

1987 No. 656

PENSIONS

The Social Security (Class 1 Contributions—
Contracted-out Percentages) Order 1987

Made - - - - - *3rd April 1987*
Coming into force *6th April 1988*

Whereas a draft of the following Order was in accordance with section 28(4) of the Social Security Pensions Act 1975 laid before Parliament and approved by resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Services, in exercise of the powers conferred upon him by section 28(4) and (7) of the Social Security Pensions Act 1975(a) and of all other powers enabling him in that behalf, having on a review under the said section 28 considered that there should be an alteration in both of the contracted-out percentages provided by section 27(2) of the said Act, hereby makes the following Order:—

Citation and commencement

1. This Order may be cited as the Social Security (Class 1 Contributions—Contracted-out Percentages) Order 1987, and shall come into force on 6th April 1988.

Alteration of contracted-out rates of Class 1 contributions

2. In the definition of “the contracted-out percentage” contained in section 27(2) of the Social Security Pensions Act 1975 the following alterations shall be made—

- (a) for the figures “2.15” in paragraph (a) there shall be substituted “2.0”; and
- (b) for the figures “4.1” in paragraph (b) there shall be substituted “3.8”.

Consequential provision

3. In paragraph 2(2) of Schedule 3 to the Social Security Pensions Act 1975 (b) (priority in bankruptcy: employer’s contributions to an occupational pension scheme), so far as the percentages specified in that paragraph apply in relation to earnings paid or payable as from 6th April 1988, the following alterations shall be made—

(a) 1975 c.60. Section 27(2) was amended by the Social Security (Class 1 Contributions—Contracted-out Percentages) Order 1982 (S.I. 1982/493), and subsection (7) was inserted into section 28 by the Social Security Act 1985 (c.53), Schedule 5, paragraph 8. (b) Paragraph 2(2) was amended by the Social Security Act 1985 (c.53), Schedule 5, paragraph 36.

- (a) for the figures "6.25" in paragraph (i) there shall be substituted "5.8"; and
(b) for the figures "4.1" in paragraph (ii) there shall be substituted "3.8".

Revocation of Order

4. The Social Security (Class 1 Contributions—Contracted-out Percentages) Order 1982(a) is hereby revoked.

Signed by authority of the Secretary of State for Social Services.

3rd April 1987.

John Major
Minister of State,
Department of Health and Social Security

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, a draft of which has been laid before and approved by a resolution of each House of Parliament, is made consequent upon the second review made under section 28 of the Social Security Pensions Act 1975 ("the 1975 Act"), following a report by the Government Actuary under that section in relation to the contracted-out percentages under section 27 of the 1975 Act and to changes in the cost of occupational pension schemes of providing guaranteed minimum pensions. The Order decreases, with effect from 6th April 1988, the contracted-out percentages to be deducted from the normal percentage for both primary and secondary Class 1 contributions.

In accordance with section 28(1) of the 1975 Act a copy of the report by the Government Actuary, and a copy of a report by the Secretary of State for Social Services in the light of the Government Actuary's report, were both laid before Parliament with the draft Order.

These reports are contained in Command Papers published by Her Majesty's Stationery Office (Cm. 110 and Cm. 112 respectively.)

(a) S.I. 1982/493.

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