



# Pensions Act 1995

## 1995 CHAPTER 26

### PART III

#### CERTIFICATION OF PENSION SCHEMES AND EFFECTS ON MEMBERS' STATE SCHEME RIGHTS AND DUTIES

##### *Protected rights*

#### **142 Interim arrangements for giving effect to protected rights**

- (1) Section 28 of the Pension Schemes Act 1993 (ways of giving effect to protected rights) is amended as follows.
- (2) In subsection (1), after paragraph (a) there is inserted—
  - “(aa) in any case where subsection (1A) so requires, by the making of such payments as are mentioned in that subsection.”
- (3) After that subsection there is inserted—
  - “(1A) In the case of a personal pension scheme, where the member so elects, effect shall be given to his protected rights—
    - (a) during the interim period, by the making of payments under an interim arrangement which—
      - (i) complies with section 28A,
      - (ii) satisfies such conditions as may be prescribed, and
    - (b) at the end of the interim period, in such of the ways permitted by the following subsections as the rules of the scheme may specify.”
- (4) In subsection (3)—
  - (a) in paragraph (b), after “the member” there is inserted “or, where section 28A(2) applies, the member’s widow or widower”, and
  - (b) in the words following that paragraph, after “subsection” there is inserted “(1A)(a) or”.

(5) In subsection (4)(a), for the words from “65” to the end there is substituted—

“65 or such later date as has been agreed by him, or

- (ii) in the case of a personal pension scheme, where the member has elected to receive payments under an interim arrangement, the date by reference to which the member elects to terminate that arrangement, and otherwise such date as has been agreed by him and is not earlier than his 60th birthday nor later than his 75th birthday.”

(6) In subsection (5), after “subsection” there is inserted “(1A)”.

(7) After subsection (7) there is added—

“(8) In this section and sections 28A, 28B and 29—

“the interim period” means the period beginning with the starting date in relation to the member in question and ending with the termination date;

“the starting date” means the date, which must not be earlier than the member’s 60th birthday, by reference to which the member elects to begin to receive payments under the interim arrangement;

“the termination date” means the date by reference to which the member (or, where section 28A(2) applies, the member’s widow or widower) elects to terminate the interim arrangement, and that date must be not later than—

- (i) the member’s 75th birthday, or
- (ii) where section 28A(2) applies, the earlier of the member’s widow or widower’s 75th birthday and the 75th anniversary of the member’s birth.”

## 143 Requirements for interim arrangements

After section 28 of the Pension Schemes Act 1993 there is inserted—

### “28A Requirements for interim arrangements

- (1) An interim arrangement must provide for payments to be made to the member, and, where subsection (2) applies, to the member’s widow or widower, throughout the interim period, at intervals not exceeding twelve months.
- (2) This subsection applies where the member dies during the interim period and is survived by a widow or widower who at the date of the member’s death has not yet attained the age of 75 years.
- (3) The aggregate amount of payments made to a person under an interim arrangement in each successive period of twelve months must not be—
  - (a) greater than the annual amount of the annuity which would have been purchasable by him on the relevant reference date, or
  - (b) less than the prescribed percentage of that amount.
- (4) The percentage prescribed under subsection (3)(b) may be zero.
- (5) For the purposes of this section—

- (a) the annual amount of the annuity which would have been purchasable by a person on any date shall be calculated in the prescribed manner by reference to—
  - (i) the value on that date, determined by or on behalf of the trustees or managers of the scheme, of the person's protected rights, and
  - (ii) the current published tables of rates of annuities prepared in the prescribed manner by the Government Actuary for the purposes of this section, and
- (b) the relevant reference date is—
  - (i) in relation to payments made to the member during the three years beginning with the member's starting date, that date, and in relation to such payments made during each succeeding period of three years, the first day of the period of three years in question, or
  - (ii) where subsection (2) applies, in relation to payments made to the member's widow or widower during the three years beginning with the date of the member's death, that date, and in relation to such payments made during each succeeding period of three years, the first day of the period of three years in question.

### **28B Information about interim arrangements**

- (1) The trustees or managers of a personal pension scheme must, if required to do so by the Secretary of State, produce any document relevant to—
  - (a) the level of payments made under any interim arrangement, or
  - (b) the value of protected rights to which such an arrangement gives effect, or otherwise connected with the making of payments under such an arrangement.
- (2) In this section, “document” includes information recorded in any form, and the reference to the production of a document, in relation to information recorded otherwise than in legible form, is a reference to producing a copy of the information in legible form.”

### **144 Interim arrangements: supplementary**

- (1) Section 29 of the Pension Schemes Act 1993 (the pension and annuity requirements) is amended as follows.
- (2) In subsection (1) for paragraph (a) there is substituted—
  - “(a) in the case of an occupational pension scheme it commences on a date—
    - (i) not earlier than the member's 60th birthday, and
    - (ii) not later than his 65th birthday,
 or on such later date as has been agreed by him, and continues until the date of his death, or
  - (aa) in the case of a personal pension scheme—

- (i) where the member has elected under section 28(1A) to receive payments under an interim arrangement, it commences on the termination date, and continues until the date of the member's death or, where section 28A(2) applies, until the death of the member's widow or widower, or
  - (ii) otherwise, it commences on such a date as has been agreed by the member and is not earlier than his 60th birthday nor later than his 75th birthday, and continues until the date of his death;”.
- (3) In subsection (3)(b)(iii), after “member” there is inserted “or, where section 28A(2) applies, the member's widow or widower”.
- (4) In subsection (4), after “member” there is inserted “(or a member's widow or widower)”.

#### **145 Extension of interim arrangements to occupational pension schemes**

Regulations made by the Secretary of State may provide that sections 141 to 143 shall have effect, subject to prescribed modifications, in relation to protected rights under an occupational pension scheme as they have effect in relation to protected rights under a personal pension scheme.

#### **146 Discharge of protected rights on winding up: insurance policies**

- (1) After section 32 of the Pension Schemes Act 1993 there is inserted—

##### **“32A Discharge of protected rights on winding up: insurance policies**

- (1) Where an occupational pension scheme is being wound up and such conditions as may be prescribed are satisfied, effect may be given to the protected rights of a member of the scheme (in spite of section 28) by—
- (a) taking out an appropriate policy of insurance, or a number of such policies, under which the member is the beneficiary, or
  - (b) assuring the benefits of a policy of insurance, or a number of such policies, to the member, where the policy assured is an appropriate policy.
- (2) A policy of insurance is appropriate for the purposes of this section if—
- (a) the insurance company with which it is or was taken out or entered into—
    - (i) is, or was at the time when the policy was taken out or (as the case may be) the benefit of it was assured, carrying on ordinary long-term insurance business (within the meaning of the Insurance Companies Act 1982) in the United Kingdom or any other Member State, and
    - (ii) satisfies, or at that time satisfied, prescribed requirements, and
  - (b) it may not be assigned or surrendered except on conditions which satisfy such requirements as may be prescribed, and

- (c) it contains or is endorsed with terms whose effect is that the amount secured by it may not be commuted except on conditions which satisfy such requirements as may be prescribed, and
  - (d) it satisfies such other requirements as may be prescribed”.
- (2) At the end of section 28 of that Act, as amended by this Act, (ways of giving effect to protected rights) there is inserted—
  - “(9) This section is subject to section 32A”.