EXPLANATORY MEMORANDUM TO

THE JUDICIAL PENSIONS (ADDITIONAL VOLUNTARY CONTRIBUTIONS) REGULATIONS 1995 (AMENDMENT) REGULATIONS 2017

2017 No. 208

1. Introduction

1.1 This explanatory memorandum has been prepared The Ministry of Justice and is laid before by Command of Her Majesty.

2. Purpose of the instrument

2.1 The Judicial Pensions (Additional Voluntary Contributions) (Amendment) Regulations 2017 ('the Regulations') will amend the Judicial Pension (Additional Voluntary Contributions) Regulations 1995 ('the 1995 Regulations') to reflect the pension flexibility amendments in accordance with the changes which were introduced in the Taxation of Pensions Act 2014 and the Pension Schemes Act 2015.

2.2 The purpose of this instrument is to make the following changes:

- Provide greater flexibility for individuals to access their money purchase pension savings from age 55;
- Remove the requirement that a money purchase pension should be payable for life, but retain the principle that tax relieved pensions savings should not be accessed before age 55;
- Allow more than two lump sum payments to be made and to allow regular and lump sum payments to be made in a tax year. Therefore removing the 15% limit on the level of member' contributions; and
- Increase the ways in which a member may transfer the value of accrued benefits out of the scheme.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 The 1995 Regulations are made under section 10 of the Judicial Pensions and Retirement Act 1993.

4.2 The Taxation of Pensions Act 2014 and the Pension Schemes Act 2015 contain the provisions that necessitate these changes to the 1995 Regulations.

5. Extent and Territorial Application

5.1 The extent of this instrument is to the United Kingdom.

5.2 The territorial application of this instrument is to the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

What is being done and why

7.1 Amendments are being made to the 1995 Regulations to:

- Increase the ways in which members may contribute to the scheme;
- Remove certain limits on the level of member' contributions;
- Extend the range of benefits that are payable;
- Remove a restriction that benefits may only be paid on or after a members' normal minimum pension age; and
- Increase the ways in which a member may transfer the value of accrued benefits out of the scheme.

7.2 These amendments will give members of the Additional Voluntary Contribution scheme the pension flexibilities brought in by the coalition government in April 2011 as well as the further flexibilities announced in the 2014 Budget. These are set out in the Taxation of Pensions Act 2014 which took effect from 6 April 2015 and the Pension Schemes Act 2015.

7.3 These new flexibilities represented a significant change to the pensions market, in particular it allowed people to continue with a drawdown arrangement (where they make withdrawals from their fund, leaving the rest invested) throughout retirement and allowed individuals aged 55 and above to access their pension savings as they wish.

Consolidation

7.4 These regulations are not being consolidated.

8. Consultation outcome

8.1 This instrument is to be made jointly by both the Lord Chancellor and the Secretary of State for Scotland and also requires the consent of two HM Treasury Commissioners. The Ministry of Justice has consulted the Secretary of State for Scotland and HM Treasury and they are content with the instrument as drafted.

9. Guidance

9.1 None.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 The impact on the public sector would be small and only an administrative cost to monitor the contract with the third party provider. The only other impact is for those members who make use of the 1995 Regulations.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

12.1 There is no cost to the Ministry of Justice, however we will monitor the service with the scheme providers and the range of investments offered to scheme members.

13. Contact

13.1 Surinder Sawali at the Ministry of Justice, Telephone: 020 3334 3142 or email: surinder.sawali@justice.gsi.gov.uk can answer any queries regarding the instrument.