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Dear Kevin

**Westminster Pension Schemes Bill: Request for Committee support for a  
Legislative Consent Motion**

The Westminster Pension Schemes Bill was introduced in the Commons on 26 June and the Lords on 26 November. Officials were scheduled to brief Committee Members on the Bill on 11 December and provided written briefing in advance.

Part 4 of the Bill deals with Pensions Flexibilities, including transferred matters. Subject to Executive approval, it would be the intention that a Legislative Consent Motion is brought before the Assembly seeking approval for the relevant provisions to extend to Northern Ireland.

I am now writing to seek the support of the Committee for a Legislative Consent Motion and I would be grateful if you would bring the attached paper to the attention of the Committee.

A copy of the provisions (Annex 1), Explanatory Notes (Annex 2) and the draft Legislative Consent Memorandum (Annex 3) is also attached.

Yours sincerely

Anne McCleary  
Director, Social Security Policy and Legislation

## **Westminster Pension Schemes Bill – Legislative Consent Motion**

### **Introduction**

1. As currently drafted the Westminster Pension Schemes Bill includes provisions which relate to transferred matters. The Department is seeking to bring forward a Legislative Consent Motion in relation to provisions relating to:
  - independent financial advice for those transferring out of defined benefit schemes;
  - sums and assets that may be designated as available for drawdown, the conversion of certain benefits for drawdown and the calculation of lump sums;
  - restrictions on the conversion of benefits while schemes are winding up and the payment of lump sums while schemes are in the assessment phase for access to the Pension Protection Fund; and
  - changes to transfer rules for pension scheme members to facilitate the new flexibilities.

### **Background**

2. In the 2014 Budget, the Chancellor announced tax changes to private pensions, giving savers greater flexibility in how they access their money purchase pension pots. Many of the Budget reforms introducing the new flexibilities require substantive changes to tax legislation and are set out in the Taxation of Pensions Bill currently before Parliament. The Pensions Schemes Bill contains a number of measures to ensure that the tax change flexibilities are reflected in pension law and to ensure appropriate safeguards are in place. It is the Government's intention that the provisions in relation to the new pension flexibilities come into effect from 6 April 2015 to coincide with the tax changes.

3. Given the relatively short timeframe until the reforms are due to come into effect it would be extremely difficult for the Assembly to legislate separately to allow for the necessary changes to be made to the relevant Northern Ireland legislation prior to 6 April 2015.
4. Assembly approval has already been sought for two Legislative Consent Motions in relation to the Pension Schemes Bill. The first was brought forward by the Minister for Employment and Learning in relation to the provision of a pension scheme for fee paying judges and the second was brought forward by the Minister for Finance and Personnel to restrict transfers out of public service defined benefit schemes.

### **Equality Impact Assessment**

5. An equality screening exercise has been carried out on the proposals outlined in the Legislative Consent Motion and the Department is satisfied that the proposed amendments have no significant implications for equality of opportunity.

### **Financial Implications**

6. No costs to the public purse are expected as a consequence of the pensions guidance service.

### **Human Rights**

7. The provisions of the Westminster Bill are considered compatible with the Human Rights Act 1998.

### **Timing**

8. Assembly consent for the Legislative Consent Motion is required in advance of the Westminster Bill's Third Reading in the House of Lords which is

expected to take place before the end of February 2015. A copy of the draft Legislative Consent Memorandum is attached.

## **Conclusion**

9. The Committee is requested to support the extension of the provisions relating to transferred matters to Northern Ireland and indicate their support for the Legislative Consent Motion.

## Provisions relating to Northern Ireland

*Northern Ireland*

- 51 Independent advice in respect of conversions and transfers: Northern Ireland**
- (1) Where a member of a pension scheme has subsisting rights in respect of any safeguarded benefits, or a survivor of a member has subsisting rights in respect of any safeguarded benefits, the trustees or managers must check that the member or survivor has received appropriate independent advice before—
    - (a) converting any of the benefits into different benefits that are flexible benefits under the scheme;
    - (b) making a transfer payment in respect of any of the benefits with a view to acquiring flexible benefits for the member or survivor under another pension scheme.
  - (2) The Department for Social Development in Northern Ireland may by regulations make provision about—
    - (a) what the trustees or managers must do to check that a member or survivor has received appropriate independent advice for the purposes of subsection (1), and
    - (b) when the check must be carried out for the purposes of that subsection.
  - (3) The Department for Social Development in Northern Ireland may by regulations create exceptions to subsection (1).
  - (4) In subsection (1)(b) the reference to another pension scheme includes a scheme established in a country or territory outside Northern Ireland.
  - (5) Where the trustees or managers fail to carry out a check required by this section, Article 10 of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) (civil penalties) applies to any trustee or manager who failed to take reasonable steps to ensure that the check was carried out.
  - (6) Failure to carry out a check required by this section does not affect the validity of any transaction.
  - (7) In this section—
 

“appropriate independent advice” has the meaning given by regulations made by the Department for Social Development in Northern Ireland;

“safeguarded benefits” means benefits other than—

    - (a) money purchase benefits, and
    - (b) cash balance benefits.
- 52 Power to require employer to arrange advice for purposes of section 51**
- (1) The Department for Social Development in Northern Ireland may by regulations specify circumstances in which an employer must arrange or pay for a member of a pension scheme, or a survivor of a member of a pension scheme, to receive appropriate independent advice for the purpose of satisfying a requirement imposed by section 51.
  - (2) Regulations under subsection (1) may, in particular—
    - (a) impose limitations on the amount that an employer may be required to pay;

- (b) prohibit an employer from seeking in any way to recover, from a member or survivor, costs incurred by the employer in complying with the regulations;
  - (c) provide for Article 10 of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)/S.I. 1995/3213 (N.I. 22)) (civil penalties) to apply to a failure by an employer to comply with the regulations.
- (3) In this section "employer" has the meaning given by regulations made by the Department for Social Development in Northern Ireland.

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**Independent advice: consequential amendments: Northern Ireland**

- (1) The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- (2) In section 95 (trustees' duties after exercise of option), after subsection (1) insert—
- "(1A) Subsection (2) does not apply if—
    - (a) the trustees or managers have been unable to carry out the check required by section 51 of the Pension Schemes Act 2014 by reason of factors outside their control, or
    - (b) the trustees or managers have carried out the check required by section 51 of the Pension Schemes Act 2014 but the check did not confirm that the member had received appropriate independent advice."
- (3) In section 97J (time for compliance with transfer notice in respect of pension credit benefits), after subsection (2) insert—
- "(2A) Subsection (1) does not apply if—
    - (a) the trustees or managers have been unable to carry out the check required by section 51 of the Pension Schemes Act 2014 by reason of factors outside their control, or
    - (b) the trustees or managers have carried out the check required by section 51 of the Pension Schemes Act 2014 but the check did not confirm that the member had received appropriate independent advice."

**60 Sums or assets that may be designated as available for drawdown: Northern Ireland**

- (1) In the case of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of drawdown pension for the member under the scheme are sums or assets held for the purposes of providing money purchase benefits to or in respect of the member.
- (2) In the case of a survivor of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of dependants' drawdown pension for the survivor under the scheme are sums or assets held for the purposes of providing money purchase benefits to the survivor.
- (3) This section overrides any provision of an occupational pension scheme to the extent that there is a conflict.
- (4) This section does not apply in relation to sums or assets designated before 6 April 2015.

**61 Provision about conversion of certain benefits for drawdown: Northern Ireland**

- (1) The Department for Social Development in Northern Ireland may by regulations make provision about the conversion of benefits under an occupational pension scheme in circumstances where—
  - (a) a member of the scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
  - (b) the member or survivor exercises an option to convert any of the benefits into money purchase benefits for the purposes of enabling sums or assets to be designated as available for the payment of drawdown pension or dependants' drawdown pension.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any benefits not converted are to be calculated in future.
- (3) In relation to a conversion that takes place before the member or survivor reaches normal pension age, regulations under subsection (1) may in particular make provision about—

- (a) the manner in which benefits are to be calculated for the purpose of converting them into money purchase benefits;
  - (b) the use of any power to reduce benefits.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.

**62 Provision about calculation of lump sums: Northern Ireland**

- (1) The Department for Social Development in Northern Ireland may by regulations make provision about the calculation of lump sums in circumstances where—
- (a) a member of an occupational pension scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
  - (b) the member or survivor exercises an option to be paid a lump sum in respect of any of those benefits.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any remaining benefits are to be calculated in future.
- (3) In a case where a member or survivor exercises an option to be paid a lump sum before reaching normal pension age, regulations under subsection (1) may in particular make provision about—
- (a) the manner in which benefits are to be calculated for the purpose of determining the amount available for the payment of the lump sum;
  - (b) the use of any power to reduce the amount of the lump sum.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.

**63 Restrictions on conversion of benefits during winding up etc: Northern Ireland**

- (1) In Article 73A of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213S.I. 1995/3213 (N.I. 22)) (operation of scheme during winding up period), after paragraph (6) insert—
- “(6A) During the winding up period no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”
- (2) In Article 73B of that Order (Articles 73 and 73A: supplementary), in paragraphs (1) and (3), after “Article 73A(3)” insert “or (6A)”.
- (3) In Article 119 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255S.I. 2005/255 (N.I. 1)) (restrictions on winding up, discharge of liabilities etc during assessment period), in paragraph (4), before sub-paragraph (a) insert—
- “(za) no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”



**64            Restriction on payment of lump sums during PPF assessment period:  
Northern Ireland**

- (1) Article 122 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 S.I. 2005/255 (N.I. 1)) (payment of scheme benefits during assessment period) is amended as follows.
- (2) In paragraph (1), after "Paragraphs (2)" insert ", (2A)".
- (3) After paragraph (2) insert—
  - "(2A) Benefits in the form of a lump sum may be paid to or in respect of a member under the scheme rules during the assessment period only in the circumstances in which, and to the extent to which, lump sum compensation would be payable to or in respect of the member in accordance with this Chapter if—
    - (a) the Board assumed responsibility for the scheme in accordance with this Chapter, and
    - (b) the assessment date referred to in Schedule 6 were the date on which the assessment period began."
- (4) In paragraph (3), omit "But".
- (5) In paragraph (5), for "paragraph (2)" substitute "paragraphs (2) and (2A)".
- (6) In paragraph (6), for "paragraph (3)" substitute "paragraphs (2A) and (3)".
- (7) In paragraph (7), after "Paragraphs (2)," insert "(2A)".
- (8) In paragraph (8), after "paragraphs (2)" insert ", (2A)".
- (9) In paragraph (9), for "paragraphs (2) and (3)" substitute "paragraphs (2) to (3)".
- (10) After paragraph (9) insert—
  - "(9A) Regulations may make provision as to circumstances in which benefits in the form of a lump sum are to be treated for the purposes of paragraph (2A) as being paid in the circumstances in which lump sum compensation would be payable in accordance with this Chapter.
  - (9B) Regulations may create exceptions to paragraph (2A)."
- (11) In paragraph (12), for "paragraph (2)" substitute "paragraphs (2) and (2A)".
- (12) In paragraph (13), after "paragraph (2)" insert ", (2A)".

**Schedule 2 para 35**

- 35            In section 286 (financial assistance scheme for members of certain pension schemes), in subsection (2), for sub-paragraph (i) of paragraph (a) of the definition of "qualifying pension scheme" (but not the "or" at the end) substitute—

## Schedule 4, Part 2 Northern Ireland Amendments

### PART 2 NORTHERN IRELAND AMENDMENTS

*Pension Schemes (Northern Ireland) Act 1993 (c. 49)* *Pension Schemes (Northern Ireland) Act 1993 (c. 49)*

- 41 The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- 42 (1) Chapters 4 and 5 of Part 4 of the Act become Chapters 1 and 2 of a new Part 4ZA.
- (2) Accordingly—
- (a) before section 89 (and before the Chapter heading above it) insert—

#### "PART 4ZA

##### TRANSFERS AND CONTRIBUTION REFUNDS";

- (b) for the Chapter heading above section 89 substitute—

#### "CHAPTER 1

##### TRANSFER RIGHTS: GENERAL";

- (c) for the Chapter heading above section 97AA substitute—

#### "CHAPTER 2

##### EARLY LEAVERS: CASH TRANSFER SUMS AND CONTRIBUTION REFUNDS".

- 43 In section 52 (payment of state scheme premiums on termination of certified status: supplementary), in subsection (4)(b), for "Chapter 5 of Part IV" substitute "Chapter 2 of Part 4ZA".

44 In section 69 (form of short service benefit and its alternatives), in subsection (3), for "Chapter IV of this Part" substitute "Chapter 1 of Part 4ZA".

45 For sections 89 to 90 substitute—

**89 Scope of Chapter 1**

- (1) This Chapter applies to a member of a pension scheme if all of the following conditions are met.
- (2) Condition 1 is that the member has accrued rights to any category of benefits under the scheme rules.
- (3) Condition 2 is that no crystallisation event has occurred in relation to the member's accrued rights to benefits in that category (see subsection (7)).
- (4) Condition 3 is that—
  - (a) the member is no longer accruing rights to benefits in that category (see subsection (8)), and
  - (b) in the case of benefits that are not flexible benefits, the member stopped accruing those rights at least one year before normal pension age.
- (5) But this Chapter does not apply to—
  - (a) a member of a salary related occupational pension scheme whose pensionable service terminated before 1 January 1986 and in respect of whom prescribed requirements are satisfied;
  - (b) a member of a personal pension scheme which is comprised in an annuity contract made before 4 January 1988.
- (6) In this Chapter a reference to a "category" of benefits is to one of the following three categories—
  - (a) money purchase benefits;
  - (b) flexible benefits other than money purchase benefits;
  - (c) benefits that are not flexible benefits.
- (7) For the purposes of Condition 2 a crystallisation event occurs in relation to a member's accrued rights to benefits in a category when—
  - (a) payment of a pension in respect of any of the benefits has begun,
  - (b) in the case of money purchase benefits, sums or assets held for the purpose of providing any of the benefits are designated as available for the payment of drawdown pension (as defined by paragraph 4 of Schedule 28 to the Finance Act 2004), or
  - (c) in the case of a personal pension scheme, sums or assets held for the purpose of providing any of the benefits are applied for purchasing an annuity or insurance policy.
- (8) For the purposes of Condition 3 a member stops accruing rights to a category of benefits when there are no longer arrangements in place for the accrual of rights to benefits in that category for or in respect of the member.

- (9) In this section a reference to accrued rights does not include pension credit rights.
- (10) Regulations may—
  - (a) provide for this Chapter not to apply in relation to a person of a prescribed description;
  - (b) modify the application of this Chapter in relation to a member who has accrued rights to benefits of a prescribed description.
- (11) In the following provisions of this Chapter—
  - (a) a reference to a “member” of a pension scheme is a reference to a member to whom this Chapter applies, and
  - (b) a reference to a member’s “transferrable rights” are to any rights in relation to a category of benefits by virtue of which this Chapter applies to the member.

**89A Right to statement of entitlement: benefits other than money purchase**

- (1) The trustees or managers of a pension scheme must, on the application of any member, provide the member with a statement of entitlement in respect of the member’s transferrable rights in relation to categories of benefits other than money purchase benefits.
- (2) In the case of a member with transferrable rights in relation to two categories of benefits other than money purchase benefits, the application may relate to transferrable rights in relation to either or both of those categories.
- (3) For the purposes of this Chapter a member’s “statement of entitlement” is a written statement of the amount of the cash equivalent at the guarantee date of the transferrable rights to which the application under subsection (1) relates.
- (4) In this Chapter “the guarantee date” means the date by reference to which the value of the cash equivalent is calculated, and must be—
  - (a) within the prescribed period beginning with the date of the application, and
  - (b) within the prescribed period ending with the date on which the statement of entitlement is provided to the member.
- (5) Regulations may make provision in relation to applications under this section and may, in particular, restrict the making of successive applications.
- (6) If the trustees or managers of a pension scheme fail to comply with subsection (1), Article 10 of the Pensions (Northern Ireland) Order 1995 (civil penalties) applies to any trustee or manager who has failed to take all reasonable steps to secure compliance.

**90 Right to cash equivalent**

- (1) A member of a pension scheme who has received a statement of entitlement under section 89A acquires a right to take the cash equivalent shown in that statement in accordance with this Chapter.

- (2) A member of a pension scheme who has transferrable rights in relation to money purchase benefits acquires a right to take their cash equivalent in accordance with this Chapter.”
- 46 (1) Section 91 (ways of taking right to cash equivalent) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) A member of a pension scheme who has acquired a right to take a cash equivalent in accordance with this Chapter may only take it by making an application in writing to the trustees or managers of the scheme requiring them to use the cash equivalent in one of the ways specified below.
- (1A) In the case of a right acquired under section 90(1), the application must be made—
- (a) within the period of 3 months beginning with the guarantee date shown in the relevant statement of entitlement, and
- (b) if the cash equivalent relates to benefits that are not flexible benefits, by no later than the date that falls one year before the member attains normal pension age.”
- (3) In subsections (2)(a)(i) and (b)(i) and (3)(a)(i) and (b)(i), for “accrued rights” substitute “transferrable rights”.
- (4) Omit subsections (7) and (8).
- 47 (1) Section 92 (further provisions concerning exercise of option under section 91) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) A member who has acquired a right to take a cash equivalent under section 90(1) or (2) may exercise the option conferred by section 91(1) in relation to different portions of that cash equivalent in different ways, but a member who exercises that option must do so—
- (a) in relation to the whole of that cash equivalent, or
- (b) if subsection (2) applies, in relation to the whole of the balance mentioned in subsection (3).”
- (3) For subsection (4) substitute—
- “(4) Where a member of a pension scheme—
- (a) is entitled to make an application under section 91(1) in relation to any category of benefits, and
- (b) is also entitled to give a transfer notice under section 97F(1) to the trustees or managers of the scheme in relation to benefits in the same category (or would be entitled to do so but for section 97G(2)),
- the member may not, if the scheme so provides, make an application under section 91(1) in relation to that category of benefits without also giving a transfer notice under section 97F(1) in relation to that category of benefits.”
- 48 (1) Section 93 (calculation of cash equivalents) is amended as follows.

- (2) After subsection (1) insert—
- “(1A) Where a member applies under section 91 to take a cash equivalent that relates to money purchase benefits, the cash equivalent is to be calculated by reference to the date of the application.”
- (3) In subsection (2)—
- (a) in the opening words, for “except guaranteed cash equivalents (as defined in section 90(1A))” substitute “that relate to money purchase benefits”;
- (b) in paragraph (aa), for “, including a guaranteed cash equivalent,” substitute “that relates to any category of benefits”.
- (4) In subsection (3), omit paragraph (a).
- (5) For subsection (3A) substitute—
- “(3A) For the purposes of subsection (3), the “appropriate date”—
- (a) in relation to a cash equivalent that relates to benefits other than money purchase benefits, means the guarantee date for the purposes of the relevant statement of entitlement under section 89A, and
- (b) in relation to a cash equivalent that relates to money purchase benefits, means the date on which the trustees or managers receive an application from the member under section 91.”

49 For section 94 substitute—

**“94 Loss of right to cash equivalent**

- (1) A member of a pension scheme who acquires the right to take a cash equivalent under section 90(1) loses that right if no application to take the cash equivalent is made within the period specified in section 91(1A) (but this does not prevent the member later acquiring a new right to take a cash equivalent under section 90(1) in relation to the same benefits).
- (2) A member of a pension scheme loses the right to take a cash equivalent in accordance with this Chapter if the scheme is wound up.”

50 (1) Section 95 (trustees’ duties after exercise of option) is amended as follows.

(2) For subsection (2) substitute—

- “(2) Subject to the following provisions of this section, if the trustees or managers of a scheme receive an application under section 91 they must do what is needed to carry out what the member requires—
- (a) in the case of an application that relates to benefits other than money purchase benefits, within 6 months beginning with the guarantee date shown in the relevant statement of entitlement, and
- (b) in the case of an application that relates to money purchase benefits, within 6 months beginning with the date of the application.”

(3) In subsection (3)(a) omit “at any time before the expiry of the 12 months beginning with the termination date”.

- (4) Omit subsection (3A).

After section 96 insert—

**96A Prohibition on excluding future accruals etc**

Except as mentioned in sections 92(4) and 97G(4), a pension scheme may not contain rules that would have the effect of—

- (a) preventing a member from exercising a right under this Chapter in relation to a category of benefits without also exercising a right under this Chapter or otherwise to require a transfer payment to be made in respect of another category of benefits, or
- (b) preventing a member who exercises a right under this Chapter in relation to a category of benefits from accruing rights to benefits in another category.

**96AB Meaning of “scheme rules”: occupational pension schemes**

- (1) In this Chapter references to the scheme rules, in relation to an occupational pension scheme, are references to—

- (a) the rules of the scheme, except so far as overridden by a relevant legislative provision,
- (b) the relevant legislative provisions, to the extent that they have effect in relation to the scheme and are not reflected in the rules of the scheme, and
- (c) any provision which the rules of the scheme do not contain but which the scheme must contain if it is to conform with the requirements of Chapter 1 of Part 4.

- (2)

For the purposes of subsection (1)—

- (a) “relevant legislative provision” means any provision contained in any of the following provisions—
    - (i) Schedule 5 to the Social Security (Northern Ireland) Order 1989;
    - (ii) this Part or Chapters 2 or 3 of Part 4 or regulations made under this Part or either of those Chapters;
    - (iii) Part 4A or regulations made under that Part;
    - (iv) section 106(1);
    - (v) Part 2 of the Pensions (Northern Ireland) Order 1995 or orders or regulations made or having effect as if made under that Part;
    - (vi) Article 28 of the Welfare Reform and Pensions (Northern Ireland) Order 1999;
    - (vii) any provision mentioned in Article 279(2) of the Pensions (Northern Ireland) Order 2005;
  - (b) a relevant legislative provision is to be taken to override any of the provisions of the scheme if, and only if, it does so by virtue of any of the following provisions—
    - (i) paragraph 3 of Schedule 5 to the Social Security (Northern Ireland) Order 1989;
    - (ii) section 125(1);
    - (iii) Article 114(1) of the Pensions (Northern Ireland) Order 1995;
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- (iv) Article 28(4) of the Welfare Reform and Pensions (Northern Ireland) Order 1999;
- (v) Article 279(1) of the Pensions (Northern Ireland) Order 2005.

**96AC                    Meaning of “normal pension age” in this Chapter**

- (1) In this Chapter “normal pension age”, in relation to a category of benefits under a pension scheme, means—
  - (a) in a case where the scheme is an occupational pension scheme and those benefits consist only of a guaranteed minimum pension, the earliest age at which the member is entitled to receive the guaranteed minimum pension on retirement from any employment to which the scheme applies,
  - (b) in a case where the scheme is an occupational pension scheme and the scheme provides for the member to become entitled to receive any of those benefits at a particular age on retirement from any employment to which the scheme applies, the earliest age at which the member becomes entitled to receive any of the benefits, and
  - (c) in any other case, normal minimum pension age as defined by section 279(1) of the Finance Act 2004.
- (2) For the purposes of subsection (1) any scheme rule making special provision as to early retirement on grounds of ill-health or otherwise is to be disregarded.

**96AD                    Interpretation of Chapter**

In this Chapter—

“accrued rights”, in relation to a member of a pension scheme, means rights that have accrued to or in respect of the member to benefits under the scheme;

“category”, in relation to benefits, has the meaning given by section 89(8);

“flexible benefit” has the meaning given by section 72 of the Pension Schemes Act 2014;

“guarantee date”, in relation to a member who has received a statement of entitlement, has the meaning given by section 89A;

“member” is to be read in accordance with section 89(11);

“normal pension age” has the meaning given by section 96C;

“pension credit rights”, in relation to a member of a pension scheme, means rights to benefits under the scheme which are attributable (directly or indirectly) to a pension credit;

“salary related occupational pension scheme”: an occupational pension scheme is “salary related” if—

- (a) the scheme is not a scheme under which all the benefits that may be provided are money purchase benefits, and
- (b) the scheme does not fall within a prescribed class;

“scheme rules”, in relation to an occupational pension scheme, has the meaning given by section 96B;



"statement of entitlement" has the meaning given by section 89A;

"transferrable rights" is to be read in accordance with section 89(11)."

- 52
- (1) In section 97F (power to give transfer notice) is amended as follows.
  - (2) In subsection (1), for "pension credit benefit" substitute "pension credit rights".
  - (3) After subsection (3) insert—
    - "(3A) An eligible member who has pension credit rights in relation to more than one category of benefits under the scheme may exercise the power to give a transfer notice in relation to the pension credit rights in relation to any one or more of those categories."
  - (4) For subsection (4) substitute—
    - "(4) The cash equivalent for the purposes of subsection (1) shall—
      - (a) in a case where the pension credit rights relate to a category of benefits other than money purchase benefits, be taken to be the amount shown in the relevant statement under section 97H, and
      - (b) in a case where the pension credit rights relate to money purchase benefits, be determined by reference to the date the notice under that subsection is given."
  - (5) For subsection (6A) substitute—
    - "(6A) Regulations may—
      - (a) provide for this Chapter not to apply in prescribed circumstances in relation to a member of a prescribed scheme or schemes of a prescribed description;
      - (b) modify the application of this Chapter in relation to a member who has accrued rights to benefits of a prescribed description.
    - (6B) In this Chapter a reference to a "category" of benefits is to one of the following three categories—
      - (a) money purchase benefits;
      - (b) flexible benefits other than money purchase benefits;
      - (c) benefits that are not flexible benefits."
- 53
- For section 97G (restrictions on power to give transfer notice) substitute—

**"97G Restrictions on power to give transfer notice**

- (1) An eligible member may not give a transfer notice in relation to a category of benefits if a crystallisation event has occurred in relation to any of the member's pension credit rights to benefits in that category.
- (2) An eligible member may give a transfer notice in relation to a category of benefits other than money purchase benefits only if—
  - (a) the member has been provided with a statement under section 97H in relation to benefits in that category, and

- (b) not more than 3 months have passed since the date by reference to which the amount shown in the statement is determined.
- (3) An eligible member may not give a transfer notice in relation to benefits other than flexible benefits if there is less than one year to go until the member reaches normal benefit age.
- (4) Where an eligible member of a qualifying scheme—
  - (a) is entitled to give a transfer notice in relation to any category of benefits, and
  - (b) is also entitled to make an application to the trustees or managers of the scheme under section 91(1) in relation to benefits in the same category (or would be entitled to do so but for section 91(1A)(a)),

the member may not, if the scheme so provides, give a transfer notice in relation to that category of benefits without also making an application under section 91(1) in relation to that category of benefits.

- (5) A transfer notice may not be given if a previous transfer notice given by the member to the trustees or managers of the scheme is outstanding.
- (6) For the purposes of subsection (1) a crystallisation event occurs in relation to a member's pension credit rights to benefits in a category when—
  - (a) payment of a pension in respect of any of the benefits has begun,
  - (b) in the case of money purchase benefits, sums or assets held for the purpose of providing any of the benefits are designated as available for the payment of drawdown pension (as defined by paragraph 4 of Schedule 28 to the Finance Act 2004), or
  - (c) in the case of a personal pension scheme, sums or assets held for the purpose of providing any of the benefits are applied for purchasing an annuity or insurance policy.<sup>7</sup>

- 54
- (1) Section 97H (salary related schemes: statements of entitlement) is amended as follows.
  - (2) For subsection (1) substitute—
    - “(1) The trustees or managers of a qualifying scheme must, on the application of an eligible member, provide the member with a written statement of the amount of the cash equivalent of the member's pension credit rights in relation to categories of benefits other than money purchase benefits.
    - (1A) In the case of a member with pension credit rights in relation to two categories of benefits other than money purchase benefits, the application may relate to pension credit rights in relation to either or both of those categories.<sup>7</sup>
  - (3) In the heading for “Salary related schemes” substitute “Benefits other than money purchase”.

- 55 (1) Section 97J (time for compliance with transfer notice) is amended as follows.
- (2) In subsection (1), for paragraphs (a) and (b) substitute—
- “(a) in the case of an application that relates to benefits other than money purchase benefits, within 6 months beginning with the valuation date, and
  - (b) in the case of an application that relates to money purchase benefits, within 6 months of the date on which the notice is given.”
- (3) For subsection (7) substitute—
- “(7) In subsection (1)(a), “valuation date” means the date by reference to which the amount shown in the relevant statement under section 97H is determined.”
- 56 After section 97N insert—
- “97NA Prohibition on excluding transfers of some rights without others etc**
- Except as mentioned in sections 92(4) and 97G(4), a pension scheme may not contain rules that would have the effect of—
- (a) preventing a member from exercising a right under this Chapter in relation to a category of benefits without also exercising a right under this Chapter or otherwise to require a transfer payment to be made in respect of another category of benefits, or
  - (b) preventing a member who exercises a right under this Chapter in relation to a category of benefits from accruing rights to benefits in another category.”
- 57 (1) Section 97P (interpretation) is amended as follows.
- (2) In subsection (1), at the appropriate places insert—
- ““category”, in relation to benefits, has the meaning given by section 97F(6B);”
  - ““flexible benefit” has the meaning given by section 72 of the Pension Schemes Act 2014;”.
- (3) Omit subsection (2).
- (4) In subsection (3), for “given to the trustees or managers of a salary related occupational pension scheme” substitute “in relation to benefits other than money purchase benefits”.
- 58 Omit section 97Q.
- 59 In section 125 (overriding requirements) for “Chapters II, III, IV and V of Part IV” substitute “Chapters 2 and 3 of Part 4, Chapters 1 and 2 of Part 4ZA”.
- 60 In section 126 (extra-statutory benefits), in paragraph (b), for “Chapter II, IV or V of Part IV” substitute “Chapter 2 of Part 4 or Chapter 1 or 2 of Part 4ZA”.
- 61 In section 149 (power to modify certain provisions), in subsection (1), for “Chapters II, III and IV of Part IV” substitute “Chapters 2 and 3 of Part 4 and Chapter 1 of Part 4ZA”.
- 62 In section 174 (linked qualifying service), in subsection (1)(a)—

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- (a) in the opening words, for "Chapter 4 or 5 of Part IV" substitute "Chapter 1 or 2 of Part 4ZA";
  - (b) in sub-paragraph (iii)—
    - (i) for "Chapter 4 of Part IV" substitute "Chapter 1 of Part 4ZA";
    - (ii) for "Chapter 5" substitute "Chapter 2".

63 In section 176 (interpretation), in subsection (1), in paragraph (b) of the definition of "transfer credits", for "Chapter 5 of Part IV" substitute "Chapter 2 of Part 4ZA".

*Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22) S.I. 1995/3213 (N.I. 22))*

64 The Pensions (Northern Ireland) Order 1995 is amended as follows.

65 In Article 67A (the subsisting rights provisions: interpretation), in paragraph (9)(a), for head (ii) substitute—

- "(ii) Chapter 2 or 3 of Part 4 of the Pension Schemes Act (certain protection for early leavers) or regulations made under either of those Chapters;
- (ia) Chapter 1 or 2 of Part 4ZA of that Act (transfers and contribution refunds) or regulations made under either of those Chapters;"

66 In Article 73 (preferential liabilities on winding up), in paragraph (9), for "Chapter 5 of Part IV" substitute "Chapter 2 of Part 4ZA".

67 In Article 73B (Article 73 and 73A: supplementary), in paragraph (7), for "Chapter 4 of Part IV" substitute "Chapter 1 of Part 4ZA".

*Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1) S.I. 2005/255 (N.I. 1))*

68 The Pensions (Northern Ireland) Order 2005 is amended as follows.

69 In Article 2 (interpretation), in paragraph (4)(a), for head (ii) substitute—

- "(ii) Chapter 2 or 3 of Part 4 of the Pension Schemes Act (certain protection for early leavers) or regulations made under either of those Chapters;
- (ia) Chapter 1 or 2 of Part 4ZA of that Act (transfers and contribution refunds) or regulations made under either of those Chapters;"

70 (1) Article 14 (pension liberation: interpretation) is amended as follows.

(2) In paragraph (2)(a)—

- (a) after "accrued rights" insert "or an entitlement";
- (b) in head (ii), for "the applicable rules" substitute "the scheme rules".

(3) In paragraph (3)—

(a) for sub-paragraph (a) substitute—

- "(a) section 90 of the Pension Schemes Act (right to cash equivalent under Chapter 1 of Part 4ZA of that Act)";

(b) in sub-paragraph (b), for "Chapter 5 of Part IV" substitute "Chapter 2 of Part 4ZA".

(4) In paragraph (4)(d), for "the applicable rules" substitute "the scheme rules".

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- (5) Omit paragraph (5).
- 71 In Article 19 (freezing orders), in paragraph (4)(g), for “salary related schemes” substitute “benefits other than money purchase”.
- 72 In Article 20 (consequences of freezing order), in paragraph (7), for subparagraphs (a) and (b) substitute—
- “(a) Chapter 1 of Part 4ZA of the Pension Schemes Act (transfer rights: general), or
  - (b) Chapter 2 of that Part (early leavers: cash transfer sums and contribution refunds).”
- 73 In Article 68 (inspection of premises), in paragraph (2)(d)—
- (a) for “Chapter 4 of Part IV” substitute “Chapter 1 of Part 4ZA”;
  - (b) for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- 74 In Article 119 (restrictions on winding up, discharge of liabilities etc.), in paragraph (6)(b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- 75 In Article 122 (payment of scheme benefits), in paragraph (3)(b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
- 76 (1) Schedule 6 (pension compensation provisions) is amended as follows.
- (2) In paragraph 20(1)(c), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.
  - (3) In paragraph 32(1)(b), for “Chapter 5 of Part IV” substitute “Chapter 2 of Part 4ZA”.

### Explanatory Notes

#### **Clause 51: Independent advice in respect of conversions and transfers: Northern Ireland**

This clause provides that trustees or managers of a pension scheme will be required to check that a member or survivor has received appropriate independent advice before converting the member's or survivor's safeguarded benefits into flexible benefits, or making a transfer payment in respect of safeguarded benefits to a scheme in which the member or survivor will acquire flexible benefits. Clause 51(3) gives the Department for Social Development a regulation-making power to make exceptions to that requirement. This also provides that the regulations can specify what trustees and managers must do to check that a member has received appropriate independent advice, and when the check must be carried out.

This ensures that a member of a defined benefits scheme must take independent financial advice before seeking to transfer their pension rights to a money purchase scheme to avail of the tax law flexibilities which will allow greater flexibility in how money purchase pots may be accessed and used. In general, it may be to the member's advantage to remain in the defined benefits scheme, but there are circumstances where it may not, for example, limited life expectancy. Currently most money purchase schemes already insist on a transferring member taking independent financial advice before accepting the transfer.

#### **Clause 52: Power to require employer to pay for the advice for purposes of section 51**

This clause confers a regulation-making power to enable the Department for Social Development to specify circumstances in which an employer must arrange or pay for a member or survivor to receive the appropriate independent advice required by clause 51. The regulations can in particular impose a limit on the amount that an employer must pay, prohibit an employer from seeking to recover the employer's costs from a member or survivor and impose civil penalties on an employer who fails to comply with the regulations.

This will apply to an employer-led transfer exercise or where the transfer is between a defined benefits section and a defined contributions section of the employer's scheme.

#### **Clause 53: Independent advice: consequential amendments – Northern Ireland**

This clause makes amendments consequential upon clauses 51 and 52.

#### **Clause 60: Sums or assets that may be designated as available for drawdown: Northern Ireland**

This clause applies where a pension scheme offers members the option of a drawdown pension, and restricts the designation of funds for the payment of a

drawdown pension to those funds held to provide money purchase benefits. It provides for this restriction to override any scheme rule which operates otherwise. The requirement for funds designated as available for drawdown to be money purchase benefits does not apply in relation to any funds designated before the coming into force of these provisions.

### **Clause 61: Provision about conversion of certain benefits for drawdown: Northern Ireland**

This clause is a regulation-making power for the Department for Social Development. It allows regulations to be made which would place conditions on the conversion of cash balance benefits into money purchase benefits, where that conversion is being undertaken to allow the member or the member's survivor to take up the option of a drawdown pension.

Some examples of the situations the regulations may cover are :

- where only part of the cash balance benefits are converted, covering how the benefit left in the cash balance arrangement should be calculated in the future.
- where a member or the member's survivor wishes to take up the option of a drawdown pension before reaching the scheme's normal entitlement date, placing conditions on how the cash balance benefits are calculated prior to conversion and the conditions under which the money purchase benefits may be reduced.

Finally, any regulations made under this power may override any scheme rules which conflict with them.

### **Clause 62: Provision about calculation of lump sums: Northern Ireland**

This clause relates to a member or a member's survivor taking a lump sum from accrued rights to cash balance benefit, where the scheme rules permit this option. It provides for regulations made by the Department for Social Development to provide for the calculation of that lump sum.

Some examples of the situations the regulations may cover are specified. These are:

- where only part of the cash balance benefits is taken as a lump sum, regulations may determine how the remaining benefits are to be treated after the lump sum has been taken; and
- where a member or the member's survivor wishes to take up the option of a lump sum before reaching the scheme's normal entitlement date, the regulations may place conditions on how the cash balance benefits are calculated to determine the amount of the lump sum available and also set out conditions under which the lump sum may be reduced.

Finally, any regulations made under this power may override any scheme rules which conflict with them.

### **Clause 63: Restrictions on conversion of benefits during winding up etc: Northern Ireland**

This clause will prevent non-money purchase benefits being converted into money purchase benefits after the date an occupational pension scheme begins to wind up.

This is to prevent a member avoiding any reduction in their benefits, consequent on underfunding, by changing the category of their benefits from non-money purchase to money purchase.

This clause also restricts the options available to members with non-money purchase benefits when their pension scheme is in a Pension Protection Fund assessment period. At present, under Article 119 of the Pensions (Northern Ireland) Order 2005, non-money purchase benefits cannot be transferred or discharged. This provision prevents conversion of these benefits to money purchase benefits.

### **Clause 64: Restriction on payment of lump sums during PPF assessment period: Northern Ireland**

This clause adds an extra condition to Article 122 of the Pensions (Northern Ireland) Order 2005, which is about the payment of scheme benefits whilst a scheme is in a Pension Protection Fund (PPF) assessment period. At present Article 122 requires that the benefits payable to a member must be reduced to the level of compensation which would be payable if the scheme transferred into the PPF. In future, benefits paid as lump sums can only be paid where lump sum compensation would be payable if the scheme had transferred into the PPF. This continues the current position, and means that members will not be able to take out a new uncrystallised funds pension lump sum from rights to non-money purchase benefits during an assessment period.

The PPF provides help to members of defined benefits schemes whose scheme is underfunded and the sponsoring employer is insolvent.

### **Paragraph 35 of Schedule 2**

The Financial Assistance Scheme established on a UK-wide basis under section 286 of the Pensions Act 2004 provides help to members of underfunded pension schemes whose employer was insolvent prior to the establishment of the PPF. Schedule 2 to Bill makes consequential amendments to existing legislation to take account of the 3 scheme categories defined in Part 1 of the Bill. In particular, it replaces references to money purchase schemes to limit the number of ways of categorising schemes in legislation. Section 286 is amended to replace the reference to “money purchase scheme” with a reference to “a scheme under which all the benefits that may be provided are money purchase benefits”.



This does not change the effect of the legislation - rather it is a technical change to limit the number of categories that may be attached to pension schemes.

#### **Schedule 4 Rights to transfer benefits**

Schedule 4 amends current transfer rights, currently contained in Chapter 4 of Part 4 of the Pension Schemes (Northern Ireland) Act 1993 (which will become Chapter 1 of a new Part 4ZA), by giving scheme members a new statutory right to transfer separate categories of accrued benefits, where they have two or more categories of benefits within the same pension scheme.

Currently, Chapter 4 only allows a member to transfer the entirety of their accrued rights to benefits out of the scheme. These changes will permit the member to transfer a category of benefit, provided that they have ceased to accrue rights to that category of benefit, while retaining rights to another category of benefit in the scheme.

Members with benefits other than money purchase benefits will continue to receive a statement of entitlement with a cash equivalent relating to the rights to be transferred. Members with money purchase benefits will continue to have the right to transfer the realisable value of their rights. As now, the details concerning calculation of a cash equivalent will be provided by regulations.

Paragraphs 41 to 44 of this Schedule substitute Chapters 1 and 2 of a new Part 4ZA for Chapters 4 and 5 of Part 4 to the Pension Schemes (Northern Ireland) Act 1993 and make consequential amendment to other legislation. Paragraphs 45 to 48 substitute new sections 89, 89A and 90 for sections 89 and 90 of that Act. New section 89 extends existing transfer rights for members of occupational pension schemes. This section permits members with flexible benefits to transfer their pension rights at any age, provided that they have ceased to accrue rights in relation to the category of benefit that they want to transfer, and that rights to the benefit have not crystallised. This section also allows members to transfer any category of benefit, irrespective of whether or not the member is accruing rights to a different category of benefit under the same scheme. New section 89A requires trustees or managers to provide members with a statement of entitlement in relation to transferrable right to non-money purchase benefits. New section 90 reflects the changes which allow members to continue to accrue different categories of benefit, and permits members to transfer flexible benefits whether or not they have attained normal pension age under the scheme.

Paragraphs 46 to 48 of this Schedule make consequential amendments to reflect the extension of the rights to transfer.

Paragraph 49 of this Schedule substitutes a new section 94, which reflects the extension of the right to transfer, and provides for a member who has attained a right to a cash equivalent to lose this right if they do not make an application within the prescribed timeframe or if the scheme is wound-up.

Paragraph 50 of this Schedule makes consequential amendments to section 94 of the 1993 Act.

Paragraph 51 of this Schedule inserts a number of new sections into the 1993 Act. New section 96A prohibits a scheme from containing rules requiring members to transfer the entirety of their rights to benefit in circumstances where the member also has rights to a different category of benefit within the scheme. It also ensures that a member will not cease to accrue rights under a scheme merely because the member has exercised the statutory transfer right in relation to a different category of benefit. Paragraph 51 also makes consequential amendments to insert new section 96B, which contains a definition of “scheme rules” (to replace the existing definition of the “applicable rules” in section 90(2) of the 1993 Act). New section 96C provides a revised definition of “normal pension age” to reflect the extension of the right to transfer specific categories of benefit, and to cater for cases where the scheme has different normal pension ages, or no normal pension age, for different categories of benefit. New section 96D provides other definitions.

Paragraphs 52 to 58 of this Schedule make similar amendments to Chapter 5 of Part 4 of the 1993 Act (which becomes Chapter 2 of Part 4ZA to that Act) to the provisions permitting transfer of pensions credit benefit rights (rights arising from pension sharing on divorce).

Paragraphs 64 to 76 of the Schedule make consequential amendments to other legislation.

## LEGISLATIVE CONSENT MEMORANDUM

### PENSION SCHEMES BILL

#### Draft legislative Consent Motion

1. The draft motion, which will be tabled by the Minister for Social Development, is:

*“That this Assembly endorses the principle of the extension to Northern Ireland of the provisions of the Pension Schemes Bill dealing with independent advice, drawdown, conversion of benefits and lump sums, rights to transfer benefits and the Financial Assistance Scheme as contained in clauses 51 to 53 and 60 to 64 of, and Schedules 2 and 4 to, the Bill as brought from the House of Commons to the Lords.”*

#### Background

2. This memorandum has been laid before the Assembly by the Minister for Social Development under Standing Order 42A(2). The Pension Schemes Bill was introduced in the House of Commons on 26 June 2014. The latest version of the Bill can be found at:

<http://services.parliament.uk/bills/2014-15/pensionschemes.html>

#### Summary of the Bill and its policy objectives

3. The Bill contains measures reforming aspects of private pension provision mainly in relation to England, Scotland and Wales. It contains provisions to:
  - establish a new legislative framework for private pensions defining them on the basis of the promise they offer to members during the accumulation phase about their retirement benefits;
  - facilitate greater flexibility in accessing benefits; and
  - help people make informed decisions about what to do with their scheme benefits.

## **Provisions which deal with a Devolution Matter**

4. The private pensions provisions which deal with transferred matters primarily relate to provision necessary to ensure that pensions law is compatible with the tax changes coming into operation in April 2015 allowing greater flexibilities on how money purchase pension pots can be accessed and used. They also ensure appropriate safeguards are in place. For example they make provision for:
  - independent financial advice for those transferring out of defined benefit schemes;
  - sums and assets that may be designated as available for drawdown, the conversion of certain benefits for drawdown and the calculation of lump sums;
  - restrictions on the conversion of benefits while schemes are winding up and the payment of lump sums while schemes are in the assessment phase for access to the Pension Protection Fund; and
  - changes to transfer rules for pension scheme members to facilitate the new flexibilities.
5. The Bill also amends the Financial Assistance Scheme provisions to clarify that it does not apply to schemes providing only money purchase benefits.

## **Reasons for making the Provisions**

6. In the 2014 Budget, the Chancellor announced tax changes to private pensions, giving savers greater flexibility in how they access their money purchase pension pots. Many of the Budget reforms introducing the pensions flexibilities require substantive changes to tax legislation and are set out in the Taxation of Pensions Bill currently before Parliament. The Pensions Schemes Bill contains a number of measures to ensure that the tax change flexibilities are reflected in pension law and to ensure appropriate safeguards are in place. Many of the measures must come into effect from 6 April 2015 to coincide with the tax changes.
7. The Financial Assistance Scheme assists people who lost out on their pension prior to the establishment of the Pension Protection Fund. The Financial Assistance Scheme was established by the Secretary of State for

Work and Pensions as a UK-wide scheme, and the legislation operates on a UK-wide basis.

### **Reasons for utilizing the Bill rather than an Act of the Assembly**

8. The changes to tax law allowing greater flexibility in how money purchase pension pots may be accessed and used come into operation in April 2015. To ensure that the tax change flexibilities are reflected in, and are compatible with, Northern Ireland pension law and to ensure that appropriate safeguards are in place, the changes to Northern Ireland pension law must be in place by April 2015.
9. Given the relatively short timeframe until the reforms are due to come into effect, it would be extremely difficult for the Assembly to legislate separately to allow for the necessary changes to be made to the relevant Northern Ireland legislation prior to 6 April 2015.

### **Consultation**

10. In November 2013, the Government published a consultation paper, "*Reshaping workplace pensions for future generations*", which outlined broad proposals to enable greater innovation in risk sharing in private pension arrangements. Responses that were received during the consultation period were considered in the Government response paper published in June 2014.
11. The 2014 Budget also announced reforms to private pensions, giving savers greater flexibility in how they access their defined contributions pensions pots. The Government published a consultation on 19th March 2014 entitled "*Freedom and Choice in Pensions*" and published a response to that consultation on 21st July.

### **Human Rights and Equality**

12. The provisions of the Bill are considered compatible with the Human Rights Act 1998.
13. An equality screening exercise has been carried out and the Department is satisfied that the proposed amendments have no significant implications for equality of opportunity.

### **Financial Implications**

14. No significant costs to the public purse are expected.

## **Summary of Regulatory Impact**

15. It is expected that employers operating defined benefit schemes, the schemes themselves and pension scheme members will incur costs in complying with the advice requirement. These costs consist of the ongoing administrative cost of verifying whether scheme members have received professional financial advice before initiating a transfer and the costs of the professional financial advice itself.
16. DWP estimated costs to employers and businesses on a UK-wide basis are as follows:
  - providing financial advice
    - transfer exercises – between £0.65m and £1.62m per year.
    - non transfer exercises – between £1.02m and £2.54m per year.
  - administrative costs – estimated at £0.44m per year although this may fall between £0.22m and £0.89m per year.
  - transitional and familiarisation costs – between £0.29m and £0.33m.

## **Engagement to date with the Committee for Social Development**

17. The Committee of Social Development are aware of the need for a Legislative Consent Motion.

## **Conclusion**

18. The view of the Minister for Social Development is that in the interests of good government that so far as the provisions of the Bill deal with a devolution matter they should extend to Northern Ireland.

**Department for Social Development**  
**[Insert date of laying]**