

POSTAL SERVICES ACT 2011

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Royal Mail Pension Plan

Powers exercisable

Section 17: Transfer of qualifying accrued rights to new public scheme

93. Subsection (1) confers power on the Secretary of State to establish a new scheme for pensionable service in the Royal Mail Pension Plan (“RMPP up to the qualifying time in respect of members designated as qualifying members.
94. Subsection (2) allows the Secretary of State to transfer “qualifying accrued rights” of such members to this new scheme.
95. Subsection (3) allows for the discharge of liabilities of the Royal Mail Pension Plan (“RMPP trustees in respect of the qualifying accrued rights which are transferred to the new scheme.
96. Subsection (4) provides that the benefits payable by a new scheme may be increased on such basis as the Secretary of State may determine and gives the Secretary of State power to pay a transfer value in respect of a member’s qualifying accrued rights. It also enables the Secretary of State to include provision in the scheme for further payments to active members of greater value than a deferred pension. In addition it provides that the new scheme can accept transfers from the Royal Mail Pension Plan (“RMPP scheme. This provision will enable members of the Royal Mail Pension Plan (“RMPP who have bought money purchase additional voluntary contributions (AVCs) to transfer a proportion of their AVC fund from the Royal Mail Pension Plan (“RMPP to the new Government scheme immediately prior to their retirement so as to ensure that members can take as much of their AVCs in cash as they could immediately before the exercise of the power to set up a new scheme under section 17(1). Without this flexibility members may not be able to take as much of their AVCs as a lump sum from the Royal Mail Pension Plan (“RMPP due to the HMRC limit on lump sums as 25 per cent of benefit value.
97. A new scheme established under this section will not otherwise come within the definition of an occupational pension scheme in section 1(1) of the Pension Schemes Act 1993. Subsection (5) therefore provides that a new scheme may be deemed to be an occupational pension scheme for the purposes of applying any legislation to the scheme as may be prescribed by the Secretary of State.
98. Subsection (6) provides that an order by the Secretary of State may provide for a new scheme to be treated as a contracted-out scheme and as capable of providing contracted-out benefits for the purposes of Part 3 of the Pension Schemes Act 1993. This will allow benefits which are contracted out under the Royal Mail Pension Plan (“RMPP scheme to transfer to the new scheme.

*These notes refer to the Postal Services Act 2011
(c.5) which received Royal Assent on 13 June 2011*

99. Subsection (7) permits an order to have retrospective effect. This power may be used to enable the new scheme to be established with effect from a date before an order is made under this section. This may be necessary if an effective date for the purpose of the transfer of liabilities has been agreed as part of a wider arrangement with a third party which precedes the date of an order. In addition this power would enable the Secretary of State to amend the new scheme rules to have retrospective effect, for example, to ensure that the rules complied with changes in legislation.
100. Under subsection (8) the Secretary of State may provide for a new scheme to be administered by any person and may delegate to any person any functions exercisable by the Secretary of State under a new scheme.