

SCHEDULE 2

Scheme flexibilities

PART 4

Election to buy out the standard reduction

CHAPTER 3

Payment of buy-out contributions

Determination of contributions payable

34.—(1) The scheme manager must determine the amount of the monthly payments to be paid in respect of a buy-out election.

(2) The scheme manager—

- (a) may determine the amount of the monthly payments by reference to the number of years stated in the buy-out election and the length of the contributions payment period; and
- (b) may exercise the functions under this paragraph so as to re-determine the amount of the monthly payments during the contributions payment period.

(3) Unless the scheme manager re-determines the amount, monthly payments following a gap in service not exceeding 5 years are the same as before the gap.

Payment of buy-out contributions

35.—(1) P must—

- (a) make the first monthly payment within 2 months after the end of the month in which a buy-out election is accepted; and
- (b) continue to make the monthly payments until the end of the contributions payment period.

(2) The final monthly payment is due in the month before the buy-out period has effect.

(3) If the scheme manager re-determines the amount of the monthly payment during the contributions payment period, P must pay the re-determined amount from the beginning of the next financial year.

(4) P is taken to revoke a buy-out election if—

- (a) a monthly payment is missed; and
- (b) the payment is not made within 3 months after P receives a written demand from the scheme manager.

Monthly payments during gap in service

36.—(1) A member (P) who has a gap in service during the contributions payment period may choose to resume monthly payments on re-entering pensionable service.

(2) P is taken to revoke a buy-out election if P's gap in service exceeds 5 years.