1987 No. 277

SOCIAL SECURITY

The Contracting-out (Transfer) (Amendment) Regulations (Northern Ireland) 1987

Made	*10th July 1987*
Coming into operation—	
for the purposes of all the regulations to the extent that they relate to money purchase contracted-out schemes	*6th April 1988*
for all other purposes	*27th July 1987*

The Department of Health and Social Services, in exercise of the powers conferred on it by Articles 40(1) to (1C) and 71(4) of the Social Security Pensions (Northern Ireland) Order 1975(**a**) and of all other powers enabling it in that behalf, hereby makes the following regulations:

Citation, commencement and interpretation

1.—(1) These regulations may be cited as the Contracting-out (Transfer) (Amendment) Regulations (Northern Ireland) 1987 and shall come into operation—

(*a*) for all purposes in relation to money purchase contracted-out schemes on 6th April 1988; and

(*b*) for all other purposes on 27th July 1987.

(2) In these regulations "the principal regulations" means the Contracting-out (Transfer) Regulations (Northern Ireland) 1985(**b**).

Amendment of regulation 1(2) of the principal regulations

2.—(1) Regulation 1(2) of the principal regulations (interpretation) shall be amended in accordance with paragraphs (2) to (8).

(2) After the definition of "the Pensions Order" there shall be inserted the following definitions—

" "appropriate personal pension scheme" shall be construed in accordance with Part II of the Social Security (Northern Ireland) Order 1986(**c**);

(**a**) S.I. 1975/1503 (N.I. 15); Article 40(1) was substituted by paragraph 9 of Schedule 9 to the Social Security (Northern Ireland) Order 1986 (S.I. 1986/1888 (N.I. 18)) and paragraphs (1A) to (1C) of Article 40 were inserted by Article 13(1) of the Health and Social Security (Northern Ireland) Order 1984 (S.I. 1984/1158 (N.I. 8))

(**b**) S.R. 1985 No. 243; the relevant amending regulations are S.R. 1986 No. 342

(**c**) S.I. 1986/1888 (N.I. 18)

"appropriate policy" means a policy of insurance or an annuity contract such as is described in Article 53C(4)(**a**);

"protected rights" has the meaning given by Schedule 1 to the Social Security (Northern Ireland) Order 1986, or where the rights are under a money purchase contracted-out scheme(**b**), or an Article 50(**c**) money purchase scheme, that Schedule as modified by Article 34(2B)(**d**);".

(3) For the definition of "scheme" there shall be substituted the following definition—

" "scheme" means occupational pension scheme or personal pension scheme;".

(4) After the definition of "scheme" there shall be inserted the following definitions—

" "Article 50 money purchase scheme" means a scheme which was formerly a money purchase contracted-out scheme and which the Occupational Pensions Board are under a duty to supervise in accordance with Article 50;

"Article 50 salary related scheme" means a scheme which was formerly a contracted-out salary related scheme and which the Occupational Pensions Board are under a duty to supervise in accordance with Article 50;

"contracted-out salary related scheme" means an occupational pension scheme which is contracted-out by virtue of Article 34(2)(**d**);".

(5) In the definition of "overseas scheme" for "a scheme" there shall be substituted "an occupational pension scheme which is neither one contracted-out by virtue of Article 34(**d**) nor one which the Occupational Pensions Board is under a duty to supervise in accordance with Article 50, and".

(6) In the definition of "receiving scheme"—

(*a*) after "regulation 2" there shall be inserted ", or 2A,";

(*b*) after "Article 46" there shall be inserted ", or to which a transfer payment in respect of rights is made in accordance with regulation 2B".

(7) For the definition of "transferring scheme" there shall be substituted the following definition—

" "transferring scheme" means—

(*a*) a contracted-out salary related scheme; or

(*b*) an Article 50 salary related scheme,

(**a**) Article 53C was inserted by paragraph 2 of Schedule 1 to the Social Security (Northern Ireland) Order 1985 (S.I. 1985/1209 (N.I. 16)) and amended by paragraph 17 of Schedule 9 to the Social Security (Northern Ireland) Order 1986

(**b**) *See* Article2(2) of the Social Security Pensions (Northern Ireland) Order 1975 as amended by paragraph 2(*b*) of Schedule 2 to the Social Security (Northern Ireland) Order 1986

(**c**) Article 50 is extended by Article 11(6) of, and amended by paragraph 10 of Schedule 2 to, paragraph 15 of Schedule 9 to, and Schedule 10, to the Social Security (Northern Ireland) Order 1986

(**d**) Article 34 is amended by paragraph 13 of Schedule 4 to the Social Security (Northern Ireland) Order 1982 (S.I. 1982/1084 (N.I. 16)), paragraph 6 of Schedule 2 to, and paragraph 7 of Schedule 9 to, the Social Security (Northern Ireland) Order 1986. *See also* Article 11(4)(*b*) of the Social Security (Northern Ireland) Order 1986

from which rights are, or liability is, transferred, or from which a transfer payment is made to a receiving scheme;''.

(8) After the definition of ''transferring scheme'' there shall be inserted the following definition—

'' ''transferring policy'' means an appropriate policy from which accrued rights to guaranteed minimum pensions are transferred, or from which a transfer payment is made, to a receiving scheme;''.

Amendment of regulation 2 of the principal regulations and of the heading to that regulation

3.—(1) In the heading to regulation 2 of the principal regulations (transfers of accrued rights to and liability for payment of guaranteed minimum pensions from contracted-out schemes) for ''contracted-out schemes'' there shall be substituted ''contracted-out salary related schemes and Article 50 salary related schemes''.

(2) Regulation 2 of the principal regulations shall be amended as follows—

(*a*) in paragraph (1)—

(i) for ''contracted-out scheme'' there shall be substituted ''contracted-out salary related scheme or an Article 50 salary related scheme'', and

(ii) for ''in paragraphs (2) to (5)'' there shall be substituted ''in paragraphs (2) to (5A)'';

(*b*) in paragraphs (2), (4) and (5) for ''another contracted-out scheme'' there shall be substituted ''a contracted-out salary related scheme or to an Article 50 salary related scheme'';

(*c*) in paragraph (3)—

(i) for ''to a scheme which is not a contracted-out scheme'' there shall be substituted ''to an overseas scheme'', and

(ii) there shall be omitted ''in either of the paragraphs''; and

(*d*) after paragraph (5) there shall be inserted the following paragraph—

''(5A) A transfer to an Article 50 salary related scheme may be made where it is approved by the Occupational Pensions Board whether or not subject to conditions.''.

Insertion of regulations 2A and 2B into the principal regulations

4. After regulation 2 of the principal regulations there shall be inserted the following regulations—

''*Transfer of accrued rights to guaranteed minimum pensions from policies of insurance or annuity contracts*

2A.—(1) There may be made from an appropriate policy to a contracted-out salary related scheme or to an Article 50 salary related scheme a transfer in respect of an earner's accrued rights to guaranteed minimum pensions which are appropriately secured by that policy for the purposes of Article 53C, in the circumstances set out in paragraph (2) and subject to the conditions mentioned in paragraphs (3) to (5), and in paragraphs (2) to (5) ''a transfer'' means a transfer such as is described in this paragraph.

(2) A transfer may be made—

(*a*) to a contracted-out salary related scheme; or

(*b*) to an Article 50 salary related scheme,

where the earner has consented to it in writing and has entered employment with an employer who is, or in the case of a transfer to an Article 50 salary related scheme is or was, a contributor to the scheme.

(3) The receiving scheme must not make provision under Article 37(7)(**a**) (exclusion of guaranteed minimum pension from revaluation under Article 23), or any analogous provision, in relation to those rights 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 have taken place.

(4) Subject to paragraph (3), where the earner has not entered employment which is contracted-out by reference to the receiving scheme, then that scheme must provide for pensions to be paid which are of at least equal value to the annuity which would have been payable by the transferring policy, had the transfer not have taken place, in respect of the earner's accrued rights to guaranteed minimum pensions.

(5) A transfer to an Article 50 salary related scheme may be made where it is approved by the Occupational Pensions Board, whether or not subject to conditions.

Transfer payments in respect of accrued rights to guaranteed minimum pensions made from contracted-out salary related schemes, Article 50 salary related schemes and policies of insurance or annuity contracts

2B.—(1) There may be made from a contracted-out salary related scheme, an Article 50 salary related scheme or an appropriate policy to a money purchase contracted-out scheme, to an Article 50 money purchase scheme or to an appropriate personal pension scheme, a transfer payment in respect of the accrued rights of an earner to—

(*a*) guaranteed minimum pensions under the transferring scheme; or

(*b*) guaranteed minimum pensions which are appropriately secured for the purposes of Article 53C under the transferring policy,

in the circumstances and subject to the conditions mentioned in paragraphs (2) to (4), and in those paragraphs a "transfer payment" means a transfer payment such as is described in this paragraph.

(2) A transfer payment may be made to a money purchase contracted-out scheme—

(*a*) in the circumstances described in paragraphs 1 and 2 of Schedule 1A; and

(*b*) on the conditions specified in paragraphs 1 and 2 of Schedule 2A.

(3) A transfer payment may be made to an Article 50 money purchase scheme—

(a) Article 37(7) was amended by paragraph 19(*b*) of Schedule 3 to the Social Security (Northern Ireland) Order 1979 (S.I. 1979/396 (N.I. 5)) and by paragraph 2(1) of Schedule 3 to the Social Security (Northern Ireland) Order 1985