



Statutory Document No. 151/06

THE PENSION SCHEMES ACT 1995

THE WELFARE REFORM AND PENSIONS ACT 1999 (APPLICATION)
(AMENDMENT) (No. 2) ORDER 2006

Approved by Tynwald 26/04/2006

Coming into operation in accordance with Article 1

In exercise of the powers conferred on the Department of Health and Social Security by section 1 of the Pension Schemes Act 1995 (c.11), and of all other enabling powers, the following Order is hereby made:-

Citation, commencement and interpretation

1. (1) This Order may be cited as the Welfare Reform and Pensions Act 1999 (Application) (Amendment) (No. 2) Order 2006 and shall, subject to section 1(4) of the Pension Schemes Act 1995, come into force as provided for in paragraphs (2) and (3).

(2) This Article shall come into force on 6th April 2006.

(3) Article 2 shall be deemed to have come into force on 6th April 2006.

(4) In this Order –

(a) “the 1993 Act” means the Pension Schemes Act 1993 (c.48) as that Act of Parliament has effect in the Isle of Man(a); and

(b) “the 1999 Act” means the Welfare Reform and Pensions Act 1999 (c.30) as that Act of Parliament has effect in the Isle of Man(b).

Amendment of the Welfare Reform and Pensions Act 1999 (Application) Order 2001 (S.D. 291/01)

2. (1) Amend the Schedule to the Welfare Reform and Pensions Act 1999 (Application) Order 2001 (which sets out those provisions of the Welfare Reform and Pensions Act 1999 relating to pension schemes which have effect in the Isle of Man) in accordance with the following paragraphs.

Price: £ 0.55 Band: A

(a) See S.D. 531/95; (b) See S.D. 291/01.

(2) Amend section 37 of the 1999 Act (requirements relating to pension credit benefit) in accordance with paragraphs (3), (4) and (5).

(3) In Chapter II of Part IVA of the 1993 Act (transfer values of pension credit benefits under occupational pension schemes) in section 101F (power to give transfer notices) after subsection (3) insert –

“(4) The cash equivalent for the purposes of subsection (1) shall –

- (a) in the case of a salary related occupational pension scheme, be taken to be the amount shown in the relevant statement under section 101H, and
- (b) in any other case, be determined by reference to the date the notice under that subsection is given.”.

(4) In that Chapter in section 101J (time for compliance with a transfer notice) in subsection (7) as paragraph (a) insert –

“(a) in the case of a salary related scheme, the date by reference to which the amount shown in the relevant statement under section 101H is determined;”.

(5) In that Chapter in section 101P (interpretation of Chapter II) after subsection (2) insert –

“(3) In this Chapter, references to the relevant statement under section 101H, in relation to a transfer notice given to the trustees or managers of a salary related occupational pension scheme, are to the statement under that section on which the giving of the notice depended.”.

Made

24th February 2006



Minister for Health and Social Security

EXPLANATORY NOTE

(This note is not part of the Order)

1. Section 1 of the Pension Schemes Act 1995 enables the Department by Order to apply to the Island, as part of the law of the Island and incorporating such exceptions, adaptations and modifications as may be specified by the Order, any legislation to which that Act applies.
2. *Inter alia*, the Act applies to the Pension Schemes Act 1993 and to those provisions of the Welfare Reform and Pensions Act 1999 relating to pension schemes (both Acts of the United Kingdom Parliament which have effect in the Isle of Man) and to any statutory instrument made or having effect as if made under them.
3. *Right to guaranteed cash equivalent of accrued pension rights*
 - 3.1 From 6th April 2006 salary related occupational pension scheme members will have –
 - the right to be provided with a written statement of entitlement to their pension benefits under the scheme as they stand at a certain date; and
 - the right to the value of those benefits within 3 months of that date.
 - 3.2 Those benefits can then be transferred to another scheme or used to purchase an annuity.
4. *Pension credit rights and pension sharing on divorce*
 - 4.1 Section 37 of the Welfare Reform and Pensions Act 1999 inserted Part IVA into the Pension Schemes Act 1993. That Part sets out the general rules as to the future occupational pension rights a person acquires when a pension sharing order is made in their favour against their former spouse when the two parties divorce. Such rights are called “pension credit rights”. Chapter II of Part IVA (containing sections 101F to 101Q) gives people the right to transfer their pension credit rights in one scheme to another scheme.
 - 4.2 Salary related occupational pension scheme members with pension credit rights will also have rights to guaranteed cash equivalents from 6th April 2006.
5. Article 1 provides for the citation, commencement and interpretation of the Order. The amendments it makes shall be deemed to have come into force on 6th April 2006.
6. Article 2(1) and (2) introduces the changes the Order makes.
7. Following the introduction of guaranteed cash equivalent rights article 2(3) consequentially amends section 101F of the 1993 Act as to the amount the cash equivalent of a person’s pension credit benefit is to be taken to be. Pension credit benefits are the benefits payable under the scheme by virtue of rights attributable to a pension credit. Article 2(4) and (5) amends sections 101J and 101P of that Act in relation to the interpretation of certain terms appearing in the legislation for the same reason.

