STATUTORY INSTRUMENTS

2008 No. 2450

PENSIONS

The Occupational and Personal Pension Schemes (Transfer Values) (Amendment) Regulations 2008

Made - - - -	*18th September 2008*
Laid before Parliament	*22nd September 2008*
Coming into force - -	*13th October 2008*

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 97(1) and (2)(b), 101AF(1), (3)(b) and (4)(b), 181(1), 182(2) and (3) and 183 of the Pension Schemes Act 1993(**a**).

In accordance with section 185(1) of the Pension Schemes Act 1993(**b**), the Secretary of State has consulted with such persons as he considers appropriate(**c**).

Citation and commencement

1. These Regulations may be cited as the Occupational and Personal Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and shall come into force on 13th October 2008.

Amendment of the Personal Pension Schemes (Transfer Values) Regulations 1987

2.—(1) The Personal Pension Schemes (Transfer Values) Regulations 1987(**d**) are amended in accordance with this regulation.

(2) In regulation 3(2) (manner of calculation and verification of cash equivalents)(**e**), after "realisable value" insert "at the date of calculation".

Amendment of the Occupational Pension Schemes (Transfer Values) Regulations 1996

3.—(1) The Occupational Pension Schemes (Transfer Values) Regulations 1996(**f**) are amended in accordance with this regulation.

(2) In regulation 7B (initial cash equivalents for salary related benefits: assumptions)(**g**)—

(a) for the heading and paragraph (1), substitute—

(**a**) 1993 c.48. Section 101AF was inserted by section 264 of the Pensions Act 2004 (c.35). Section 183 was amended by paragraph 45 of Schedule 3, paragraph 79 of Schedule 5 and paragraph 15 of Schedule 6, to the Pensions Act 1995 (c.26), paragraph 42 of Schedule 12 to the Welfare Reform and Pensions Act 1999 (c.30) and paragraph 32 of Schedule 12 to the Pensions Act 2004. Section 181(1) is cited for the meaning it gives to "prescribed" and "regulations".
(**b**) Section 185(1) was amended by paragraph 46 of Schedule 3, and paragraph 80(a) of Schedule 5, to the Pensions Act 1995.
(**c**) Full consultation was carried out on S.I. 2008/1050. These Regulations implement changes from that consultation.
(**d**) S.I. 1987/1112.
(**e**) Regulation 3(2) was substituted by S.I. 2008/1050.
(**f**) S.I. 1996/1847.
(**g**) Regulation 7B was inserted by S.I. 2008/1050.

"**Initial cash equivalents for salary related benefits: assumptions and guidance**

7B.—(1) The trustees must calculate the initial cash equivalent for salary related benefits—

(a) by using the assumptions determined under this regulation; and

(b) where the scheme falls within paragraph (6), in accordance with the guidance referred to in that paragraph.";

(b) in paragraph (4), for "The trustees must" substitute "Except where the scheme falls within paragraph (6), the trustees must"; and

(c) after paragraph (5), insert—

"(6) A scheme falls within this paragraph if it is a public service pension scheme in respect of which guidance has been prepared, and from time to time revised, by the Treasury for calculating the discount rates(**a**).".

(3) In regulation 7C(2) (manner of calculation of initial cash equivalents for money purchase benefits)(**b**), after "realisable value" insert "at the date of calculation".

Amendment of the Occupational Pension Schemes (Early Leavers: Cash Transfer Sums and Contribution Refunds) Regulations 2006

4.—(1) The Occupational Pension Schemes (Early Leavers: Cash Transfer Sums and Contribution Refunds) Regulations 2006(**c**) are amended in accordance with this regulation.

(2) In regulation 2B (initial cash transfer sum for salary related benefits: assumptions)(**d**)—

(a) for the heading and paragraph (1), substitute—

"**Initial cash transfer sum for salary related benefits: assumptions and guidance**

2B.—(1) The trustees or managers must calculate the initial cash transfer sum for salary related benefits—

(a) by using the assumptions determined under this regulation; and

(b) where the scheme falls within paragraph (6), in accordance with the guidance referred to in that paragraph.";

(b) in paragraph (4), for "The trustees or" substitute "Except where the scheme falls within paragraph (6), the trustees or"; and

(c) after paragraph (5), insert—

"(6) A scheme falls within this paragraph if it is a public service pension scheme in respect of which guidance has been prepared, and from time to time revised, by the Treasury for calculating the discount rates(**e**).".

(3) In regulation 2C(2) (manner of calculation of initial cash transfer sums for money purchase benefits)(**f**), after "realisable value" insert "at the date of calculation".

(4) In regulation 2D (alternative manner of calculating and verifying cash transfer values)(**g**)—

(**a**) The Treasury have issued guidance entitled "Basis for setting the discount rate for calculating cash equivalent transfer values payable by public service pension schemes". A copy of the guidance can be obtained from The Correspondence & Enquiry Unit, 2/W1, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and public.enquiries@hm-treasury.gsi.gov.uk. It is also available on the internet at http://www.hm-treasury.gov.uk/documents/taxation_work_and_welfare/public_service_pensions/tax_pensions_guidance.cfm.

(**b**) Regulation 7C was inserted by S.I. 2008/1050.

(**c**) S.I. 2006/33.

(**d**) Regulation 2B was inserted by S.I. 2008/1050.

(**e**) The Treasury have issued guidance entitled "Basis for setting the discount rate for calculating cash equivalent transfer values payable by public service pension schemes". A copy of the guidance can be obtained from The Correspondence & Enquiry Unit, 2/W1, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and public.enquiries@hm-treasury.gsi.gov.uk. It is also available on the internet at http://www.hm-treasury.gov.uk/documents/taxation_work_and_welfare/public_service_pensions/tax_pensions_guidance.cfm.

(**f**) Regulation 2C was inserted by S.I. 2008/1050.

(**g**) Regulation 2D was inserted by S.I. 2008/1050.

(a) in the heading, for "cash transfer values" substitute "cash transfer sums"; and

(b) in all four places where "cash transfer value" appears, substitute "cash transfer sum".

Signed by authority of the Secretary of State for Work and Pensions.

Mike O'Brien
Minister of State,
Department for Work and Pensions

18th September 2008

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Personal Pension Schemes (Transfer Values) Regulations 1987 (S.I. 1987/1112), the Occupational Pension Schemes (Transfer Values) Regulations 1996 (S.I. 1996/1847) and the Occupational Pension Schemes (Early Leavers: Cash Transfer Sums and Contribution Refunds) Regulations 2006 (S.I. 2006/33). Those amended Regulations set out the manner of calculating and verifying transfer values (the amount that may be transferred from one pension scheme to another).

Regulations 3(2) and 4(2) insert a requirement for trustees or managers of public service pension schemes to comply with guidance. The guidance is prepared, and where appropriate revised, by the Treasury. It sets out how discount rates are to be calculated. Discount rates are used by trustees or managers when calculating and verifying transfer values.

Regulations 2(2), 3(3) and 4(3) clarify amendments made by the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (S.I. 2008/1050) ("the 2008 Regulations"). In calculating and verifying the transfer value for a money purchase scheme, trustees or managers are required to calculate the realisable value of the member's pension benefits. These amendments specify that the realisable value is the value on the date the transfer value is calculated.

Regulation 4(4) corrects a minor drafting error from the 2008 Regulations.

An assessment of the impact of these Regulations on the private and voluntary sectors was included in the impact assessment that accompanied the 2008 Regulations. Copies of that assessment are available in the libraries of both Houses of Parliament. Copies may be obtained from the Department for Work and Pensions, Better Regulation Unit, 4th Floor, Adelphi, 1-11 John Adam Street, London WC2N 6HT or from the Department's website at http://www.dwp.gov.uk/resourcecentre/ria.asp.

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