

Pensions Update

No 152

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Please pass a copy of this Update to everyone in your organisation who needs to see it. The category of schemes covered by this Update is shown below. Italicised terms are explained in the glossary at the end.

Category:	Occupational pension Schemes, Buy-Out Policies, Personal Pension Schemes and Retirement Annuity Contracts
Action:	Note revision to Appx VI of PN(IR12,2001) & Appx 22 of IR76(2000)
Current Position:	Provided IR SPSS requirements are met, as in Appendices VI & 22, transfers of non-contracted out rights can be made from above mentioned pension arrangements to overseas based pension arrangements.
Summary:	To tie in with changes made in DWP Regulations, IR SPSS overseas transfer practice will also apply to contracted-out/safeguarded rights with effect from 6 April 2005. Appendices VI and 22 have been amended accordingly.
Enquiries:	0115 - 974 1699 – Ray Evans 0115 - 974 1639 – John Lovatt

U 152: Amendments to Overseas Transfers Practice

Current Procedure:

1. Certain IR SPSS requirements must be met before a transfer of non-contracted-out pension rights from UK approved arrangements to overseas based pension schemes can be made. Appendix VI of PN (IR12 (2001) sets out the requirements for overseas transfers from occupational pension schemes and buy-out policies. Appendix 22 of IR 76 (2000) sets out the requirements for overseas transfers from personal pension schemes and retirement annuity contracts.
2. The transfer of a Guaranteed Minimum Pension, post '97 contracted out salary related rights, protected rights or *safeguarded* rights is not subject to IR SPSS requirements because *DWP* Regulations apply instead. Where a transfer to an overseas scheme includes such rights the transferring scheme's trustees and administrator are responsible for ensuring that the transfer of those rights complies with *DWP* requirements.

Revised Procedure:

3. As from 6 April 2005, overseas transfers of a Guaranteed Minimum Pension, post 97 contracted-out salary related rights, protected rights and safeguarded rights will also have to meet IR SPSS requirements. One of those requirements is that the transferee has left the UK on a permanent basis with no intention of returning to the UK to work or to retire. PN Appendix VI and IR 76 Appendix 22 have been amended to cover transfers of such rights.

4. This will coincide with changes to the *DWP Regulations* governing the transfer of different types of contracted-out rights to overseas pension schemes or arrangements. The amendments will be made by the Contracting-out, Protected Rights and Safeguarded Rights (Transfer Payment) Amendment Regulations 2005. The changes made under these regulations take effect from 6 April 2005 and include removal of the condition that the transferring scheme must establish that the member has permanently emigrated overseas.

5. Transfers of a Guaranteed Minimum Pension, post 97 contracted-out salary related rights, protected rights and safeguarded rights will still be subject to *DWP Regulations* (as amended). As under the current procedure, UK scheme trustees and administrator should notify the Inland Revenue, National Insurance Contributions Office of transfers of contracted-out rights, as follows :

- GMP and/or post 97 COSR rights – complete form CA1890 (as revised). See Termination of Contracted-out Employment Manual, CA14, for further information.
- Protected Rights (occupational pension scheme) – complete form CA 1895 (as revised). See Termination of Contracted-out Employment Manual, CA 14A, for further information.
- Protected Rights (personal or stakeholder pension scheme)-complete form CA1881 (as revised). See Appropriate Personal Pension Scheme manual, CA16 or Stakeholder Pension Scheme Procedural Guidance Manual, CA84, for further information.

6. Completed forms CA 1890 and CA 1895 and CA1881 are sent to IR National Insurance Contributions Office, Services to Pensions Industry , Longbenton, Newcastle upon Tyne NE98 1ZZ

7. NICO does not need to be notified of transfers of safeguarded rights but they can only be transferred if DWP Regulatory requirements are met.

Glossary

Contracted-Out Rights - are such rights, under or derived from an occupational pension scheme, or an appropriate scheme, as falls within the following categories:

- entitlement to payment of, or accrued rights to, Guaranteed Minimum Pension (section 8(2) of the pensions Act 1993 refers);
- section 9(2b) rights (section 9(2B) of the Pensions Act 1993 refers) :
- protected rights (section 10 of the Pension Schemes Act 1993 refers) ; or
- any of the rights above which themselves derive from any of those rights which have been the subject of a transfer payment.

DWP - The Department for Work and Pensions

DWP Regulations - are the Contracting out (Transfer and Transfer Payment) Regulations 1996, the Protected Rights (Transfer Payment) Regulations 1996 and the Pension Sharing (Pension Credit Benefit) Regulations 2000.

Safeguarded Rights - are defined in section 68A of the Pensions Act 1993, inserted by section 36 of the Welfare Reform and Pensions Act 1999

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