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## EXPLANATORY NOTE

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

These Regulations make amendments to provisions about the calculation and verification of transfer values (the amount that may be transferred from one pension scheme to another). They set out the new manner for calculating and verifying cash equivalents and cash transfer sums.

Regulation 2 amends the interpretation provisions in the Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996 (“the principal Regulations”).

Regulation 3 amends regulation 6 of the principal Regulations to specify the guarantee date (the date by reference to which the value of the cash equivalent is calculated).

Regulation 4 replaces regulations 7 and 8 of the principal Regulations with regulations 7 to 7E which prescribe the manner by which cash equivalent transfer values are calculated and verified. The trustees or managers of a pension scheme are required to calculate the cash equivalent in accordance with the rules in regulations 7 to 7D or by any other method that produces a higher figure (regulation 7E). The new rules are also used in modified form for the purposes of—

- other Regulations which deal with cash equivalents, and
- calculating and verifying the cash transfer sums for pension sharing Regulations.

Both these modified forms are set out in Schedule 2 to these Regulations.

Regulations 5 and 7 amend respectively regulation 11 of, and Schedule 1 to, the principal Regulations. They modify the information that members of certain pension schemes are entitled to receive from the trustees or managers of the scheme. In particular, they ensure that members are aware that advice is available when making transfers from one pension scheme to another.

Regulation 6 amends regulation 12 of the principal Regulations to reflect the new definition of “insurance policy” and corrects a minor technical error.

Regulations 8 to 10 introduce the Schedules to these Regulations.

Schedule 1 inserts Schedules 1A and 1B into the principal Regulations. Schedule 1A contains the circumstances in which an initial cash equivalent transfer value must or may be reduced. New Schedule 1B makes provisions about actuaries preparing insufficiency reports for trustees or managers of pension schemes.

Schedule 2 sets out further consequential amendments to the provisions of—

- the Personal Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1987;
- the Personal and Occupational Pension Schemes (Protected Rights) Regulations (Northern Ireland) 1997;
- the Pensions on Divorce etc. (Provision of Information) Regulations (Northern Ireland) 2000;
- the Pensions on Divorce etc. (Charging) Regulations (Northern Ireland) 2000;
- the Pension Sharing (Valuation) Regulations (Northern Ireland) 2000;
- the Pension Sharing (Implementation and Discharge of Liability) Regulations (Northern Ireland) 2000;
- the Pension Sharing (Pension Credit Benefit) Regulations (Northern Ireland) 2000;
- the Occupational Pension Schemes (Early Leavers: Cash Transfer Sums and Contribution Refunds) Regulations (Northern Ireland) 2006;

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

the Occupational Pension Schemes (Modification of Schemes) Regulations (Northern Ireland) 2006.

Schedule 3 sets out consequential revocations.

As these Regulations, in so far as they are made under Part II of the Pensions (Northern Ireland) Order 1995 (“the 1995 Order”) and Part V of the Welfare Reform and Pensions (Northern Ireland) Order 1999 (“the 1999 Order”), make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to Great Britain, the requirement for consultation does not apply by virtue of Article 117(2)(e) of the 1995 Order and Article 73(9) of the 1999 Order.

An assessment of the cost to business of these Regulations is detailed in a Regulatory Impact Assessment, copies of which have been laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of the Assessment are available from the Department for Social Development, Social Security Policy and Legislation Division, Level 1, James House, 2-4 Cromac Avenue, Gasworks Business Park, Ormeau Road, Belfast BT7 2JA.