PAYMENTS

The Age-Related Payments Regulations 2013

Made - - - - 2013

Coming into force in accordance with regulation 1(1)

In accordance with section 7(4)(b) of the Age-Related Payments Act 2004⁽¹⁾, a draft of these Regulations has been laid before Parliament and approved by a resolution of each House;

The Treasury make the following Regulations in exercise of the powers conferred by section 7(1), (2) and (3) of the Age-Related Payments Act 2004, now vested in them by the Transfer of Functions (Age-Related Payments) Order 2013⁽²⁾:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Age-Related Payments Regulations 2013 and come into force on the day after the day on which they are made.

(2) In these Regulations—

“Equitable Life” means the Equitable Life Assurance Society;

“individual with-profits annuity policy” means an individual with-profits policy under which the financial benefit is an annuity;

“individual with-profits policy” means a contract of insurance under which—

(a) there is only one person eligible to receive a financial benefit under the contract;

(b) that person is an individual; and

(c) that person is eligible to receive that financial benefit at the discretion of the insurer;

“joint with-profits annuity policy” means a joint with-profits policy under which the financial benefit under the contract is an annuity;

“joint with-profits policy” means a contract of insurance under which—

(d) there is more than one person eligible to receive a financial benefit under the contract;

(e) each person eligible to receive a financial benefit under the contract is an individual; and

(1) 2004 c.10.

(2) S.I. 2013/1442.

- (f) each person eligible to receive a financial benefit under the contract is eligible to receive that financial benefit at the discretion of the insurer;

“Prudential” means the Prudential Assurance Company Limited (company registered number 15454);

“qualifying Equitable Life annuitant” means an individual who, on 20th March 2013—

- (g) was alive;
- (h) had attained the age of 60 years; and
- (i) was eligible to receive an annuity payment from Prudential under a relevant with-profits annuity policy;

“relevant with-profits annuity policy” means an individual with-profits annuity policy or a joint with-profits annuity policy that was purchased from Equitable Life on or before 31st August 1992 and was in force on 20th March 2013.

Entitlement: payments to qualifying Equitable Life annuitants

2.—(1) A qualifying Equitable Life annuitant (“A”) is entitled to a payment of £5000 in respect of each relevant with-profits annuity policy under which A is eligible to receive an annuity payment.

(2) If A is entitled to a payment of £5000 in respect of an individual with-profits annuity policy, and A dies before a payment under paragraph (1) is made, the payment is, subject to paragraph (4), to be made to A’s personal representative.

(3) If A is entitled to a payment of £5000 in respect of a joint with-profits annuity policy, and A dies before a payment under paragraph (1) is made—

- (a) A’s entitlement to a payment under this regulation ceases unless all the other persons eligible to receive a financial benefit under the contract died before A;
- (b) the payment is, subject to paragraph (4), to be made to A’s personal representative if all the other persons eligible to receive a financial benefit under the contract have died.

(4) A payment is only to be made to A’s personal representative if the personal representative makes an application for the payment under regulation 4 (procedure).

(5) If A is resident in a state outside the United Kingdom, payment may be made in the currency of that state at the spot rate of exchange for the day on which the payment is made.

Entitlement: payments to qualifying Equitable Life annuitants in receipt of pension credit or an equivalent benefit

3.—(1) A qualifying Equitable Life annuitant (“A”) is entitled to a further payment of £5000 if A is or was in receipt of state pension credit on 1st November 2013.

(2) For the purposes of this regulation, “state pension credit” means—

- (a) state pension credit within the meaning of section 1(1) of the State Pension Credit Act 2002⁽³⁾;
- (b) state pension credit within the meaning of section 1(1) of the State Pension Credit Act (Northern Ireland) 2002⁽⁴⁾;
- (c) any benefit similar to the benefit referred to in sub-paragraph (a) that is paid by another EEA state or by Switzerland.

(3) 2002 c 16.

(4) 2002 c 14 (N.I.).

(3) A benefit is similar to the benefit referred to in paragraph (2)(a) if the criteria used to determine entitlement for the benefit are similar to the criteria used to determine whether a person is eligible for the benefit referred to in paragraph (2)(a).

(4) Where A is in receipt of state pension credit within the meaning of paragraph (2)(b) or (c), A is not entitled to a payment under paragraph (1) unless A makes an application under regulation 4 for the payment.

(5) A's entitlement to a payment under this regulation ceases if A dies before a payment under paragraph (1) is made.

(6) If A is resident in a state outside the United Kingdom, payment may be made in the currency of that state at the spot rate of exchange for the day on which the payment is made.

Procedure

4.—(1) Where the Treasury are satisfied that a person is entitled to a payment under regulation 2(1) (entitlement: payments to qualifying Equitable Life annuitants), or 3(1) (entitlement: payments to qualifying Equitable Life annuitants in receipt of pension credit or an equivalent benefit) by virtue of being in receipt of state pension credit within the meaning of regulation 3(2)(a), the Treasury must make the payment.

(2) A person who is entitled to a payment under regulation 2(1) need not make an application for payment, but may make an application for payment under this regulation if a payment is not received by 5th April 2014.

(3) A person who is entitled to a payment under regulation 3(1) by virtue of being in receipt of state pension credit within the meaning of regulation 3(2)(a) need not make an application for payment, but may make an application for payment under this regulation if a payment is not received by 5th April 2014.

(4) An application under this regulation must—

- (a) be made in writing to the Treasury;
- (b) be received by the Treasury no later than 31st December 2014;
- (c) specify—
 - (i) the policy number of the relevant with-profits annuity policy and the date on which it was purchased from Equitable Life;
 - (ii) the policy number under which Prudential makes or is due to make an annuity payment to the qualifying Equitable Life annuitant (if available);
 - (iii) the name of the bank or similar financial institution, the account number and sort code of the account into which the applicant wishes the payment to be made; and
 - (iv) the reasons why the applicant considers that the applicant is entitled to a payment; and
- (d) include a copy of any documentary evidence in the possession of the applicant that is relevant to the application.

(5) An application under this regulation made by a person who is entitled to a payment under regulation 2(2) or (3) must also—

- (a) specify the name, former address, date of birth and national insurance number (if the person had one) of the person who had been a qualifying Equitable Life annuitant before death;
- (b) include evidence supporting the fact that the applicant is the personal representative of the person who had been a qualifying Equitable Life annuitant before death; and

- (c) include a copy of the death certificate of the person who had been a qualifying Equitable Life annuitant before death.
- (6) An application under this regulation made by a person who is entitled to a payment under regulations 2(1) or 3(1) must also specify the qualifying Equitable Life annuitant's name, address, date of birth and national insurance number (if the qualifying Equitable Life annuitant has one).

Payment to be disregarded for tax and social security

5. Regulation 8 of the Age-Related Payments Regulations 2005⁽⁵⁾ applies as if, after “under any of regulations 2 to 5”, there were inserted “or regulation 2 or 3 of the Age-Related Payments Regulations 2013”.

Date

Name
Name
Two of the Lords Commissioners of Her
Majesty's Treasury

⁽⁵⁾ S.I. 2005/1983.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the Treasury to make payments to qualifying Equitable Life annuitants.

Regulation 1 defines certain terms used in the Regulations, including “qualifying Equitable Life annuitant”.

Regulation 2 sets out the conditions under which a qualifying Equitable Life annuitant is entitled to a payment of £5000, or an equivalent amount in the currency of the country in which the qualifying Equitable Life annuitant is resident, and the circumstances in which the payment can be made to a qualifying Equitable Life annuitant’s personal representative.

Regulation 3 provides for a qualifying Equitable Life annuitant to be entitled to a further payment of £5000, or an equivalent amount in the currency of the country in which the qualifying Equitable Life annuitant is resident, if that person is in receipt of state pension credit on 1st November 2013.

Regulation 4 provides for procedural matters.

Regulation 5 ensures that payments made under these Regulations are to be tax-free in the hands of recipients and do not affect eligibility for state funded means-tested support.

No impact assessment has been prepared for this instrument as no effect on business or the voluntary sector is anticipated.