



Social Security Pensions Act 1975

1975 CHAPTER 60

PART IV

OCCUPATIONAL PENSIONS

*Extinguishment of liability of scheme for pensions
secured by insurance policies or annuity contracts*

52C

- (1) ^[F1]A transaction to which this section applies discharges the trustees or managers of an occupational pension scheme from their liability to provide for or in respect of any person either ^[F2]the requisite benefits^[F3]guaranteed minimum pensions] or short service benefit or any alternative to short service benefit—
 - (a) if it is carried out not earlier than the time when that person's pensionable service terminates; and
 - (b) if and to the extent that it results in—
 - (i) ^[F4]the requisite benefits^[F5]guaranteed minimum pensions]; or
 - (ii) short service benefit, or an alternative to short service benefit, for or in respect of that person being appropriately secured and
 - (c) in a case where the transaction takes place on or after 1st January 1986, if and to the extent that the requirements set out in any one of paragraphs (a), (b) and (c) of subsection (5) below are satisfied.
- (2) This section applies to the following transactions—
 - (a) the taking out or the transfer of the benefit of a policy of insurance or a number of such policies;
 - (b) the entry into or the transfer of the benefit of an annuity contract or a number of such contracts.]
- (4) In this section “appropriately secured” means secured by an appropriate policy of insurance or an appropriate annuity contract, or by more than one such policy or contract; and a policy of insurance or annuity contract is appropriate for the purposes of this section if—

Status: Point in time view as at 01/02/1991.

Changes to legislation: There are currently no known outstanding effects for the Social Security Pensions Act 1975, Cross Heading: Extinguishment of liability of scheme for pensions secured by insurance policies or annuity contracts. (See end of Document for details)

- [^{F6}(a) the insurance company with which it is or was taken out or entered into—
- (i) is, or was at the relevant time, carrying on ordinary long-term insurance business in the United Kingdom or any other member State; and
 - (ii) satisfies, or satisfied at the relevant time, prescribed requirements; and]
- (b) it may not be assigned or surrendered except on conditions which satisfy such requirements as may be prescribed; and
- (c) it contains, or is endorsed with, terms whose effect is that the amount secured by it may not be commuted except on conditions which satisfy such requirements as may be prescribed; and
- (d) it satisfies such other requirements as may be prescribed.
- (5) The requirements referred to in subsection [^{F7}(1)] above are—
- (a) that the arrangement for securing the amount by means of the policy or contract was made—
 - (i) at the written request of the earner or his widow; or
 - (ii) with his or her consent given in writing in a prescribed form;
 - (b) that—
 - (i) the case is one such as is mentioned in paragraph 13(5) of Schedule 1A to this Act; and
 - (ii) the policy or contract only secures guaranteed minimum pensions;
 - (c) that—
 - (i) the case is not one such as is mentioned in paragraph 13(5) of Schedule 1A to this Act; and
 - (ii) such conditions as may be prescribed are satisfied.
- (6) In subsection (4)(a) above, “the relevant time” means the time when the policy of insurance was taken out or the annuity contract was entered into or, as the case may be, when the benefit of the policy or contract was transferred.
- (7) In this section—

“insurance company” and “ordinary long-term insurance business” have the meanings assigned to them by the Insurance Companies Act 1982; and “pensionable service” and “short service benefit” are to be construed in accordance with Schedule 16 to the Social Security Act 1973.

Textual Amendments

- F1** S. 52A(1)(2) substituted retrospectively for s. 52A(1)-(3) by [Social Security Act 1986 \(c. 50\)](#), [Sch. 10](#), para. 26(1)
- F2** Words saved, for transactions which took place before 1.11.1986, by [Social Security Act 1986 \(c. 50\)](#), [Sch. 10](#), para. 26(3)
- F3** Words substituted, for transactions which took place from 1.11.1986, by [Social Security Act 1986 \(c. 50\)](#), [Sch. 10](#), para. 26(3)
- F4** Words saved, for transactions which took place before 1.11.1986, by [Social Security Act 1986 \(c. 50\)](#), [Sch. 10](#), para. 26(3)
- F5** Words substituted, for transactions which took place from 1.11.1986, by [Social Security Act 1986 \(c. 50\)](#), [Sch. 10](#), para. 26(3)

Status: Point in time view as at 01/02/1991.

Changes to legislation: There are currently no known outstanding effects for the Social Security Pensions Act 1975, Cross Heading: Extinguishment of liability of scheme for pensions secured by insurance policies or annuity contracts. (See end of Document for details)

- F6** S. 52C(4)(a) substituted (with effect from 13.5.1991 for making regulations, 4.11.1991 for all other purposes) by [Social Security Act 1990 \(c. 27\)](#), [Sch. 4](#), para. 10
- F7** “(1)” substituted retrospectively by [Social Security Act 1986 \(c. 50\)](#), [Sch. 10](#), para. 26(2)

Modifications etc. (not altering text)

- C1** [Paragraph 14](#) of Sch. 6 to the [Social Security Act 1989 \(c. 24\)](#), makes it clear that the words “for or in respect of that person being appropriately secured” are part of s. 52C(1)(b), but not (as originally printed) part of s. 52C(1)(b)(ii)

52D Guaranteed minimum pensions under contracted-out schemes - supplementary.

- (1) Where—
- (a) guaranteed minimum pensions provided for a member or his widow under a contracted-out scheme have been wholly or partly secured as mentioned in section 52C above by a policy or a number of policies of insurance taken out with one or more companies or by an annuity contract or a number of annuity contracts entered into with one or more companies, or by both a policy or a number of policies and an annuity contract or a number of annuity contracts; and
- [^{F8}(b) either—
- (i) the transaction wholly or partly securing them was carried out before 1st January 1986 and discharged the trustees or managers of the scheme as mentioned in subsection (1) of that section; or
- (ii) it is carried out on or after that date without any of the requirements specified in subsection (5)(a) to (c) of that section being satisfied in relation to it and the scheme has been wound up;] and
- (c) any such company is unable to meet the liabilities under policies issued or securities given by it; and
- (d) the combined proceeds of any policy or policies taken out as mentioned in section 52C above and of any annuity contract or annuity contracts entered into as there mentioned and of any cash sums paid or alternative arrangements made under the Policyholders Protection Act 1975 are inadequate to provide the whole of the amount secured,
- the member and his widow shall be treated for the purposes of [^{F9}sections 29(1), 29A, 29B and 29C above] as [^{F10}only entitled to such part (if any) of his or her guaranteed minimum pension as] is provided by the proceeds mentioned in paragraph (d) above.

[(2) ^{F11}

- (4) Where a scheme has ceased by virtue of section 52C above to be liable to provide guaranteed minimum pensions for a member and his widow¹, the duties imposed on the Occupational Pensions Board by sections 40(2), 41 and 49 above shall cease to subsist in relation to those pensions.
- (5) Any question whether a cash sum paid or an alternative arrangement made under the Policyholders Protection Act 1975 provides the whole or any part of the guaranteed minimum pension to which an earner or his widow was entitled under a contracted-out scheme is to be determined for the purposes of this Act by the Secretary of State.
- (6) The Secretary of State may make any determination required by subsection (5) above on such basis as he considers appropriate.]

Status: Point in time view as at 01/02/1991.

Changes to legislation: There are currently no known outstanding effects for the Social Security Pensions Act 1975, Cross Heading: Extinguishment of liability of scheme for pensions secured by insurance policies or annuity contracts. (See end of Document for details)

Textual Amendments

- F8** S. 52D(1)(b) substituted retrospectively by [Social Security Act 1986 \(c. 50\)](#), **Sch. 10**, para. 27(1)(a)
- F9** Words substituted (with effect from 1.7.1992) by [Social Security \(Consequential Provisions\) Act 1992 \(c. 6\)](#) Sch. 2, para. 33
- F10** Words substituted retrospectively by [Social Security Act 1986 \(c. 50\)](#), **Sch. 10**, para. 27(1)(b)
- F11** S. 52D(2)(3) repealed by [Social Security Act 1986 \(c. 50\)](#), **Sch. 11**
-

Modifications etc. (not altering text)

- C2** S. 52D(1) to be construed (with effect from 6.4.1988) as if references to “widow” included references to widower (and with consequential modifications) by virtue of [Social Security Act 1986 \(c. 50\)](#), **s.9(4)(h)**

Status:

Point in time view as at 01/02/1991.

Changes to legislation:

There are currently no known outstanding effects for the Social Security Pensions Act 1975,
Cross Heading: Extinguishment of liability of scheme for pensions secured by insurance policies
or annuity contracts.