



Social Security Act 1973

1973 CHAPTER 38

PART III

THE RESERVE PENSION SCHEME

Establishment of the scheme under the Reserve Pension Board

73 The Reserve Pension Board.

- (1) There shall be a body corporate known as "the Reserve Pension Board ", with responsibility for administering the reserve pension scheme established by this Part of this Act.
- (2) The Board shall have such other functions as are conferred on them by or under this Act, and in particular they shall be responsible for advising the Secretary of State from time to time on such matters relating to the reserve pension scheme as he may refer to them for their opinion.
- (3) The Board shall make such arrangements with the Secretary of State and the Northern Ireland Ministry as appear expedient for associating the administration of the reserve pension scheme with that of—
 - (a) the basic scheme as it operates in Great Britain and Northern Ireland respectively ; and
 - (b) the Industrial Injuries Acts and the corresponding Northern Ireland legislation, and for the exchange of information in that behalf.
- (4) The Board shall consist of a chairman, a deputy chairman and not less than 6 nor more than 12 other members all appointed by the Secretary of State; and of the members other than the chairman and deputy chairman one shall be appointed after consultation with organisations representative of employers, and one shall be appointed after consultation with organisations representative of employed earners (being in either case such organisations as the Secretary of State thinks it appropriate to consult).

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- (5) In Part II of Schedule 1 to the House of Commons Disqualification Act 1957 (bodies of which all members are disqualified) there shall be inserted at the appropriate place in alphabetical order—
 “The Reserve Pension Board”;
 and the same words shall also be inserted at the appropriate place in alphabetical order in the Part substituted for Part II by Schedule 3 to that Act in relation to the Senate and House of Commons of Northern Ireland.
- (6) Part I of Schedule 18 to this Act shall have effect with respect to the Board and their affairs.

74 The Reserve Pension Fund.

- (1) There shall be established under the control and management of the Reserve Pension Board a fund to be known as " the Reserve Pension Fund " .
- (2) There shall be paid into the Reserve Pension Fund—
- (a) by the Secretary of State and the Northern Ireland Ministry respectively all contributions and premiums paid to them under this Part of this Act, after deduction of the relevant administrative expenses; and
 - (b) by the Board, all money received by them, whether in the nature of income or capital (including any money which they borrow).
- (3) The reference in subsection (2)(a) above to the relevant administrative expenses—
- (a) as regards the Secretary of State, is to such sums as he may estimate to be the expenses falling on him or any other government department in Great Britain, in collecting reserve scheme contributions and premiums and paying them into the Reserve Pension Fund ; and
 - (b) as regards the Northern Ireland Ministry, is to such sums as that Ministry may estimate to be the expenses so falling on it or any other department of the Government of Northern Ireland;
- and any estimate for the purposes of paragraph (a) or (b) above shall be arrived at in accordance with any directions of the Treasury or, in Northern Ireland, the Ministry of Finance.
- (4) There shall be paid out of the Reserve Pension Fund—
- (a) the reserve scheme pensions provided for by sections 80 and 81 of this Act;
 - (b) any expenditure of the Reserve Pension Board in the exercise of their functions (including expenditure on administration and the repayment of money borrowed by the Board and the payment of any interest on money so borrowed); and
 - (c) any sums which are payable by the Board to the Secretary of State or the Northern Ireland Ministry in respect of administrative services provided in pursuance of arrangements made for the purposes of section 73(3) of this Act.
- (5) There shall be paid out of the Reserve Pension Fund—
- (a) into the Consolidated Fund, sums representing expenses falling on any government department in Great Britain and attributable to this Part of this Act, being expenses in respect of the functions—
 - (i) under section 75(6) of this Act, of the Government Actuary, and

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(ii) under section 85 of this Act (as it applies to Great Britain) of the Secretary of State, insurance officers, local tribunals and National Insurance Commissioners;

(b) into the Exchequer of Northern Ireland, sums representing expenses falling on any department of the Government of Northern Ireland and so attributable, being expenses in respect of functions under section 85 of this Act (as it applies to Northern Ireland) of the Northern Ireland Ministry, insurance officers, local tribunals and National Insurance Commissioners;

and payments under this subsection shall be made at such times and in such manner, and the amount of any expenses referred to in paragraph (a) or paragraph (b) shall be estimated in such manner, as the Treasury or, in Northern Ireland, the Ministry of Finance may direct.

(6) The Secretary of State and the Northern Ireland Ministry respectively shall in respect of each financial year prepare accounts showing—

- (a) the sums received by them in that year and paid into the Reserve Pension Fund as contributions and premiums under this Part of this Act;
- (b) any sums paid by them in that year on behalf of the Reserve Pension Board as reserve scheme pensions (in pursuance of arrangements made for the purposes of section 73(3) of this Act);
- (c) the relevant administrative expenses for the purposes of subsection (2)(a) above ; and
- (d) any receipts by them under subsection (4)(c);

and these accounts shall be prepared in such form, and in such manner and at such times, as the Treasury or, in Northern Ireland, the Ministry of Finance, may direct; and the Comptroller and Auditor General shall examine the Secretary of State's accounts and lay copies thereof, together with his report thereon, before Parliament; and the Comptroller and Auditor General for Northern Ireland shall examine the accounts of the Northern Ireland Ministry and lay copies thereof, together with his report thereon, before the Parliament of Northern Ireland.

(7) Where payments fall to be made by way of adjustment—

- (a) out of the Reserve Pension Fund either to the Secretary of State or another government department in Great Britain, or into the National Insurance Fund or the Consolidated Fund; or
- (b) into the Reserve Pension Fund out of the National Insurance Fund or out of money provided by Parliament,

then in such cases or classes of case as may be specified by the Secretary of State by order made with the consent of the Treasury, the amount of the payments to be made shall be taken to be such, and payments on account thereof shall be made at such times and in such manner, as may be determined by the Secretary of State in accordance with any directions given by the Treasury.

(8) Where payments fall to be made by way of adjustment—

- (a) out of the Reserve Pension Fund, to a department of the Government of Northern Ireland or into the Northern Ireland National Insurance Fund or the Exchequer of Northern Ireland; or
- (b) into the Reserve Pension Fund, out of the Northern Ireland National Insurance Fund or out of other public money belonging to Northern Ireland,

then in such cases or classes of case as may be specified by the Northern Ireland Ministry by order made with the consent of the Ministry of Finance the amount of the

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payments to be made shall be taken to be such, and payments on account thereof shall be made at such times and in such manner, as may be determined by that Ministry in accordance with any directions given by the Ministry of Finance.

- (9) Exemption from income tax shall, on a claim being made in that behalf, be allowed—
- (a) in respect of income derived from investments or deposits of the Reserve Pension Fund ;
 - (b) in respect of underwriting commissions if, or to such extent as the Inland Revenue are satisfied, the underwriting commissions are applied for the purposes of the reserve pension scheme and would (but for this paragraph) be chargeable to tax under Case VI of Schedule D;

and for the purposes of capital gains tax a gain shall not be a chargeable gain where it accrues to the Fund on any disposal of its investments.

- (10) Subject to subsection (6) above, Part II of Schedule 18 to this Act shall have effect with respect to the accounts of the Fund and their annual audit.

75 Management of the Fund and its investments.

- (1) In exercising their functions under this Part of this Act, and in particular in their management and investment of the Reserve Pension Fund, the Board shall have paramount regard to the interests of existing and future pensioners with pensions paid or to be paid out of the Fund.
- (2) The Reserve Pension Fund may be invested by the Board in any manner they think expedient; but—
- (a) they shall so exercise their powers that any interest of the Fund in shares comprised in relevant share capital of a company to which this subsection applies is limited to less than 10 per cent, at any one time of the nominal value of that share capital;
 - (b) if at any time the Fund's interest in any such shares exceeds the limits imposed by paragraph (a) above, it shall be the Board's duty to effect such dispositions as are necessary for the purposes of compliance with that paragraph; and
 - (c) the duty imposed by paragraph (b) above shall be carried out by the Board without delay, except such delay (if any) as they think necessary to avoid any abnormal fluctuation of the market;

and a company to which this subsection applies is one in the case of which there has, as respects the whole or any proportion of its share capital, been granted a quotation on any recognised stock exchange.

- (3) The following shall have effect as to the interpretation of subsection (2) above—
- (a) subject to the following paragraphs, the subsection shall be construed as if contained in the Companies Act 1948 ;
 - (b) " company " includes a company within the meaning of the Companies Act (Northern Ireland) 1960;
 - (c) " recognised stock exchange " includes a stock exchange recognised for the purposes of the Prevention of Fraud (Investments) Act (Northern Ireland) 1940 ;
 - (d) section 28 of the Companies Act 1967 (so far as applicable) shall be applied in construing the reference in paragraph (a) of the subsection to an interest of the Reserve Pension Fund in shares ; and

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- (e) " relevant share capital", in relation to a company, means issued share capital of a class carrying rights to vote in all circumstances at general meetings of the company.
- (4) The Board shall have power to borrow money (whether by way of overdraft or otherwise), against the security of any of their assets or otherwise, or against the security of any assets comprised in the Fund ; but this subsection shall not be taken to exempt the Board from the provisions of any order under section 1 of the Borrowing (Control and Guarantees) Act 1946 or section 2 of the Loans Guarantee and Borrowing Regulation Act (Northern Ireland) 1946, or from the provisions of the Exchange Control Act 1947.
- (5) The Secretary of State may, with the approval of the Treasury, lend to the Board any sums which the Board have power to borrow under subsection (4) above up to such amount as he may (with that approval) determine to be necessary to enable the Board to establish and bring into operation the reserve pension scheme; and any loan which the Secretary of State makes in pursuance of this subsection shall be repaid to him at such times by such methods, and interest on the loan shall be paid to him at such rates and at such times, as he may with the approval of the Treasury from time to time determine.
- (6) The Government Actuary shall—
 - (a) as from the end of the period of 3 years beginning with the appointed day or such shorter period beginning with that day as the Board may request; and
 - (b) thereafter as from the beginning of every third year after that in which he last began such a review, or of such earlier year as the Board may request,review the financial condition of the Fund as at the end of the year last ended before the beginning of the review and generally review the operation of this Part of this Act in past years and the way in which it may be expected to operate in the future; and after completing his review the Government Actuary shall report his conclusions thereon to the Board (without prejudice to any interim report which he thinks it expedient, or the Board request him, to make.

76 Annual report to Secretary of State.

- (1) It shall be the duty of the Reserve Pension Board to make to the Secretary of State, as soon as practicable after the end of each financial year, a report on—
 - (a) the performance of their functions during that year; and
 - (b) the operation in that year of the reserve pension scheme.
- (2) The Board's report to the Secretary of State in respect of any year shall be accompanied by a copy of their statement of the accounts of the Reserve Pension Fund for that year, of the auditors' report on the accounts and of any report which has been made to the Board by the Government Actuary under section 75(6) of this Act and which the Board have not previously submitted to the Secretary of State.
- (3) The report shall include a statement as to the current investments of the Reserve Pension Fund as at the end of the year in question; and the statement, so far as relating to the Fund's current investments, shall—
 - (a) be in such form, and contain such particulars, as may be prescribed; and
 - (b) describe the Fund's investments in such manner, and in such categories or divisions and sub-divisions of categories, as regulations made for the purposes of this subsection may require;

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but the making of regulations for the purposes of this section shall not be taken as preventing the Board from including in their statement any such particulars as they think should be contained in it.

- (4) The Secretary of State shall lay before each House of Parliament a copy of the Board's annual report under this section, together with copies—
- (a) of the Board's statement of the accounts of the Reserve Pension Fund for the year in question ;
 - (b) of the auditors' report on the accounts ; and
 - (c) of any report which has been made to the Board by the Government Actuary under section 75(6) of this Act and has not previously been laid before Parliament.

Contributions and premiums payable to the Fund

77 Reserve scheme contributions.

- (1) Subject to the provisions of this Act, where in any income tax week earnings are paid to or for the benefit of an earner in respect of employed earner's employment and—
- (a) he is of the requisite age for the purposes of section 51 of this Act and that employment is not in relation to him recognised pensionable employment; and
 - (b) the amount paid is equal to or exceeds the current basic scheme lower earnings limit (or the prescribed equivalent in the case of earners paid otherwise than weekly),

there shall be payable to the Secretary of State or, in Northern Ireland, to the Northern Ireland Ministry (and, except as provided by this Act, without regard to any other payment of earnings to or for the benefit of the earner in respect of any other employment) a primary and a secondary reserve scheme contribution.

- (2) The primary contribution shall be payable by the earner, and the secondary contribution shall be payable by the secondary reserve scheme contributor; and—
- (a) for the purposes of this section the secondary contributor, in relation to any payment of earnings to or for the benefit of an earner, is the same as is (or would be), for the purposes of Chapter I of Part I of this Act, the secondary Class 1 contributor in relation to that payment of earnings; and
 - (b) section 2(5) of this Act shall apply also in relation to the secondary reserve scheme contributor.
- (3) The amount of a reserve scheme contribution shall be a percentage of so much of the earnings paid in the week, in respect of the employment in question, as does not exceed the current basic scheme upper earnings limit (or the prescribed equivalent in the case of earners paid otherwise than weekly); and—
- (a) the primary contribution shall be 1-5 per cent.; and
 - (b) the secondary contribution shall be 2-5 per cent.
- (4) Section 6(1) and (3) of, and Schedule 1 to, this Act shall apply as if primary and secondary reserve scheme contributions were respectively primary and secondary Class 1 contributions.

In those provisions as they apply by virtue of this subsection—

- (a) for " Great Britain " read " the United Kingdom " ; and

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- (b) in relation to contributions payable in Northern Ireland—
 - (i) for the Secretary of State substitute the Northern Ireland Ministry (except where he is first referred to in Schedule 1, paragraph 6(2), and in paragraph 8), and
 - (ii) for the Treasury substitute the Ministry of Finance.
- (5) Without prejudice to subsection (4) above, regulations may provide—
 - (a) for treating secondary reserve scheme contributions payable (in respect of any earnings paid to or for the benefit of an earner) but not paid, as actually paid where the failure to pay is shown not to have been with the consent or connivance of, or attributable to any negligence on the part of, the earner; and
 - (b) for treating reserve scheme contributions wrongly paid, or paid as to the wrong amount, as paid (wholly or in part) in discharge of a liability for other reserve scheme contributions or for basic scheme contributions, or for a reserve scheme premium.
- (6) No person shall—
 - (a) be liable to pay any reserve scheme contribution unless he fulfils such conditions as to residence or presence in the United Kingdom as may be prescribed;
 - (b) be entitled (except in such cases or classes of cases as may be prescribed) to pay any reserve scheme contribution other than one which he is liable to pay.
- (7) Regulations may provide for the adjustment of liability for reserve scheme contributions in cases where an earner, at the time of any payment of earnings to him or for his benefit which gives rise, or would apart from the regulations give rise, to liability for such contributions, is employed in two or more employed earner's employments (whether or not under the same employer), one or more of them being, and one or more of them not being, recognised pensionable employment in relation to the earner; and such regulations may provide for payments of earnings in respect of any or of all the employments concerned to be disregarded for the purposes of liability for primary reserve scheme contributions.
- (8) For the purpose of Chapter III of Part IX of the Income and Corporation Taxes Act 1970, the reserve pension scheme shall not be a sponsored superannuation scheme.

78 Reserve scheme premium on termination of recognised pensionable employment.

- (1) Subject to the provisions of this section, where an earner's service in recognised pensionable employment ("the relevant employment") is terminated and either he is under the age of 26 or he has not at least 5 years' qualifying service (within the meaning of section 53(3) of this Act) accrued since the appointed day, there shall be payable to the Secretary of State, or in Northern Ireland to the Northern Ireland Ministry, a reserve scheme premium.
- (2) The person liable for the premium shall be—
 - (a) in a case where in the relevant employment the earner has been employed under a contract of service, his employer in that employment;
 - (b) in a case where the earner has been employed in an office with emoluments, either—
 - (i) such person as may be prescribed in relation to that office, or

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- (ii) if no person is prescribed, the government department, public authority or body of persons responsible for paying the emoluments of the office; and
 - (c) in any other case, such person as may be prescribed in relation to the relevant employment.
- (3) The amount of a reserve scheme premium shall—
 - (a) if there was no previous linked qualifying service, be an amount equal to the aggregate of all primary and secondary reserve scheme contributions which would have been payable, in respect of the earner's period of service in the relevant employment, if it had not been recognised pensionable employment in relation to him ; and
 - (b) if there was a period of previous linked qualifying service, or there were two or more such periods, be that amount plus such amount (if any) as would have been payable by way of reserve scheme premium on the termination of any such period of service, if it had not been linked qualifying service (disregarding in either case any application of regulations made for the purposes of subsection (5) below).
- (4) In the following cases no reserve scheme premium shall be payable—
 - (a) where at the time of termination the earner is no longer of requisite age for the purposes of section 51 of this Act;
 - (b) where the period of the earner's service in the relevant employment is terminated by his death ;
 - (c) where the period of that service is terminated otherwise than by the earner's death and—
 - (i) he becomes entitled under the relevant occupational pension scheme to such minimum personal pension as is mentioned in paragraph (a) or (b) of section 53(4) of this Act with full entitlement also in respect of any recognition credits allowed him under the rules of that scheme, or
 - (ii) that scheme includes such provision as is required for recognition purposes by section 58(3) of this Act and a transfer of the earner's accrued rights has been, or is to be, made in accordance with that provision with a view to the allowance of recognition credits under another scheme.
- (5) No premium shall be payable where its amount would be less than such amount as may be prescribed; and no person shall be entitled (except in such cases or classes of cases as may be prescribed) to pay any premium unless either he is liable under this section to pay it or he would be so liable but for the amount being less than that which is prescribed for the purposes of this subsection.
- (6) The supplementary provisions contained in Schedule 19 to this Act shall apply with respect to reserve scheme premiums and matters incidental and ancillary to this section.
- (7) The foregoing provisions of this section shall apply whether an earner's period of service in the relevant employment is terminated by reason of his ceasing to be employed in that employment or of the employment ceasing to be recognised pensionable employment; and—
 - (a) subject to regulations made under paragraph 4 of Schedule 15 to this Act, where the period is terminated by the death of an employer, this section shall apply as if the period had been terminated immediately before the death ; and

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- (b) for the purposes of this section, if an employment becomes, or has ceased to be, recognised pensionable employment in the course of a person's service in it, his service before and after the time when the recognition certificate in respect of that employment takes effect or, as the case may be, ceased to be in force shall be treated as service in different employments.
- (8) Payment of a reserve scheme premium shall become due at such time as may be prescribed after the end of the period of service to which it relates.
- (9) In this section " the relevant occupational pension scheme", in relation to the relevant employment, means the occupational pension scheme by reference to which that employment is or has been recognised pensionable employment in relation to the earner concerned.
- (10) The Secretary of State may by regulations modify this section and section 79 below in their application to employments in the case of which earners under different employers qualify, by virtue of their respective service in those employments, for the benefits of the same occupational pension scheme; and regulations made for the purposes of this subsection may provide—
 - (a) for the trustees or managers of the scheme to be liable for a reserve scheme premium instead of those otherwise liable under subsection (2) above; and
 - (b) for the adjustment (whether as a consequence of provision made under paragraph (a) above, or otherwise) of rights and liabilities as between earners, employers and the trustees or managers.

79 Deduction of premium from refund of contributions.

- (1) Where an earner's service in recognised pensionable employment is terminated and—
 - (a) he (or by virtue of a connection with him, any other person) is entitled to a refund of any payments made by or in respect of him for the purposes of the relevant scheme towards the provision of benefits under the scheme; and
 - (b) a reserve scheme premium falls to be paid in respect of him under this Part of this Act,then, subject to the provisions of this section, the person liable for the premium shall be entitled on paying it or any part of it to recover $\frac{3}{8}$ ths of the payment or part from the person liable for the refund.
- (2) The amount recoverable under this section shall not exceed the amount of the refund or so much of it as has not been made.
- (3) Where the period taken into account in fixing the amount of the premium does not coincide with that in respect of which the refund is to be made, then (subject to subsection (4) below) the amount recoverable under this section shall be determined by reference to so much of the payment and of the refund as are referable to the same period.
- (4) The amount which may be recovered under this section in respect of any premium shall be increased by such amount as may be prescribed where the refund—
 - (a) is made in respect of more than one period of service, and one or more of those periods are periods of previous linked qualifying service; and
 - (b) includes any amount paid under a recognised scheme in relation to that service on or in connection with a transfer of accrued rights to another scheme.

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- (5) Where the person liable for the premium is himself liable for the refund, he shall be entitled to retain out of the refund the amount which he could recover under this section from another person liable for the refund.
- (6) The amount of the refund shall be reduced by any amount recovered or retained under this section; and provision shall be made by regulations for requiring the making of refunds to be delayed for the purpose of enabling any right of recovery or retainer conferred by this section to be exercised, and shall have effect notwithstanding anything in any enactment relating to the making of the refund.
- (7) Where an earner's service in recognised pensionable employment is terminated and—
- (a) he (or by virtue of a connection with him, any other person) is entitled to a refund of any payments made by or in respect of him under the relevant scheme in relation to any previous recognised pensionable employment of his, being payments towards the provision of benefits under that scheme ; and
 - (b) a reserve scheme premium falls to be paid in respect of him and the amount of the premium includes an amount for reserve scheme contributions which would have been payable in respect of him and his earnings arising from that previous employment;
- then in respect of that premium the person liable for it shall have the like right of recovery from that refund (so far as the premium is not recoverable or retainable out of a refund in respect of a later employment) as a person has under the foregoing provisions of this section where a reserve scheme premium and a refund fall to be made on the termination of service in the employment in respect of which the refund is to be made; and subsection (6) above shall apply accordingly.
- (8) Notwithstanding any contract to the contrary, a person shall not be entitled to recover any part of a reserve scheme premium from the earner in respect of whose service it is payable or, except in accordance with this section, to recover or retain any part of such a premium out of any money payable to or for the benefit of the earner or any other person.
- (9) The foregoing provisions of this section shall apply in relation to such a refund as is referred to in subsection (1)(a) or (7)(a) above which becomes payable after the termination of an earner's service in recognised pensionable employment as they apply to such a refund becoming payable on the termination of an earner's service in such employment; and where he (or, by virtue of a connection with him, any other person) becomes entitled to any payment in lieu of benefit, those provisions shall apply in relation to the payment as if it were such a refund as is referred to in subsection (1)(a) above.
- (10) For the purposes of subsection (9) above, a payment in lieu of benefit is any payment falling to be made to or for the benefit of, or in respect of, a person by virtue of his being or having been a member of an occupational pension scheme, being a payment which either—
- (a) is made or to be made otherwise than out of the resources of the scheme ; or
 - (b) is made or to be made out of those resources but by way of distribution on a winding-up ; or
 - (c) falls within such other description of payments as may be prescribed for the purposes of subsection (9).

- (11) In this section, " the relevant scheme " in relation to any employment means the recognised scheme by reference to which that employment is or was recognised pensionable employment in relation to the earner concerned.

Reserve scheme pensions

80 Reserve scheme personal pension.

- (1) Subject to the provisions of this Act, an earner in respect of whose earnings any reserve scheme contributions or premiums have at any time been paid, shall be entitled when he attains pensionable age to a reserve scheme personal pension.
- (2) The weekly rate of such a pension shall be ascertained, in accordance with Schedule 20 to this Act, by reference to the factors specified in paragraph 1 of that Schedule; but the rate shall be subject to increase, in accordance with section 82 of this Act, by reference to the normal and interim bonuses declared from time to time by the Reserve Pension Board.
- (3) Subject to and in accordance with regulations, a person with entitlement or prospective entitlement to a reserve scheme pension may, at any time before the pension comes into payment, elect for payment of the pension to be postponed for any period (whether determinate or not), but not beyond the age of 70 in the case of a man, or 65 in the case of a woman; and where a person so elects, the rate of pension shall be subject to adjustment in the prescribed manner, so as to take into account any period between pensionable age and the time when the pension comes into payment.

81 Reserve scheme widow's pension.

- (1) Subject to the provisions of this Act, on the death of a man ("the deceased contributor") in respect of whose earnings there have at any time been paid reserve scheme contributions or reserve scheme premiums, there shall, if he was married at the time of his death, be payable to his widow a reserve scheme widow's pension.
- (2) The basic weekly rate of such a pension—
- (a) if the deceased contributor was at the date of his death under pensionable age, shall be one half the rate of the reserve scheme personal pension to which he would himself have been entitled on attaining that age; and
 - (b) in any other case, shall be one half the rate of the reserve scheme personal pension to which the deceased contributor was himself entitled immediately before his death;
- but the rate shall be subject to increase, in accordance with section 82 of this Act, by reference to the normal and interim bonuses declared from time to time by the Reserve Pension Board.
- (3) For the purpose of ascertaining, under subsection (2)(a) above, the rate of pension to which the deceased contributor would have been entitled—
- (a) there shall be taken into account under Schedule 20 to this Act all such contributions and premiums as became due from or in respect of him up to the date of his death and have been actually paid (whether before or after that date) or are treated as actually paid by regulations under section 77(5) or under Schedule 1 to this Act as applied by section 77(4);

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- (b) no assumption shall be made as to contributions or premiums which might have become payable in respect of him had he not died; and
 - (c) there shall be disregarded any normal or interim bonus declared by the Reserve Pension Board, under section 82 of this Act, with an effective date which is that of, or follows, the date of the contributor's death.
- (4) Regulations shall make provision modifying this section in relation to cases where the deceased contributor had made an election for the purposes of section 80(3) of this Act.

82 Declaration of bonuses by Reserve Pension Board.

- (1) So soon as is practicable after they have received and considered a report of the Government Actuary made to them under section 75(6) of this Act, the Reserve Pension Board shall, if they think it right to do so having regard to the Actuary's report on the condition of the Reserve Pension Fund, declare a normal bonus, which shall (subject to subsection (8) below) be a uniform percentage increase, effective from such date as may be specified in the declaration as the effective date of the bonus, of the current rate of all reserve scheme pensions qualifying for normal bonus.
- (2) The pensions qualifying for normal bonus are those—
- (a) in respect of which entitlement has arisen at the effective date of the bonus; or
 - (b) in respect of which entitlement has not arisen at that date but whose rate, when entitlement arises, will be arrived at wholly or partly by reference to reserve scheme contributions and premiums paid before the end of the last year before the beginning of the Government Actuary's review.
- (3) For the purposes of subsection (1) above, the current rate of a pension qualifying for normal bonus is its rate computed—
- (a) in case (a) of subsection (2) above, as at the effective date of the bonus; and
 - (b) in case (b) of that subsection, as at the end of the last year before the beginning of the Government Actuary's review,
- with (in either case) any increase derived from a previous normal bonus, but disregarding any interim bonus.
- (4) Without prejudice to subsection (1) above, the Board may, without any report being made to them by the Government Actuary, declare an interim bonus, which shall (subject to subsection (8) below) be a uniform percentage increase, effective from such date as may be specified in the declaration as the effective date of the bonus, of the current rate of all reserve scheme pensions qualifying for interim bonus.
- (5) The pensions qualifying for interim bonus are those—
- (a) in respect of which entitlement has arisen at the effective date of the bonus; or
 - (b) in respect of which entitlement will arise in the period beginning with the effective date and ending with whatever may be the effective date of the next normal bonus.
- (6) For the purposes of subsection (4) above, the current rate of a pension qualifying for interim bonus is its rate computed—
- (a) in case (a) of subsection (5) above, as at the effective date of the interim bonus ; and
 - (b) in case (b) of that subsection, as at the time when entitlement arises,

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with (in either case) any increase derived from a previous normal bonus, but disregarding any interim bonus.

- (7) Where a normal bonus is declared, any resultant pension increase shall take effect in substitution for, and to the exclusion of, increases derived from any previous interim bonus.
- (8) When declaring a bonus, the Board may, in so far as they think it equitable to do so—
 - (a) specify for particular categories of pensioners (present or future) a rate of increase greater or less than the uniform rate; and
 - (b) deal differently as between categories of pensions, or as between different parts of a pension of any category, either by specifying different increases, or by excluding any category or part from the application of any increase, by reference to when the contributions or premiums going to the rate of a pension were paid, or to the part of a pension which derives from any previous bonus.
- (9) Regulations may make such provision as the Secretary of State thinks expedient—
 - (a) with respect to the amounts by which reserve scheme pensions are to be increased by reference to any bonus declared by the Board ;
 - (b) as to the application of any normal or interim bonus to pensions in respect of which elections have been made for the purposes of section 80(3) of this Act; and
 - (c) for enabling any relevant figures to be adjusted so as to admit of tabulation, and so as to avoid fractional amounts or otherwise facilitate computation.
- (10) The Board shall furnish to the Secretary of State particulars—
 - (a) of any determination made by them for the purposes of subsection (1) above (whether a determination to declare a normal bonus, or not to declare one), these particulars being accompanied by a copy of the relevant report of the Government Actuary, in any case where the Secretary of State has not previously been furnished with a copy of that report; and
 - (b) of any determination by the Board under subsection (4) above to declare an interim bonus ;

and in either case the Secretary of State shall lay a copy of the particulars before each House of Parliament, together with (where relevant) a copy of the report of the Government Actuary.

83 Supplementary provisions as to reserve scheme pensions.

- (1) A reserve scheme personal or widow's pension shall be payable for life, subject to regulations providing for it to be suspended or forfeited in prescribed circumstances, or making provision as to the time when it is to be treated as terminated when a pensioner dies:

Provided that a widow's pension shall not be payable for any period after the widow's death or remarriage, or for any prescribed period during which she is cohabiting with a man as his wife.

- (2) Regulations may permit a pension to be commuted, when its weekly rate is less than such rate as may be prescribed, in exchange for payment of a lump sum provided from the Reserve Pension Fund; and a commutation effected in accordance with such regulations shall be treated as extinguishing any further entitlement to a reserve

Status: This is the original version (as it was originally enacted).

scheme pension in the case of the person effecting it, including any reserve scheme pension for his widow on his death.

- (3) Subject to subsection (2) above, every assignment of, or charge on, a reserve scheme pension, and every agreement to assign or charge such a pension, shall be void and, on the bankruptcy of any person actually or prospectively entitled to such a pension, his entitlement shall not pass to any trustee or other person acting on behalf of his creditors.

In the application of this subsection to Scotland—

- (a) the reference to the assignment of a pension shall be read as a reference to its assignation, "assign" being construed accordingly;
- (b) the reference to a person's bankruptcy shall be read as a reference to the sequestration of his estate or the appointment on his estate of a judicial factor under section 14 of the Bankruptcy (Scotland) Act 1913 or section 15 of the Solicitors (Scotland) Act 1958,

and in its application to Northern Ireland, the reference to a person's bankruptcy includes the vesting of a person's estate and effects in the official assignee under section 349 of the Irish Bankrupt and Insolvent Act 1857.

- (4) Paragraphs 2(6) and (7) and 8(1), (2)(a) and (3) of Schedule 10 to this Act as they apply to Great Britain shall, for the whole of the United Kingdom, have effect in relation to reserve scheme pensions as they have effect in relation to basic scheme benefits, but in paragraph 2(6) of the Schedule as applied by this subsection the Reserve Pension Board shall be substituted for the Secretary of State.