

Abolition of Safeguarded Rights

24 February 2009

The Pensions Act 2008 abolished Safeguarded Rights and we have now had confirmation that the effective date of this change is 6 April 2009 (The Pensions Act 2008 (Commencement No. 2) Order 2009). As explained below any transfer of protected rights under a pension sharing order will now be treated exactly the same as if it had been a transfer from non protected rights.

Section 100: Abolition of safeguarded rights

237. Where, on divorce or dissolution of a civil partnership, rights to a pension are shared under the mechanism in Chapter 1 of Part 4 of Welfare Reform and Pensions Act 1999, and those rights include contracted-out rights, the law as it stands treats the contracted-out rights in a different way from the other shared rights. They are known as “safeguarded rights” and are subject to various restrictions.

Section 100 and the related repeals in Schedule 11 abolish these restrictions. Once these provisions are brought into force, shared rights that derive from contracted-out rights will be treated in the same way as other shared rights.