
STATUTORY INSTRUMENTS

1996 No. 1462

**The Contracting-out (Transfer and
Transfer Payment) Regulations 1996**

PART II

**TRANSFERS OF AND TRANSFER PAYMENTS IN
RESPECT OF GUARANTEED MINIMUM PENSIONS**

General

2.—(1) A transfer or transfer payment from an occupational pension scheme of or in respect of the accrued rights of an earner to guaranteed minimum pensions may be made in accordance with whichever of regulations 3 to 6 is applicable and no such transfer or transfer payment may otherwise be made from such a scheme.

(2) A transfer or transfer payment from an appropriate policy of or in respect of the accrued rights of an earner to guaranteed minimum pensions which are appropriately secured may be made in accordance with whichever of regulations 3, 5 or 6 is applicable and no such transfer or transfer payment may otherwise be made from such a policy.

(3) A transfer of liability for the payment of guaranteed minimum pensions to or in respect of any person who has become entitled to them may be made from an occupational pension scheme in accordance with whichever of regulations 3^{F1}, 4 or 6A] is applicable and no such transfer may be made otherwise.

^{F2}(3A) A transfer payment from an occupational pension scheme in respect of the payment of guaranteed minimum pensions to or in respect of a person who has become entitled to them may be made in accordance with regulation 6A and no such transfer payment may be made otherwise.]

(4) In regulations 3 to ^{F3}6A] “transfer” means a transfer, of accrued rights or liability, such as is described in this regulation and “transfer payment” means a payment in respect of ^{F4}the payment of guaranteed minimum pensions or a payment in respect of] accrued rights such as is described in this regulation.

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| F1 | Words in reg. 2(3) substituted (3.7.2017) by The Contracting-out (Transfer and Transfer Payment) (Amendment) Regulations 2017 (S.I. 2017/600) , regs. 1, 2(3)(a) |
| F2 | Reg. 2(3A) inserted (3.7.2017) by The Contracting-out (Transfer and Transfer Payment) (Amendment) Regulations 2017 (S.I. 2017/600) , regs. 1, 2(3)(b) |
| F3 | Word in reg. 2(4) substituted (3.7.2017) by The Contracting-out (Transfer and Transfer Payment) (Amendment) Regulations 2017 (S.I. 2017/600) , regs. 1, 2(3)(c) |
| F4 | Words in reg. 2(4) inserted (3.7.2017) by The Contracting-out (Transfer and Transfer Payment) (Amendment) Regulations 2017 (S.I. 2017/600) , regs. 1, 2(3)(c) |

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Transfers of guaranteed minimum pensions to [^{F5}schemes that were] salary-related contracted-out schemes

3. A transfer may be made to a [^{F6}scheme that was a] salary-related contracted-out scheme if—
- (a) the earner or person concerned consents in writing;
 - (b) in the case of a transfer of the accrued rights of an earner—
 - (i) the earner is employed by an employer who is a contributor to the receiving scheme, or
 - (ii) the earner has previously been a member of the receiving scheme;
 - (c) ^{F7}... the conditions specified in paragraphs 1 to 4 of Schedule 1 are satisfied, unless the transfer is from an appropriate policy in which case the condition set out in paragraph 5 of Schedule 1 must be satisfied;
 - (d) in the case of a transfer of the accrued rights of an earner from an appropriate policy, the receiving scheme does not make provision under section 16(2) and (3) of the 1993 Act ^{M1} (revaluation of earnings factors for purposes of section 14: early leavers etc.), or any analogous provision, in relation to the rights transferred where the effect would be to increase them at a different rate from that at which they would have been increased had the transfer not taken place; and
 - (e) in the case of a transfer of liability for the payment of guaranteed minimum pensions to or in respect of a person who has become entitled to them, the transfer is from a scheme and the conditions set out in paragraph 6 of Schedule 1 are satisfied.

F5 Words in reg. 3 inserted (6.4.2016) by [The Pensions Act 2014 \(Abolition of Contracting-out for Salary Related Pension Schemes\) \(Consequential Amendments and Savings\) Order 2016 \(S.I. 2016/200\)](#), arts. 1(2), **4(3)(a)**

F6 Words in reg. 3 inserted (6.4.2016) by [The Pensions Act 2014 \(Abolition of Contracting-out for Salary Related Pension Schemes\) \(Consequential Amendments and Savings\) Order 2016 \(S.I. 2016/200\)](#), arts. 1(2), **4(3)(b)**

F7 Words in reg. 3(c) omitted (6.4.2016) by virtue of [The Pensions Act 2014 \(Abolition of Contracting-out for Salary Related Pension Schemes\) \(Consequential Amendments and Savings\) Order 2016 \(S.I. 2016/200\)](#), arts. 1(2), **4(3)(c)**

Marginal Citations

M1 Section 16(3) was amended by paragraph 28 of Schedule 5 to the Pensions Act 1995.

Connected employer transfers of guaranteed minimum pensions

4. A connected employer transfer may be made ^{F8}... subject to the conditions set out in regulation 3(c) and (e).

F8 Words in reg. 4 omitted (6.4.2013) by virtue of [The Occupational and Stakeholder Pension Schemes \(Miscellaneous Amendments\) Regulations 2013 \(S.I. 2013/459\)](#), regs. 1, **4(3)**

[^{F9}Transfer payments in respect of guaranteed minimum pensions to occupational and personal pension schemes

5. A transfer payment in respect of a guaranteed minimum pension may be made to a scheme which is not ^{F10}... an overseas scheme or overseas arrangement, if—

- (a) the earner consents in writing;
- (b) the transfer payment (whether or not it forms part of a larger payment in respect of both guaranteed minimum pensions and other rights) is of an amount at least equal to the cash equivalent of the earner's accrued rights to guaranteed minimum pensions, as calculated and verified in a manner consistent with regulations made under section 97 of the 1993 Act (calculation of cash equivalents); and—
- (c) the earner has acknowledged in writing to the transferring scheme that the earner has received a statement from the receiving scheme showing the benefits to be awarded in respect of the transfer payment, and that the earner accepts that—
 - (i) the benefits to be provided by the receiving scheme may be in a different form and of a different amount to those which would have been payable by the transferring scheme, and
 - (ii) there is no statutory requirement on the receiving scheme to provide for survivor's benefits out of the transfer payment.]

F9 Reg. 5 substituted (6.4.2012) by [The Pensions Act 2007 \(Abolition of Contracting-out for Defined Contribution Pension Schemes\) \(Consequential Amendments\) Regulations 2011 \(S.I. 2011/1245\)](#), regs. 1(2), **6(3)**

F10 Words in reg. 5 omitted (6.4.2016) by virtue of [The Pensions Act 2014 \(Abolition of Contracting-out for Salary Related Pension Schemes\) \(Consequential Amendments and Savings\) Order 2016 \(S.I. 2016/200\)](#), arts. 1(2), **4(4)**

Transfer payments in respect of guaranteed minimum pensions to overseas schemes

6. A transfer payment may be made to an overseas scheme ^[F11]or an overseas arrangement] if—
- (a) the earner consents in writing;
 - (b) the trustees of the transferring scheme have taken reasonable steps to satisfy themselves ^[F12](or, if the transfer payment is from an appropriate policy, the transferring insurance company has taken reasonable steps to satisfy itself) that^[F13], where the receiving scheme is an occupational pension scheme, the earner is in employment to which the receiving scheme applies];
 - (c) the transfer payment (whether or not it forms part of a larger payment in respect of both guaranteed minimum pensions and other rights) is of an amount at least equal to the cash equivalent of the earner's accrued rights to guaranteed minimum pensions, as calculated and verified in a manner consistent with regulations made under section 97 of the 1993 Act;
 - (d) the earner has acknowledged in writing that he accepts that the scheme ^[F14]or arrangement] to which the transfer payment is to be made may not be regulated in any way by the law of the United Kingdom and that as a consequence there may be no obligation under that law on the receiving scheme ^[F15]or arrangement] or its trustees or administrators to provide any particular value or benefit in return for the transfer payment; and
 - (e) the trustees of the transferring scheme have taken reasonable steps to satisfy themselves ^[F16](or, if the transfer payment is from an appropriate policy, the transferring insurance company has taken reasonable steps to satisfy itself) that the earner has received a statement from the receiving scheme ^[F17]or arrangement] showing the benefits to be awarded in respect of the transfer payment and the conditions (if any) on which these could be forfeited or withheld.

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- F11** Words in reg. 6 inserted (6.4.2005) by The Contracting-out, Protected Rights and Safeguarded Rights (Transfer Payment) Amendment Regulations 2005 (S.I. 2005/555), regs. 1, **2(2)(a)**
- F12** Words in reg. 6(b) inserted (6.4.1997) by The Personal and Occupational Pension Schemes (Miscellaneous Amendments) Regulations 1997 (S.I. 1997/786), reg. 1, **Sch. 1 para. 7(3)**
- F13** Words in reg. 6(b) substituted (6.4.2005) by The Contracting-out, Protected Rights and Safeguarded Rights (Transfer Payment) Amendment Regulations 2005 (S.I. 2005/555), regs. 1, **2(2)(b)**
- F14** Words in reg. 6(d) inserted (6.4.2005) by The Contracting-out, Protected Rights and Safeguarded Rights (Transfer Payment) Amendment Regulations 2005 (S.I. 2005/555), regs. 1, **2(2)(c)(i)**
- F15** Words in reg. 6(d) inserted (6.4.2005) by The Contracting-out, Protected Rights and Safeguarded Rights (Transfer Payment) Amendment Regulations 2005 (S.I. 2005/555), regs. 1, **2(2)(c)(ii)**
- F16** Words in reg. 6(e) inserted (6.4.1997) by The Personal and Occupational Pension Schemes (Miscellaneous Amendments) Regulations 1997 (S.I. 1997/786), reg. 1, **Sch. 1 para. 7(3)**
- F17** Words in reg. 6(e) inserted (6.4.2005) by The Contracting-out, Protected Rights and Safeguarded Rights (Transfer Payment) Amendment Regulations 2005 (S.I. 2005/555), regs. 1, **2(2)(d)**

[^{F18}Transfers in respect of guaranteed minimum pensions in the case of a regulated apportionment arrangement or where an assessment period has commenced

6A.—(1) This regulation applies in relation to an occupational pension scheme where—

- (a) there is an assessment period in relation to the scheme; or
- (b) a regulated apportionment arrangement has been entered into in relation to the scheme.

(2) A transfer of liability for, or a transfer payment in respect of, the payment of guaranteed minimum pensions to or in respect of a person who has become entitled to them may be made from an occupational pension scheme to which this regulation applies (“the transferring scheme”) to an occupational pension scheme which is not an overseas scheme or overseas arrangement (“the receiving scheme”) if the person to whom the pension is payable—

- (a) consents to the transfer in writing;
- (b) acknowledges in writing to the transferring scheme the receipt of a statement showing the benefits to be awarded in respect of the transfer; and
- (c) acknowledges in writing to the transferring scheme the person’s acceptance that—
 - (i) the benefits to be provided by the receiving scheme may be in a different form and of a different amount to those which would have been provided by the transferring scheme; and
 - (ii) there is no statutory requirement on the receiving scheme to provide for survivor’s benefits in relation to the transfer.]

- F18** Reg. 6A inserted (3.7.2017) by The Contracting-out (Transfer and Transfer Payment) (Amendment) Regulations 2017 (S.I. 2017/600), regs. 1, **2(4)**

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Changes and effects yet to be applied to :

- [reg-1 defn\(s\)](#). revoked by [S.I. 1999/3198 reg 2](#)

Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

- Act modified by [S.I. 1996/1977 reg.4](#)