
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend section 18 of the Pensions Act 2007 and the Financial Assistance Scheme Regulations 2005 (S.I. 2005/1986, as amended) (“the FAS Regulations”), which provide for payments to be made to, or in respect of, certain members or former members (or their survivors) of certain occupational pension schemes where the liabilities of the scheme to those people are unlikely or unable to be satisfied in full.

Part 2 amends section 18 of the Pensions Act 2007 to increase from 0.8 to 0.9 the fraction used to calculate the amount of a person’s initial payment.

Part 3 amends the FAS Regulations. In particular, it—

- (a) increases from 0.8 to 0.9 the fraction used in the calculation of annual payments and initial payments;
- (b) changes the date from which qualifying members (who are not terminally ill or members by virtue of regulation 15(5) of the FAS Regulations) are entitled to financial assistance scheme payments from the later of 14 May 2004 and age 65 to the later of 14 May 2004 and normal retirement age (normal retirement age is subject to a lower limit of 60 and an upper limit of 65);
- (c) makes changes to payments to members who are qualifying members by virtue of regulation 15(5) of the FAS Regulations, to provide that such payments start from the later of 14 May 2004 and the date on which such members would have been entitled to payments under scheme rules and end when payments to them would have ceased under scheme rules;
- (d) makes a corresponding change so that a request for initial payments can be made from one year before normal retirement age for qualifying members or at any time where the member is regarded as a qualifying member under regulation 15(5) of the FAS Regulations;
- (e) makes changes to the way payments are revalued.

Part 4 makes a transitional provision providing that the FAS Regulations and section 18 of the Pensions Act 2007 continue to have effect as if these Regulations had not been made in certain cases where the previous provisions result in higher annual payments or higher initial payments.

Before making these Regulations the Secretary of State consulted such persons as he considers appropriate.

An impact assessment has not been published for this instrument as it has only a negligible impact on business, charities and voluntary bodies.