

Pensions Bill

COMMONS REASONS FOR DISAGREEMENT

[The page and line references are to HL Bill 61, the bill as first printed for the Lords.]

Clause 1

LORDS AMENDMENT NO. 1

Page 2, line 32, at end insert –

“(3A) With effect from the commencement of this section or 1st November 2007, whichever shall be earlier, the contributor may at any time up to state pension age, make voluntary (Class 3) contributions for any period of his or her working life, in respect of up to 9 years, whether consecutive or not, which for any reason shall not have satisfied the conditions for a Qualifying Year or Years, so that such year or years shall then be deemed to be a Qualifying Year or Years.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 1, 16, 17, 18, 23 and 24 for the following Reason –

1A *Because they would involve charges on public funds, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

After Clause 18

LORDS AMENDMENT NO. 12

12 Insert the following new Clause –

“Minimum retirement income

(1) The amount of the minimum retirement income in respect of each tax year shall be set by the Chancellor of the Exchequer by order at the level of the standard minimum guarantee prescribed under section 2 of the State Pension Credit Act 2002 (c. 16).

- (2) Before making an order under subsection (1), the Chancellor of the Exchequer shall consult such persons as he considers appropriate.
- (3) An order under this section (other than the order that applies to the first tax year during which this section is in force) must be made on or before 31st January of the tax year before the tax year to which the order applies.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 12, 13, 14 and 73 for the following Reason –

- 12A** *Because they would alter provisions relating to taxation, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

LORDS AMENDMENT NO. 13

- 13** Insert the following new Clause –

“Retirement income fund

- (1) The Finance Act 2004 (c. 12) is amended as follows.
- (2) After section 152 (meaning of “arrangement”), insert –

“152A Meaning of “retirement income fund”

- (1) In this Part a retirement income fund means a scheme for the reinvestment of savings in retirement which –
 - (a) is operated by or on behalf of a person authorised to operate a registered pension scheme,
 - (b) is a scheme in which investments are approved by the Inland Revenue, and
 - (c) meets the conditions set out in subsections (2) to (9).
- (2) The first condition is that, subject to the other conditions in this section, funds held in the retirement income fund may be invested and withdrawn by the member as and when he elects.
- (3) The second condition is that an authorised retirement income fund provider must set an annual maximum withdrawal allowance for each member, based on an assessment of each member’s life expectancy, and a member’s withdrawals from the fund in any one year must not exceed that allowance.
- (4) The third condition is that, in setting annual maximum withdrawal allowances, an authorised provider must ensure that no member’s total future income falls below the minimum retirement income level, as set out under section (*Minimum retirement income*) of the Pensions Act 2007, except in the circumstances provided for in the sixth condition.
- (5) The fourth condition is that an authorised provider must set an annual minimum withdrawal allowance so that each member’s total income is at least equivalent to the minimum retirement income level, except in the circumstances provided for in the sixth condition.

- (6) The fifth condition is that where a member chooses not to declare his total annual income to the authorised provider, he must withdraw funds equivalent to the level of the minimum retirement income level or his annual maximum withdrawal allowance, whichever is the lower.
- (7) The sixth condition is that, where there are insufficient funds to enable the annual minimum withdrawal allowance to be set so that a member's total income is at least equivalent to the minimum retirement income level, the allowance should be set at the highest level consistent with the assessment of the member's life expectancy.
- (8) The seventh condition is that the maximum and minimum withdrawal allowances must be set at the same level where a member's total annual income, including his maximum withdrawal allowance, is lower than the minimum retirement income level.
- (9) The eighth condition is that a retirement income fund, and any income derived from it, must not be capable of assignment or surrender by the member.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 12, 13, 14 and 73 for the following Reason –

- 13A** *Because they would alter provisions relating to taxation, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

LORDS AMENDMENT NO. 14

- 14** Insert the following new Clause –

“Withdrawal from a retirement income fund

- (1) Section 165 of the Finance Act 2004 (c. 12) (pension rules) is amended as follows.
- (2) In subsection (1) (which sets out the pension rules) –
 - (a) in *Pension rule 4*, after paragraph (a), insert –

“(aa) a withdrawal from a retirement income fund;”
 - (b) in *Pension rule 4*, after the second appearance of the words “scheme pension”, insert the words “a withdrawal from a retirement income fund”;
 - (c) in *Pension rule 6*, after paragraph (a), insert –

“(aa) a withdrawal from a retirement income fund;”
 - (d) in *Pension rule 6*, after the second appearance of the words “scheme pension”, insert the words “a withdrawal from a retirement income fund”.

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 12, 13, 14 and 73 for the following Reason –

- 14A** *Because they would alter provisions relating to taxation, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

LORDS AMENDMENT NO. 15

- 15** Insert the following new Clause –

“Financial assistance scheme: scheme manager

- (1) The Financial Assistance Scheme Regulations 2005 (S.I. 2005/1986) are amended as follows.
- (2) In regulation 5(1) for “Secretary of State” substitute “Board of the Pension Protection Fund (“the Board”)”.
- (3) In regulation 5(2)(a) omit the words from “Secretary of State” to the end of that paragraph and insert “the Board”.
- (4) In regulation 5, sub-paragraph (2)(b) is omitted.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendment No. 15 for the following Reason –

- 15A** *Because it is inappropriate to replace the Secretary of State as the manager of the Financial Assistance Scheme with the Board of the Pension Protection Fund.*

LORDS AMENDMENT NO. 16

- 16** Insert the following new Clause –

“Financial assistance scheme: qualifying pension schemes

- (1) The Financial Assistance Scheme Regulations 2005 (S.I. 2005/1986) are amended as follows.
- (2) In regulation 9, sub-paragraph (1)(c) is omitted.
- (3) Regulations 11 to 13 are omitted.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 1, 16, 17, 18, 23 and 24 for the following Reason –

- 16A** *Because they would involve charges on public funds, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

LORDS AMENDMENT NO. 17

- 17** Insert the following new Clause –

“Pension Protection Lifeboat Fund

- (1) There shall be established as soon as reasonably practicable a Pension Protection Lifeboat Fund (“the Lifeboat Fund”) which shall be administered by the Board of the Pension Protection Fund (“the Board”).
- (2) The purpose of the Lifeboat Fund shall be to make supplementary payments to persons who are qualifying members of qualifying schemes as defined by the Financial Assistance Scheme Regulations 2005 (S.I. 2005/1986) (or who would be qualifying members if the qualifying age for the Financial Assistance Scheme were set at the level of the qualifying scheme retirement age), in addition to the sums payable in any event under those regulations.
- (3) The supplementary payments made to any person in accordance with subsection (2) shall equal the amount that, taken together with any amounts payable to that person under the Financial Assistance Scheme and amounts payable to that person as scheme benefits under the qualifying pension scheme in respect of which he is a qualifying member of the Financial Assistance Scheme (or would be a qualifying member if the qualifying age for the Financial Assistance Scheme were set at the level of the qualifying scheme retirement age), is the amount that would be payable to that person if that qualifying pension scheme were accepted into the Pension Protection Fund.
- (4) The Secretary of State shall make such loans to the Lifeboat Fund as are necessary to allow the discharge of its functions and in particular its obligation to make supplementary payments under subsection (2).
- (5) The Secretary of State shall make such loans from time to time having regard to—
 - (a) requests for such loans received from the Board;
 - (b) the amount of assets transferred or to be transferred to the Lifeboat Fund under the Scheme (as defined in section (*Transfer of unclaimed assets*) (“the Scheme”));
 - (c) the level of any claims on the Lifeboat Fund in respect of assets transferred to it under the Scheme.
- (6) Loans made in accordance with this section must be repaid to the Secretary of State as soon as, in the reasonable opinion of the Board, it is prudent to do so having regard to—
 - (a) the obligations of the Lifeboat Fund;
 - (b) the amount of assets transferred or to be transferred to the Lifeboat Fund under the Scheme; and
 - (c) the level of claims on the Lifeboat Fund in respect of assets transferred to it under the Scheme.
- (7) Loans made under this section shall be interest free.
- (8) The assets of the Lifeboat Fund shall be held separately from the assets of any other fund under the control of the Board.
- (9) The Secretary of State may by regulations make further provision in connection with the Lifeboat Fund.
- (10) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 1, 16, 17, 18, 23 and 24 for the following Reason –

- 17A** *Because they would involve charges on public funds, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

LORDS AMENDMENT NO. 18

- 18** Insert the following new Clause –

“Pensions Unclaimed Assets Recovery Agency

- (1) There shall be a body called the Pensions Unclaimed Assets Recovery Agency (“the Agency”).
- (2) The Agency must be established no later than three months after the passing of this Act.
- (3) The Agency shall consist of not fewer than six nor more than twelve members to be appointed by the Secretary of State, and the Secretary of State shall appoint one member to be the chairman, and another member to be a deputy chairman, of the Agency.
- (4) In appointing a person to be a member of the Agency, the Secretary of State shall have regard to the desirability of appointing persons who have knowledge of, or experience relating to, matters relevant to the functions of the Agency.
- (5) A member of the Agency may hold office for such a period as the Secretary of State may determine, but not exceeding –
 - (a) six years, in the case of the chairman, and
 - (b) four years, in the case of other members.
- (6) The Secretary of State may make payments to the members of the Agency by way of remuneration and make payments to them in respect of expenses incurred by them in the performance of their duties.
- (7) The Secretary of State may also defray any other expenses of the Agency.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 1, 16, 17, 18, 23 and 24 for the following Reason –

- 18A** *Because they would involve charges on public funds, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

LORDS AMENDMENT NO. 19

- 19** Insert the following new Clause –

“Functions of Pensions Unclaimed Assets Recovery Agency

The functions of the Agency are –

- (a) to obtain such information about such classes of unclaimed assets as may be prescribed by the Secretary of State by regulations;
- (b) to provide the Secretary of State with that information and any other related information held by the Agency which the Secretary of State may from time to time require;
- (c) to administer the scheme to be established by virtue of section (*Transfer of unclaimed assets*).

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 19, 20 and 21 for the following Reason –

- 19A** *Because they make provision connected with that made by Lords Amendments Nos. 17 and 18, to which the Commons have disagreed.*

LORDS AMENDMENT NO. 20

- 20** Insert the following new Clause –

“Pensions Unclaimed Assets Recovery Agency: provision of information

- (1) Subject to subsection (2), the Agency may, by notice, require any person to supply it, within a specified period or at a specified time or times, such specified information as the Agency considers it needs for the purposes of carrying out its functions under section (*Functions of Pensions Unclaimed Assets Recovery Agency*).
- (2) This section does not authorise any requirement in relation to information to be imposed on any person unless that person carries on a business in the United Kingdom; but a requirement may be imposed under this section on a person in relation to information in the possession or control of a connected person or undertaking outside the United Kingdom.
- (3) Any person who, when required to do so under this section, fails without reasonable excuse to supply any information, shall be liable on summary conviction –
 - (a) to a fine not exceeding level 5 on the standard scale; and
 - (b) in the case of a continuing offence, to an additional fine not exceeding £200 for every day during which the offence continues.
- (4) Any person who knowingly or recklessly supplies any information which is false or misleading shall be liable –
 - (a) on conviction on indictment, to imprisonment for a term not exceeding two years, or to a fine, or both; and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 19, 20 and 21 for the following Reason –

- 20A** *Because they make provision connected with that made by Lords Amendments Nos. 17 and 18, to which the Commons have disagreed.*

LORDS AMENDMENT NO. 21

21 Insert the following new Clause –

“Transfer of unclaimed assets

- (1) The Secretary of State shall by regulations, not later than twelve months after the passing of this Act, establish a scheme (“the Scheme”) for the transfer of such unclaimed assets as the regulations shall prescribe to the Lifeboat Fund.
- (2) Regulations made under this subsection shall provide for –
 - (a) a definition of those unclaimed assets to which the Scheme applies, including the extent to which the Scheme is applicable to assets whose ownership is known, or can be determined;
 - (b) the transfer to the Lifeboat Fund of a prescribed proportion of such unclaimed assets as the regulations shall prescribe, and the manner and timing of such transfers;
 - (c) the transfer to the Lifeboat Fund of liability for any claim in respect of assets transferred under the Scheme to the Lifeboat Fund;
 - (d) penalties to be imposed on any person holding assets prescribed under subsection (1) or (2)(b) who fails to transfer them or such proportion of them as is prescribed in accordance with the Scheme.
- (3) The power to make regulations under this section is exercisable by statutory instrument.
- (4) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 19, 20 and 21 for the following Reason –

21A *Because they make provision connected with that made by Lords Amendments Nos. 17 and 18, to which the Commons have disagreed.*

LORDS AMENDMENT NO. 22

22 Insert the following new Clause –

“Purchase of annuities

The Secretary of State shall, as soon as is reasonably practicable, by regulations require the trustees of qualifying schemes as defined by the Financial Assistance Scheme Regulations 2005 (S.I. 2005/1986) which have not yet completed winding-up to desist from purchasing (except where, on or before 18th April 2007, they have entered into a binding contractual commitment so to do) or making binding commitments to purchase annuities on behalf of scheme members, for a period of nine months from 18th April 2007.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendment No. 22 for the following Reason –

- 22A** *Because the Commons consider that the prohibition on the purchase of annuities may have undesirable effects.*

LORDS AMENDMENT NO. 23

- 23** Insert the following new Clause –

“Duty to make on-account payments

- (1) Pursuant to his powers under section 286(3)(d) of the Pensions Act 2004 (c. 35), the Secretary of State shall as soon as is reasonably practicable make regulations requiring trustees of qualifying pension schemes to make on-account payments to qualifying members, or persons who would be qualifying members if the qualifying age for the Financial Assistance Scheme were set at the level of the qualifying scheme retirement age.
- (2) The Secretary of State may make such loans to trustees of qualifying schemes as appear to him to be expedient to enable them to make such on-account payments where adequate scheme assets appear to him not to be available to them and regulations may prescribe for the recovery of such loans upon completion of wind-up of a qualifying scheme.
- (3) Regulations made under subsection (1) shall provide that on-account payments shall equal the amounts that would be payable if the qualifying scheme were accepted into the Pension Protection Fund.
- (4) The regulations shall provide for payment to trustees of a qualifying pension scheme of payments due to a qualifying member of that pension scheme (or a person who would be a qualifying member if the qualifying age for the Financial Assistance Scheme were set at the level of the qualifying scheme retirement age) by the Financial Assistance Scheme or by the Lifeboat Fund (as defined in section *(Transfer of unclaimed assets)*) in respect of periods for which on-account payments to that member have been made in accordance with subsection (1).”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 1, 16, 17, 18, 23 and 24 for the following Reason –

- 23A** *Because they would involve charges on public funds, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

LORDS AMENDMENT NO. 24

- 24** Insert the following new Clause –

“Financial Assistance Scheme: payment

The Secretary of State shall by regulations ensure that payments made to any person under the Financial Assistance Scheme as defined by the Financial Assistance Scheme Regulations 2005 (S.I 2005/1986) shall equal the amount that would be payable to that person if that person were entitled to receive benefits under the Pensions Protection Fund.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 1, 16, 17, 18, 23 and 24 for the following Reason –

- 24A** *Because they would involve charges on public funds, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*

Before Clause 23

LORDS AMENDMENT NO. 28

- 28** Insert the following new Clause –

“Post-legislative scrutiny

Four years after the passing of this Act the Secretary of State shall arrange for post-legislative scrutiny of this Act to check on its operation and may arrange subsequent scrutiny.”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendment No. 28 for the following Reason –

- 28A** *Because the Commons consider that imposing an obligation on the Secretary of State to arrange for post-legislative scrutiny is unnecessary.*

Schedule 7

LORDS AMENDMENT NO. 73

- 73** Page 71, line 30, at end insert –

“PART 6A

REMOVAL OF ANNUITY PROTECTION LUMP SUM DEATH BENEFIT

<i>CITATION</i>	<i>EXTENT OF REPEAL</i>
“Finance Act 2004 (c. 12)	In Schedule 29, paragraph 16(1)(a).”

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendments Nos. 12, 13, 14 and 73 for the following Reason –

- 73A** *Because they would alter provisions relating to taxation, and the Commons do not offer any further Reason, trusting that this reason may be deemed sufficient.*