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 S T A T U T O R Y I N S T R U M E N T S
 

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**2000 No. 1055**
**PENSIONS**
**The Pension Sharing (Safeguarded Rights)  
Regulations 2000**

<i>Made</i> - - - - -	<i>13th April 2000</i>
<i>Laid before Parliament</i>	<i>19th April 2000</i>
<i>Coming into force</i> - -	<i>1st December 2000</i>

The Secretary of State for Social Security, in exercise of the powers conferred upon him by sections 68A(5), 68B, 68D, 181(1)(a) and 182(2) and (3) of the Pension Schemes Act 1993(b) and of all other powers enabling him in that behalf, after consulting such persons as he considered appropriate(c), hereby makes the following Regulations:

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Pension Sharing (Safeguarded Rights) Regulations 2000 and shall come into force on 1st December 2000.

(2) In these Regulations—

“the 1993 Act” means the Pension Schemes Act 1993;

“the 1999 Act” means the Welfare Reform and Pensions Act 1999;

“the Pension Credit Benefit Regulations” means the Pension Sharing (Pension Credit Benefit) Regulations 2000(d);

“appropriate scheme” and “appropriate personal pension scheme” shall be construed in accordance with section 9(5) of the 1993 Act(e);

“guaranteed minimum pension” has the meaning given by section 8(2) of the 1993 Act(f);

“the Inland Revenue” means the Commissioners of Inland Revenue;

“interim arrangement” means an interim arrangement which complies with section 28A of the 1993 Act(g), and satisfies the conditions specified in regulation 6 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996(h);

“member” means member of an occupational pension scheme or a personal pension scheme;

“money purchase contracted-out scheme” has the meaning given by section 8(1)(a)(ii) of the 1993 Act;

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(a) Section 181(1) is cited because of the meaning there given to “prescribed” and “regulations”.

(b) 1993 c. 48. Sections 68A, 68B and 68D are inserted by section 36 of the Welfare Reform and Pensions Act 1999 (c. 30).

(c) See section 83(11) of the Welfare Reform and Pensions Act 1999.

(d) S.I. 2000/1054.

(e) Section 9 was amended by section 136 of, and paragraph 24 of Schedule 5 and Part III of Schedule 7 to, the Pensions Act 1995, and paragraph 35 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2).

(f) Section 8 was amended by section 136(2) of, and paragraph 23 of Schedule 5 to, the Pensions Act 1995 and paragraph 126 of Schedule 7 to the Social Security Act 1998 (c. 14). See also regulations 6 and 7 of S.I. 1996/1461 and regulation 12 of S.I. 1996/1462.

(g) Section 28A is inserted by section 143 of the Pensions Act 1995.

(h) S.I. 1996/1537, amended by S.I. 1997/786 and S.I. 1999/3198.

- “normal benefit age” has the meaning given by section 101B of the 1993 Act(a);
- “occupational pension scheme” has the meaning given by section 1 of the 1993 Act;
- “personal pension scheme” has the meaning given by section 1 of the 1993 Act(b);
- “pension credit” means a credit under section 29(1)(b) of the 1999 Act;
- “pension credit benefit” has the meaning given by section 101P(1) of the 1993 Act(c);
- “protected rights” has the meaning given by section 10 of the 1993 Act(d);
- “salary related contracted-out scheme” has the meaning given by section 8(1)(a)(i) of the 1993 Act(e);
- “section 9(2B) rights” has the same meaning as in regulation 1(2) of the Occupational Pension Schemes (Contracting-out) Regulations 1996(f);
- “trustees or managers” has the meaning given by section 46(1) of the 1999 Act.

### Definition of contracted-out rights

2. For the purposes of section 68A(5) of the 1993 Act (safeguarded rights) “contracted-out rights” are such rights, under or derived from an occupational pension scheme, or an appropriate personal pension scheme, as fall within the following categories—

- (a) entitlement to payment of, or accrued rights to, guaranteed minimum pensions;
- (b) protected rights;
- (c) section 9(2B) rights; or
- (d) any of the rights in sub-paragraph (a), (b) or (c) above which themselves derive from any of those rights which have been the subject of a transfer payment.

### Requirements for schemes holding safeguarded rights

3.—(1) The trustees or managers of a money purchase contracted-out scheme, a salary related contracted-out scheme, or an appropriate scheme may hold safeguarded rights under the scheme, if the scheme has satisfied the requirements—

- (a) in these Regulations for the preservation of safeguarded rights under the scheme; or
- (b) in regulations 16 to 19 of the Pension Credit Benefit Regulations (transfers of safeguarded rights), for the transfer of safeguarded rights under the scheme.

(2) The trustees or managers of an occupational pension scheme which has ceased to contract out or a personal pension scheme which has ceased to be an appropriate scheme may hold safeguarded rights under the scheme if the Inland Revenue has approved the arrangements made, or to be made, in relation to the scheme, or for the scheme’s purposes, for the preservation or transfer of safeguarded rights under the scheme.

(3) The arrangements referred to in paragraph (2) in respect of an occupational pension scheme shall not be approved by the Inland Revenue unless the conditions specified in paragraph (4) or (5) are satisfied.

(4) To the extent that the arrangements concern the transfer or discharge of safeguarded rights, the Inland Revenue must be satisfied that such arrangements will be completed within 2 years of the date of cessation or such later date as the Inland Revenue may specify in relation to a particular case or class of case.

(5) To the extent that the arrangements concern the preservation of safeguarded rights within the scheme, the scheme must comply with the requirements of sub-paragraph (a) or (b), as the case may be—

- (a) in the case of a salary related contracted-out scheme, the scheme must continue to satisfy the requirements of section 9(2) of the 1993 Act and any regulations which would apply to that scheme by reason of it being a scheme to which section 9(2) of that Act relates, other than section 9(2B)(a) of that Act (requirement to comply with section 12A of that Act) and any regulations which relate to compliance with that

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(a) Section 101B is inserted by section 37 of the Welfare Reform and Pensions Act 1999.

(b) The definition of “personal pension scheme” is amended by paragraph 3(1)(a) of Schedule 2 to the Welfare Reform and Pensions Act 1999.

(c) Section 101P is inserted by section 37 of the Welfare Reform and Pensions Act 1999.

(d) Section 10 was amended by paragraph 25 of Schedule 5 to the Pensions Act 1995, and by paragraph 36 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999.

(e) Section 8(1)(a)(i) was substituted by section 136(2) of the Pensions Act 1995.

(f) S.I. 1996/1172. The relevant amending instrument is S.I. 1997/786.

section, and the scheme must contain a protection rule within the meaning given to that expression in regulation 45(3A) of the Occupational Pension Schemes (Contracting-out) Regulations 1996(a) (approval of arrangements for schemes ceasing to be contracted-out);

- (b) in the case of a money purchase contracted-out scheme, the scheme must continue to satisfy the requirements of section 9(3) of that Act and any regulations which apply to the scheme by reason of it being a scheme to which section 9(3) of that Act relates.

#### **Identification of safeguarded rights**

4. Where the rules of an occupational pension scheme or appropriate scheme make such provision as is mentioned in section 68A(2) of the 1993 Act (safeguarded rights), the rules must require the trustees or managers to make provision for the identification of safeguarded rights.

#### **Valuation of safeguarded rights in money purchase schemes**

5. Where the rules of a money purchase contracted-out scheme, an appropriate scheme or a scheme which has ceased to be a contracted-out scheme or an appropriate scheme make such provision as is mentioned in section 68A(2) of the 1993 Act, the value of the safeguarded rights must be calculated in a manner no less favourable than that in which the value of—

- (a) any other rights which the member with safeguarded rights has under that scheme or, as the case may be, has accrued under that scheme up to the date that the scheme ceased to be a contracted-out scheme or an appropriate scheme; and
- (b) any protected rights under the scheme from which the member's safeguarded rights are derived.

#### **Ways of giving effect to safeguarded rights—money purchase schemes**

6.—(1) The rules of a scheme must provide for effect to be given to the safeguarded rights of a member—

- (a) either by the provision of a pension or the purchase of an annuity which satisfies the requirements specified in—
  - (i) paragraph (4) or (5), as the case may be; and
  - (ii) regulation 7 (the pension and annuity requirements—money purchase schemes); or
- (b) in any other case, in such of the ways provided for by the following paragraphs as the rules may specify.

(2) Where the scheme provides for the member to elect to receive payments in accordance with this paragraph, and the member so elects, effect shall be given to his safeguarded rights during the interim period by the making of payments under an interim arrangement which—

- (a) complies with the requirements of section 28A(1), (3), (4) and (5) and 28B of the 1993 Act (requirements for interim arrangements and information about interim arrangements)(b), except insofar as those provisions concern payments to be made to the member's widow or widower; and
- (b) satisfies the conditions prescribed in regulations 6 and 7 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996(c) (interim arrangements and payments made under interim arrangements), except insofar as those provisions concern payments to be made to the member's widow, widower, a person in accordance with directions given by the member, or to the member's estate, in the event of the death of the member,

as if references in those provisions to protected rights were to safeguarded rights.

(3) Where paragraph (2) applies, paragraphs (4) to (7), and regulations 7 and 8 (the pension and annuity requirements—money purchase schemes, and insurance companies that may provide safeguarded rights by way of annuities) apply in order to give effect to the member's safeguarded rights from the end of the period referred to in paragraph (2).

(a) S.I. 1996/1172. Regulation 45 was amended by and paragraph (3A) inserted by regulation 3(b) of S.I. 1997/819.

(b) Sections 28A and 28B were inserted by section 143 of the Pensions Act 1995. Section 28B was amended by paragraph 41 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999.

(c) S.I. 1996/1537 as amended by S.I. 1997/786.

(4) Effect may be given to safeguarded rights by the provision by the scheme of a pension, or, subject to paragraph (5), an annuity, which complies with the requirements of regulations 7 and 8 of these Regulations and regulations 32 and 33 of the Pension Credit Benefit Regulations (increase of relevant pension and annual increase in rate of pension: qualifying occupational and personal pension schemes), provided that—

- (a) the pension or annuity gives effect to all the safeguarded rights of the member, and the terms on which the pension is provided, or the terms of the purchase of the annuity—
    - (i) satisfy the requirements of sub-paragraphs (b) to (d);
    - (ii) make no provision other than such as is necessary to establish what the initial rate and the method of payment of the pension or annuity are to be, and that it shall continue to be paid throughout the lifetime of the member; and
    - (iii) make no provision other than such as is necessary to satisfy the requirements of sub-paragraphs (b) to (d);
  - (b) the rate of the pension or annuity is determined without regard to the sex of the member;
  - (c) except with the consent of the member, the pension or annuity, if paid in arrears, is paid no less frequently than by monthly instalments; and
  - (d) the pension or annuity is paid no less frequently than by annual instalments.
- (5) Where paragraph (4) applies, an annuity may be provided if—
- (a) the rules of the scheme do not provide for a pension; or
  - (b) the member so elects.

(6) Effect may be given to safeguarded rights by the making of a transfer payment in such circumstances and subject to such conditions as are prescribed in regulations 16 to 19 and regulation 24 of the Pension Credit Benefit Regulations (manner of calculation and verification of cash equivalents) in the case of a money purchase contracted-out scheme, an appropriate scheme, or a scheme which has ceased to be a contracted-out scheme or an appropriate scheme—

- (a) to another money purchase contracted-out scheme or to a salary related contracted-out scheme, if the person with safeguarded rights is an active member of such a scheme; or
- (b) to an appropriate scheme,

where the scheme to which the payment is made satisfies the requirements prescribed in regulation 22 of the Pension Credit Benefit Regulations (requirements to be met by an eligible scheme).

(7) Effect may be given to safeguarded rights by the provision of a lump sum in accordance with the provisions of regulation 3 or 4 of the Pension Credit Benefit Regulations (commutation of the whole or part of pension credit benefit).

- (8) If the member has died—
- (a) after having elected to receive payments in accordance with paragraph (2); or
  - (b) without effect being given to safeguarded rights under paragraph (3), (4), (5), (6) or (7),

effect may be given to those rights by the payment, as soon as practicable, of the value of the member's safeguarded rights, or the balance of the value of those rights, as the case may be, to or for the benefit of any person in accordance with directions given by the member in writing, or to the member's estate.

(9) The rules of a scheme may provide for effect to be given to the safeguarded rights of a member by making payments to—

- (a) the widow or widower of the member;
- (b) another person in accordance with a direction given by the member; or
- (c) in any other case, to the member's estate,

if the member dies after he has become entitled to the payment of benefit derived from his safeguarded rights.

(10) In this regulation—

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

“scheme” means a money purchase contracted-out scheme or an appropriate scheme;

“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 elects to terminate the interim arrangement, and that date must not be later than the member’s 75th birthday.

### **The pension and annuity requirements—money purchase schemes**

7.—(1) For the purposes of regulation 6(4) (ways of giving effect to safeguarded rights—money purchase schemes) the pension requirements are those specified in paragraph (2), and the annuity requirements are those specified in paragraphs (3) and (5).

(2) A pension complies with the pension requirements if in the case of a money purchase contracted-out scheme or an appropriate scheme it commences on a date not earlier than the member’s 60th birthday, and 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.

(3) An annuity complies with the annuity requirements if—

- (a) it commences on a date not earlier than the member’s 60th birthday, and 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; and
- (b) it is provided by an insurance company which—
  - (i) satisfies the conditions specified in regulation 8 (insurance companies that may provide safeguarded rights by way of annuities); and
  - (ii) subject to paragraphs (5) and (6), has been chosen by the member.

(4) Where the member has elected under regulation 6(2) to receive payments under an interim arrangement—

- (a) in the case of a money purchase contracted-out scheme, a pension or annuity; or
- (b) in the case of an appropriate scheme, an annuity,

must commence on the termination date and must continue until the date of the member’s death.

(5) A member is only to be taken to have chosen an insurance company if he gives notice of his choice to the trustees or managers of the scheme—

- (a) within a period of 5 months (or such longer period as the rules of the scheme may allow) beginning on the date which is 6 months earlier than that on which he will attain the age referred to in the following provisions of this sub-paragraph, as the case may be, where the trustees or managers of the scheme know of no reason to suppose that the pension or annuity will not commence on the date on which the member will attain—
  - (i) in the case of a money purchase contracted-out scheme the normal benefit age if that age is not less than 60 years; or
  - (ii) in the case of an appropriate scheme, the agreed age at which he is entitled to receive benefits under the scheme if that age is not less than 60 years; and
- (b) in any other case—
  - (i) if the date of the agreement in respect of when the pension or annuity is to commence (“the date of agreement”) is more than one month before the agreed date for commencement of payment (“the agreed date”), within a period beginning on the date of agreement and ending one month before the agreed date; and
  - (ii) on the date of agreement if that date is not more than one month before the agreed date,or such longer period as the rules of the scheme may allow.

(6) If a member fails to give notice of his choice of insurance company in accordance with paragraph (5), the trustees or managers of the scheme may choose the insurance company instead.

### **Insurance companies that may provide safeguarded rights by way of annuities**

8.—(1) A money purchase contracted-out scheme or an appropriate scheme may only discharge its liability in respect of safeguarded rights in accordance with regulation 6(4) above if the annuity is provided by an insurance company which satisfies the conditions set out in paragraphs (2) to (4) below.

(2) The insurance company must be—

- (a) authorised under section 3 or 4 of the Insurance Companies Act 1982(a) (authorisation of insurance business) to carry on long term business (within the meaning of section 1 of that Act(b) (classification)); or
- (b) in the case of a friendly society, authorised under section 32 of the Friendly Societies Act 1992(c) (grant of authorisation by Commission: general) to carry out long term business under any of the Classes specified in Head A of Schedule 2 to that Act (the activities of a friendly society: long term business); or
- (c) an EC company as defined in section 2(6) of the Insurance Companies Act 1982(d) (restriction on carrying on insurance business), and which falls within this subparagraph if it—
  - (i) carries on ordinary long-term insurance business (within the meaning of section 96(1) of that Act(e)) in the United Kingdom through a branch in respect of which such of the requirements of Part I of Schedule 2F to that Act(f) (recognition in the United Kingdom of EC and EFTA companies: EC companies carrying on business etc. in the United Kingdom) as are applicable have been complied with; or
  - (ii) provides ordinary long term insurance in the United Kingdom and such of the requirements of Part I of Schedule 2F to that Act as are applicable have been complied with in respect of insurance.

(3) The insurance company must offer annuities with a view to purchase of those annuities by money purchase contracted-out schemes or appropriate schemes in order to give effect to the safeguarded rights of their members, without having regard to the sex of the members either in making the offers or in determining the rates at which the annuities are paid.

(4) Where the annuities are issued by a friendly society as described in paragraph (2)(b), the insurance company must provide that the terms of the annuities are not capable of being amended, revoked or rescinded.

### **Ways of giving effect to safeguarded rights—salary related schemes**

9.—(1) The rules of a salary related contracted-out scheme which satisfy the requirements of section 9(2B) of the 1993 Act(g) must provide for effect to be given to the safeguarded rights of a member by the provision of a pension for life except where the circumstances specified in paragraph (2), (3) or (4) apply.

(2) The circumstances specified in this paragraph are that the member consents to a transaction by which the trustees or managers of the scheme are to discharge their liability in respect of safeguarded rights and the transaction to discharge the liability satisfies all the conditions specified in paragraphs (6) and (7).

(3) The circumstances specified in this paragraph are that a transfer payment may be made in such circumstances and subject to such conditions as are prescribed in regulations 16 to 19 and regulation 24 of the Pension Credit Benefit Regulations in the case of a salary related contracted-out scheme—

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(a) 1982 c. 50, as amended by the European Economic Area Act 1993 (c. 51).

(b) Section 1 was amended by S.I. 1990/1159.

(c) 1992 c. 40. Section 32 was amended by S.I. 1994/1984.

(d) Section 2 was amended by regulation 2(a) of S.I. 1987/2130, section 300(2) of, and paragraph 31 of Schedule 2 to the Trade Union and Labour Relations (Consolidation) Act 1992 (c. 52), regulation 4(2) of S.I. 1994/1696 and regulation 3(1) of S.I. 1994/3132.

(e) There are amendments to section 96(1) which are not relevant to these Regulations.

(f) Schedule 2F was inserted by S.I. 1996/1696.

(g) Section 9(2B) was inserted by section 136(3) of the Pensions Act 1995, and was amended by paragraph 35(2)(a) and (b) of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999.

- (a) to another salary related contracted-out scheme or to a money purchase contracted-out scheme, if the person with safeguarded rights is an active member of such a scheme; or
- (b) to an appropriate scheme,

where the scheme to which the payment is made satisfies the requirements prescribed in regulation 22 of the Pension Credit Benefit Regulations.

(4) The circumstances specified in this paragraph are that effect may be given to safeguarded rights by the provision of a lump sum in accordance with the provisions of regulation 6 of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000<sup>(a)</sup> (discharge of liability in respect of a pension credit following the death of the person entitled to the pension credit), or regulation 3 or 4 of the Pension Credit Benefit Regulations.

- (5) For the purposes of paragraph (2) “transaction” means—
  - (a) the taking out of an insurance policy or a number of such policies;
  - (b) the entry into an annuity contract or a number of such contracts; or
  - (c) the transfer of pensions and accrued rights to such a policy or policies or such a contract or contracts.

(6) The insurance policy or annuity contract must be taken out or entered into with an insurance company such as is described in regulation 8(2).

(7) The insurance policy or annuity contract must contain provision to the effect, or must be endorsed so as to provide that—

- (a) the benefits secured under the policy or contract shall become payable with the beneficiary’s consent, and the beneficiary—
  - (i) has reached normal benefit age; or
  - (ii) is suffering from an incapacity or serious ill health prior to normal benefit age;
- (b) any rights of a beneficiary to a payment under the policy or contract which derive from a pension or accrued rights under the salary related contracted-out scheme shall be treated as if this regulation were applicable to them; and
- (c) any increase in accordance with regulation 32 of the Pension Credit Benefit Regulations (increase of relevant pension) which would have been applied to the benefits derived from safeguarded rights which have become secured or been replaced by the annuity contract or insurance policy, is applied to them.

(8) The rules of a salary related contracted-out scheme may provide for effect to be given to the safeguarded rights of a member by making payments to—

- (a) the widow or widower of the member;
- (b) another person in accordance with a direction given by the member; or
- (c) in any other case, to the member’s estate,

if the member dies after he has become entitled to the payment of benefit derived from his safeguarded rights.

- (9) For the purposes of paragraph (7)—
  - “beneficiary” means a member of a salary related contracted-out scheme, in respect of whose safeguarded rights the trustees or managers of that scheme have discharged their liability by entering into an insurance policy or an annuity contract;
  - “incapacity” means physical or mental deterioration which is sufficiently serious to prevent a person from following his normal employment or which seriously impairs his earning capacity;
  - “serious ill health” has the same meaning as in regulation 3(5) of the Pension Credit Benefit Regulations.

#### **Payable age in salary related contracted-out schemes**

**10.** In respect of pension credit benefit arising out of safeguarded rights, schemes must provide for pension credit benefit to be paid by reference to an age which is equal for men and women and which—

- (a) in the case of a scheme which is exempt approved within the meaning of section 592(1)

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(a) S.I. 2000/1053.

of the Income and Corporation Taxes Act 1988(a) (tax reliefs: exempt approved schemes) or a scheme which has applied for such approval which has not yet been determined, is permitted under the rules of that scheme in accordance with that approval; or

- (b) in the case of a relevant statutory scheme within the meaning of section 611A of the Income and Corporation Taxes Act 1988(b) (definition of relevant statutory scheme), is permitted under the regulations or rules governing the scheme as a relevant statutory scheme.

### **Investment and resources of safeguarded rights**

**11.** All payments made in respect of safeguarded rights which are paid to a money purchase contracted-out scheme in respect of one of its members must be applied so as to provide money purchase benefits for or in respect of that member except so far as they are used—

- (a) to defray the administrative expenses of the scheme, including the administration costs incurred by the scheme in respect of which the scheme may levy a charge in accordance with the Pensions on Divorce etc. (Charging) Regulations 2000(c), insofar as those costs relate to pension sharing in that member's case; or
- (b) to pay commission.

### **Suspension and forfeiture of safeguarded rights**

**12.**—(1) Except in the circumstances referred to in paragraphs (2) and (3), the rules of an occupational or personal pension scheme must not permit the suspension or forfeiture of a member's safeguarded rights or of payments giving effect to them.

(2) The circumstances in which the rules of an occupational or personal pension scheme may provide for payments giving effect to a member's safeguarded rights to be suspended are those described in paragraph (1) of regulation 9 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996 (suspension of payments giving effect to protected rights), as if in that regulation—

- (a) the reference to section 32 of the 1993 Act (suspension or forfeiture) was to this regulation; and
- (b) the references to protected rights were to safeguarded rights.

(3) The circumstances in which the rules of an occupational or personal pension scheme may provide for payments giving effect to a member's safeguarded rights to be forfeited are those described in paragraph (2) of regulation 9 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996 (forfeiture of payments giving effect to protected rights), as if in that regulation—

- (a) the reference to section 32 of the 1993 Act was to this regulation; and
- (b) the references to protected rights were to safeguarded rights.

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

13th April 2000

*Jeff Rooker*  
Minister of State,  
Department of Social Security

(a) 1988 c. 1.

(b) Section 611A(1) was inserted by section 75 of, and paragraphs 1, 15 and 18(1) of Part I of Schedule 6 to, the Finance Act 1989 (c. 26).

(c) S.I. 2000/1049.



## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations provide for the treatment of safeguarded rights by pension arrangements once a pension has been shared.

Regulation 1 provides for citation, commencement and interpretation of the Regulations.

Regulation 2 defines contracted-out rights.

Regulation 3 describes the requirements to be satisfied by schemes holding safeguarded rights.

Regulation 4 provides for the identification of safeguarded rights.

Regulation 5 sets out how safeguarded rights in money purchase schemes are to be valued.

Regulation 6 describes the ways of giving effect to safeguarded rights in money purchase schemes.

Regulation 7 describes the requirements which pensions and annuities provided by money purchase schemes must meet in order for them to be used to give effect to safeguarded rights.

Regulation 8 sets out the conditions which an insurance company must satisfy if it is to provide an annuity in order to give effect to safeguarded rights.

Regulation 9 describes the ways of giving effect to safeguarded rights in salary related schemes.

Regulation 10 sets out the payable age in respect of safeguarded rights in salary related contracted-out schemes.

Regulation 11 sets out how payments made in respect of safeguarded rights should be invested and used.

Regulation 12 specifies the circumstances in which payments in respect of safeguarded rights may be suspended or forfeited.

An assessment of the cost to business of the provisions of the Welfare Reform and Pensions Act 1999, including these Regulations, is detailed in the Regulatory Impact Assessment for that Act. A copy of this Assessment has been placed in the libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Social Security, Pensions on Divorce, 3rd Floor, The Adelphi, 1-11 John Adam Street, London WC2N 6HT.

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**S T A T U T O R Y   I N S T R U M E N T S**

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