EXPLANATORY MEMORANDUM TO THE

EUROPEAN PARLIAMENTARY (UNITED KINGDOM REPRESENTATIVES) PENSIONS (ADDITIONAL VOLUNTARY CONTRIBUTIONS SCHEME) (AMENDMENT) ORDER 2004

2004 No. 2418

1. This explanatory memorandum has been prepared by the Cabinet Office and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 This instrument amends the UK Representatives' AVC Scheme to enable a representative who has retired and is taking benefits from the main UK Representatives' Pension Scheme to defer using their AVC fund to buy an annuity until not later than his or her 75th birthday. The amendment has effect from 19th July 2004.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 The European Parliament (Pay and Pensions) Act 1979 ("the Act"), following two transfer of functions orders,[1] confers power on the Leader of the House of Commons to make pension provision for UK Representatives to the European Parliament. Such provision has been made via the European Parliamentary (United Kingdom Representatives) Pensions (Consolidation and Amendment) Order 1994 (as amended from time to time) (referred to, for ease, as the UK Representatives' Pension Scheme). Provision for UK Representatives to make additional contributions to supplement their pension benefits from the UK Representatives' Pension Scheme has been made via the European Parliamentary (United Kingdom Representatives) Pensions (Additional Voluntary Contributions Scheme) (No. 2) Order 1995 (as amended from time to time) (referred to, for ease, as the AVC Scheme).

4.2 The Leader of the House of Commons, in exercise of the powers conferred by section 4(1) and (3) of the Act, is now making further amendments to the AVC Scheme.

5. Extent

5.1 This instrument applies to all of the United Kingdom.

6. Policy background

6.1 The Regulations amend the AVC Scheme so that AVC benefits no longer have to come into payment only at the same time as benefits from the UK Representatives' Pension Scheme but, where main scheme benefits are already in payment, can be

[1] SI 1995/2995 and SI 2003/2922.

deferred until no later than the scheme member's 75th birthday. This is to reflect the relaxation of Inland Revenue rules as to when AVC benefits must come into payment. The amendment is effective from 19th July 2004 to enable UK Representatives retiring at the end of the last session of the European Parliament to make use of this flexibility.

7. Impact

7.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

7.2 There is no impact on the public sector.

8. Contact

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