

2006 No. 1337

PENSIONS

**The Occupational Pension Schemes (Contracting-out)
(Amendment) Regulations 2006**

<i>Made</i> - - - -	<i>16th May 2006</i>
<i>Laid before Parliament</i>	<i>23rd May 2006</i>
<i>Coming into force</i> - -	<i>14th June 2006</i>

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred upon him by sections 21(1), 181(1) and 182(2) and (3) of the Pension Schemes Act 1993(a).

In accordance with section 185(1)(b) of the Pension Schemes Act 1993 he has consulted such persons as he considers appropriate.

Citation and commencement

1. These Regulations may be cited as the Occupational Pension Schemes (Contracting-out) (Amendment) Regulations 2006 and shall come into force on 14th June 2006.

Amendment of the Occupational Pension Schemes (Contracting-out) Regulations 1996

2.—(1) The Occupational Pension Schemes (Contracting-out) Regulations 1996(c) shall be amended as follows.

(2) In regulation 60(d) (payment of a guaranteed minimum pension as a lump sum)—

(a) in paragraph (1)(b) in head (i)(aa), for “of that Part” substitute “of Part 1 of Schedule 29 to that Act”;

(b) after paragraph (2) add—

“(3) Subject to paragraph (4), for the purposes of section 21(1) of the 1993 Act further circumstances are where the payment of a lump sum—

(a) is authorised under section 164 of the Finance Act 2004;

(b) is permitted by the lump sum rule in section 166 of that Act; and

(c) qualifies as a serious ill-health lump sum for the purposes of paragraph 4 of Part 1 of Schedule 29 to that Act.

(4) Where—

(a) 1993 c.48; section 21(1) was substituted by section 284(1) of the Pensions Act 2004 (c.35). Section 181(1) is cited because of the meaning there given to “prescribed” and “regulations”.

(b) Section 185(1) was amended by paragraph 80(a) of Schedule 5 and Part 1 of Schedule 7 to the Pensions Act 1995 (c.26).

(c) S.I. 1996/1172.

(d) Regulation 60 was substituted by article 8(10) of S.I. 2006/744.

- (a) under the scheme, an earner qualifies for a lump sum payment on the ground of serious ill-health; and
 - (b) the scheme also provides for the payment of a guaranteed minimum pension to the widow, widower or surviving civil partner of the earner (“a survivor’s pension”),
- the scheme must continue to include provision for a survivor’s pension notwithstanding the payment of a lump sum to the earner.”.

Signed by authority of the Secretary of State for Work and Pensions.

16th May 2006

James Purnell
Minister of State,
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Occupational Pension Schemes (Contracting-out) Regulations 1996 (S.I. 1996/1172) (“the principal Regulations”).

Regulation 2 amends regulation 60 of the principal Regulations to provide for the payment of a lump sum instead of a guaranteed minimum pension where the payment qualifies as a serious ill-health lump sum payment under the Finance Act 2004 (c.12).

These Regulations have only a negligible impact on the cost or savings of business, charities or the voluntary sector. Publication of a full Regulatory Impact Assessment is not necessary for such legislation.

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