EXPLANATORY MEMORANDUM TO

THE OCCUPATIONAL PENSION SCHEMES (SCHEMES THAT WERE CONTRACTED-OUT) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2022

S.R. 2022 No. 87

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under sections 12(3) and 177(2) and (3) of the Pension Schemes (Northern Ireland) Act 1993 and is subject to the negative resolution procedure.

2. Purpose

2.1 These Regulations make technical amendments to existing Regulations to implement the Government Actuary's recommendation of 3.25 per cent. for the new fixed rate revaluation of guaranteed minimum pension for early leavers.

3. Background

Fixed Rate Revaluation

3.1 A guaranteed minimum pension is a pension which has been built up in a formerly contracted-out workplace pension scheme between 1978 and 1997. If a member of such a pension scheme leaves that employment before the age the guaranteed minimum pension can be taken, the scheme has a statutory duty (under section 12 of the Pension Schemes (Northern Ireland) Act 1993) to revalue the amount of guaranteed minimum pension which is due to the member until it is payable.

3.2 Presently, where a person's pensionable service ends on or after 6th April 2017, the percentage used for fixed rate revaluation purposes is 3.5 per cent. These Regulations prescribe that schemes which use the fixed rate method of revaluation will have to adopt the figure of 3.25 per cent. for individuals who leave the sponsor's employment on or after 6th April 2022.

4. Consultation

4.1 There is no requirement to consult on these Regulations as they 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.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations. The Department has concluded that they would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 These Regulations do not require a Regulatory Impact Assessment as there is no new impact on costs on business, charities or voluntary bodies.

7. Financial Implications

7.1 None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department is content that these Regulations comply with section 24 of the Northern Ireland Act 1998 (Convention rights, etc.).

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The Great Britain Regulations are the Occupational Pension Schemes (Schemes that were Contracted-out) (Amendment) Regulations 2022 (S.I. 2022/158) which come into force on 6th April 2022. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions in line with section 87 of the Northern Ireland Act 1998.