



# Parliamentary Pensions etc. Act 1984

## 1984 CHAPTER 52

### *Parliamentary pensions: contributions, calculation and entitlement*

#### **1 Increase of rate of contributions from Members and calculation of their pensions**

- (1) In subsection (2) of section 3 of the 1972 Act (rate of contributions from Members of the House of Commons to the Parliamentary Contributory Pension Fund), for the words " , is six per cent." there shall be substituted the words " in respect of any period, is the appropriate percentage " ; and after that subsection there shall be inserted the following subsection—

“(2A) For the purposes of subsection (2) of this section the appropriate percentage, in relation to a payment of salary made in respect of any period, is—

- (a) in the case of a period beginning before 1st January 1985, six per cent.;
  - (b) in the case of a period beginning on or after 1<sup>st</sup> January 1985 and before 1st January 1986, seven per cent.;
  - (c) in the case of a period beginning on or after 1<sup>st</sup> January 1986 and before 1st January 1987, eight per cent.; and
  - (d) in the case of a period beginning on or after 1st January 1987, nine per cent.”.
- (2) For subsection (3) of section 7 of the 1972 Act (annual amount of a Member's pension) there shall be substituted the following subsections—

“(3) Subject to subsections (3A) and (4) of this section and to sections 8, 11 and 31 of this Act, the annual amount of the pension payable to a person under this section shall be a sum equal to the aggregate of the amounts produced, in relation to each year or part of a year comprised in his aggregate period of reckonable service as a Member, by multiplying the relevant terminal salary by the appropriate fraction.

(3A) The annual amount of the pension payable to a person under this section shall not exceed the amount equal to two-thirds of the relevant terminal salary, except to the extent that it is calculated by reference to so much (if any) of

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that person's aggregate period of reckonable service as a Member as fell after he attained the age of sixty-five years ; and the said annual amount shall not, in any event, exceed such maximum pension as may for the time being be imposed in relation to that person by an order under subsection (3B) of this section.

(3B) The Lord President of the Council may by order made by statutory instrument make provision, in relation to persons to whom pensions are payable under this section, as to the maximum pensions so payable and for the calculation of those maximum pensions in such manner and by reference to such matters as may from time to time be specified in the order; and, without prejudice to the foregoing, such an order may—

- (a) make different provision for different cases ;
- (b) require maximum pensions to be calculated by reference to the opinion of the Trustees or require any matter to be established to their satisfaction; and
- (c) provide for the amount of a maximum pension to be calculated by applying such maximum as may be specified in or determined under the order to a part only of the amount which, apart from the order, would be the annual amount of the pension in question.”.

(3) In subsections (4) and (4A) of the said section 7, for the words " subsection (3) of this section " there shall be substituted the words " subsections (3) and (3 A of this section " .

(4) After subsection (5) of the said section 7 there shall be inserted the following subsections—

“(5A) In subsection (3) of this section ' the appropriate fraction', in relation to a year or part of a year comprised in a person's aggregate period of reckonable service as a Member, means—

- (a) in the case of a year or part of a year ending before 20th July 1983, one-sixtieth or, as the case may be, the fraction which bears to one-sixtieth the same proportion as the number of days in that part of a year bears to three hundred and sixty-five ; and
- (b) in the case of a year or part of a year beginning on or after 20th July 1983, one-fiftieth or, as the case may be, the fraction which bears to one-fiftieth the same proportion as the number of days in that part of a year bears to three hundred and sixty-five.

(5B) For the purposes of subsection (5A) of this section, where a year or part of a year comprised in a person's aggregate period of reckonable service as a Member began before, but ended on or after, 20th July 1983—

- (a) so much of that year or part of a year as ended with 19th July 1983 shall be treated as a part of a year in relation to which paragraph (a) of that subsection applies; and
- (b) the remainder of that year or part of a year shall be treated as a part of a year in relation to which paragraph (b) of that subsection applies.

(5C) A statutory instrument containing an order made under subsection (3B) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.”.

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- (5) Subsections (2) to (4) above shall be deemed to have come into force on 20th July 1983 but shall not have effect in relation to any pension which first became payable under the 1972 Act before that date ; and, accordingly, an order made under section 7(3B) of the 1972 Act (inserted by subsection (2) above) may provide for the order to be treated as having come into force, in relation to the pensions to which it applies, at any time after 19th July 1983.

## **2 Increase of rate of contributions from office-holders and calculation of their pensions**

- (1) In section 4 of the 1972 Act (contributions from participants under section 2 of that Act)—

- (a) in subsection (2), for the words from " at a time " to " five per cent. " there shall be substituted the words " for a period or part of a period during which he was not a Member of the House of Commons, is the appropriate percentage " ;
- (b) in subsection (3), for the words from " at a time " to " difference " there shall be substituted the words " for a period or part of a period during which he was a Member of the House of Commons, is the appropriate percentage of the difference at the end of that period or part of a period " ; and
- (c) after the said subsection (3) there shall be inserted the following subsection—

“(3AA) For the purposes of subsections (2) and (3) of this section, the appropriate percentage, in relation to a payment of salary made for any period or part of a period, is—

- (a) in the case of a period or part of a period beginning before 1st August 1984, five per cent.;
- (b) in the case of a period or part of a period beginning on or after 1st August 1984 and before 1st January 1985, six per cent.;
- (c) in the case of a period or part of a period beginning on or after 1st January 1985 and before 1st January 1986, seven per cent.;
- (d) in the case of a period or part of a period beginning on or after 1st January 1986 and before 1st January 1987, eight per cent.; and
- (e) in the case of a period or part of a period beginning on or after 1st January 1987, nine per cent”.

- (2) In section 10 of the 1972 Act (annual amount of officeholder's pension under section 9 of that Act), for paragraph (b) of subsection (2) (calculation of contribution factor by reference to five per cent, of a Member's pensionable salary for particular years), there shall be substituted the following paragraph—

“(b) an amount equal, subject to subsection (2A) of this section, to the aggregate amount which fell to be deducted under section 3(1) of this Act from the payments of salary made in respect of that year to any person who was a Member of the House of Commons throughout that year.”.

- (3) After subsection (2) of the said section 10 there shall be inserted the following subsection—

“(2A) For the purposes of subsection (2)(b) of this section the appropriate percentage for the purposes of section 3(2) of this Act shall be deemed, in relation to any

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payment of salary made to a Member of the House of Commons in respect of any period beginning before 1st August 1984, to have been five per cent.”.

(4) In subsection (3) of the said section 10 (contribution credit calculated by reference to one-sixtieth of the relevant terminal salary)—

- (a) for the words " one-sixtieth " there shall be substituted the words " the appropriate fraction "; and
- (b) for the words " the next following subsection " there shall be substituted the words " subsection (3B) and (4) of this section " .

(5) After subsection (3) of the said section 10 there shall be inserted the following subsections—

“(3A) In subsection (3) of this section ' the appropriate fraction' means—

- (a) in relation to the year beginning with 1st April 1984 and subsequent years, one-fiftieth ;
- (b) in relation to the year beginning with 1st April 1982 and previous years, one-sixtieth; and
- (c) in relation to the year beginning with 1st April 1983.—
  - (i) in the case of a person who held a qualifying office at some time in the period beginning with 1st April 1983 and ending with 19th July 1983 but did not hold such an office at any time in the period beginning with 20th July and ending with 31st March 1984, one-sixtieth;
  - (ii) in the case of a person who did not hold such an office at any time in the first of those periods but did hold such an office at some time in the second of those periods, one-fiftieth; and
  - (iii) in the case of a person who held such an office at some time in each of those periods, nineteen-thousandths.

(3B) The annual amount of the pension payable to a person under section 9 of this Act shall not exceed the amount equal to two-thirds of the product of—

- (a) the relevant terminal salary, and
- (b) the average of all the contribution factors calculated in relation to that person under subsection (2) of this section,

except to the extent that the said annual amount is calculated by reference to any years beginning after that person attained the age of sixty-five years; and the said annual amount shall not, in any event, exceed such maximum pension as may for the time being be imposed in relation to that person by an order under subsection (3C) of this section.

(3C) The Lord President of the Council may by order made by statutory instrument make provision, in relation to persons to whom pensions are payable under that section, as to the maximum pensions so payable and for the calculation of those maximum pensions in such manner and by reference to such matters as may from time to time be specified in the order; and, without prejudice to the foregoing, such an order may—

- (a) make different provision for different cases ;
- (b) require maximum pensions to be calculated by reference to the opinion of the Trustees or require any matter to be established to their satisfaction; and

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- (c) provide for the amount of a maximum pension to be calculated by applying such maximum as may be specified in or determined under the order to a part only of the amount which, apart from the order, would be the annual amount of the pension in question.”.
- (6) After subsection (6) of the said section 10 there shall be inserted the following subsection—
- “(6A) A statutory instrument containing an order made under subsection (3C) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.”.
- (7) In consequence of the preceding provisions of this section, in the said section 10—
- (a) in subsection (4), for the words " to (3)" there shall be substituted the words " to (3B) "; and
  - (b) in subsection (5), for the words " and (3) of this section ' year' means " there shall be substituted the words " to (3B) of this section ' year ' (except in the expression ' sixty-five years ') means " .
- (8) Subsections (2) to (7) above shall be deemed to have come into force on 20th July 1983 but shall not have effect in relation to any pension which first became payable under the 1972 Act before that date ; and, accordingly, an order made under section 10(30) of the 1972 Act (inserted by subsection (5) above) may provide for the order to be treated as having come into force, in relation to the pensions to which it applies, at any time after 19th July 1983.

### **3 Abolition of qualifying period and further provision for refunds on death**

- (1) In relation to any person who has been a Member of the House of Commons at a time after the passing of this Act or has at any such time held a qualifying office, the 1972 Act and the 1978 Act shall have effect (subject to subsection (4) below) with the omission of the following provisions (being provisions relating to the minimum period of reckonable service necessary for the payment of a pension), that is to say—
- (a) paragraph (c) of section 7(1) of the 1972 Act;
  - (b) in section 13(1)(b) of the 1972 Act, the words "and had an aggregate period of reckonable service (whether as a Member or otherwise) of not less than four years " and the words " and had an aggregate period of reckonable service (whether as a Member or otherwise) of not less than three years " ;
  - (c) in section 7(4) of the 1978 Act, the words " but had an aggregate period of reckonable service (whether as a Member or otherwise) of not less than four years "; and
  - (d) section 8 of the 1978 Act (short-term pensions for widows, widowers and children).
- (2) Accordingly, in relation to a person who has been a Member of the House of Commons at a time after the passing of this Act or has at any such time held a qualifying office—
- (a) section 7(4) of the 1972 Act shall have effect as if for the words " paragraphs (a) to (c) of subsection (1) of this section " there were substituted the words " paragraphs (a) and (b) of subsection (1) of this section "; and
  - (b) section 18(3) of that Act shall have effect as if at the end of paragraph (d) there were inserted the words “; and
  - (c) he has not become entitled to a pension under this Part of this Act.”.

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- (3) In relation to a person who dies after the passing of this Act, section 19 of the 1972 Act (refund of contributions after death of contributor) shall have effect as if—
- (a) for paragraph (a) there were substituted the following paragraph—
    - “(a) without leaving a widow, widower or relevant child (within the meaning of section 15 of this Act) who is, or may become, entitled in respect of that person to receive a pension under any of sections 13 to 15 of this Act; and”;

and
  - (b) in paragraph (b) for the words " paragraphs (a) to (d) " there were substituted the words " paragraphs (a), (b), (d) and (e) " .
- (4) Where
- (a) a person who was a Member of the House of Commons at the passing of this Act dies; and
  - (b) but for the preceding provisions of this section a pension would have been payable under section 8 of the 1978 Act to that person's widow or widower, or for the benefit of any child or children of that person,
- then, if a valid election is made, that pension shall be so payable instead of any pension that by virtue of the preceding provisions of this section or section 8 below would otherwise be payable to that person's widow or widower, or for the benefit of the child or children in question, under any of sections 13 to 15 of the 1972 Act.
- (5) In subsection (4) above " a valid election" means an election made, in such manner as the Trustees may require, either before, or not later than three months after, the first instalment of any pension that but for the election would be payable under any of sections 13 to 15 of the 1972 Act becomes so payable, being an election made—
- (a) in the case of a widow or widower, by that widow or widower; or
  - (b) in the case of a child or children, by such person as the Trustees may direct.
- (6) In this section " child" has the same meaning as in section 15 of the 1972 Act.

#### **4 Earlier entitlement to pension**

- (1) In relation to any person who has been a Member of the House of Commons at a time after the passing of this Act or has at any such time held a qualifying office, sections 7(4) and 10(4) of the 1972 Act (payment of a reduced pension to a person who has not attained the age of 65 years but has attained the age of 60 years) shall have effect as if for the words " sixty years " there were substituted the words " fifty years " .
- (2) In section 7(4A) of the 1972 Act (full pension payable to person who, having attained the age of 62 years and completed 25 years' service, ceases to be a Member at a dissolution)—
- (a) in paragraph (b)—
    - (i) for the words " sixty-two years " there shall be substituted the words " sixty years "; and
    - (ii) for the words " twenty-five years ", in both places where they occur, there shall be substituted the words " twenty years "; and
  - (b) for paragraph (c) there shall be substituted the following paragraph—
    - “(c) is not or was not a candidate for election to that House at the general election consequent upon the dissolution or was such a candidate but was not elected to that House,”; and

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- (c) for the words " day of the poll in the general election consequent upon the dissolution " there shall be substituted the words " period of six months beginning with the day of the dissolution " .
- (3) The Lord President of the Council may by order made by statutory instrument make provision in relation to the dissolution of Parliament on 13th May 1983 and any subsequent dissolution—
- (a) for extending entitlement to a pension under subsection (4A) of section 7 of the 1972 Act to persons in relation to whom the conditions specified in paragraph (b) of that subsection are not satisfied or are satisfied only in part;
- (b) for any entitlement to a pension conferred by an order made by virtue of paragraph (a) above to be subject to such abatement as may be specified in, or determined under, the order.
- (4) An order under subsection (3) above may—
- (a) make different provision for different cases ; and
- (b) be framed by reference to the opinion of the Trustees or to their approval or require any matter to be established to their satisfaction ;
- and a statutory instrument containing an order made under that subsection shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (5) Without prejudice to the power conferred by subsection (3) above, the amendments made by paragraphs (a) and (b) of subsection (2) above shall be deemed to have come into force on 12th May 1983 but, in relation to the dissolution of Parliament on 13th May 1983, the said section 7(4A), as amended by those paragraphs, shall have effect (except in the case of a person who became entitled to receive a pension by virtue of the said section 7 (4A) before the passing of this Act) with the following modifications—
- (a) for the words " day of the poll in the general election consequent upon the dissolution " there shall be substituted the words " period of six months beginning with the date of the passing of the Parliamentary Pensions etc. Act 1984 " ;
- (b) after the word " stand " there shall be inserted the words " (and since that general election has not stood) " ; and
- (c) for the words " time when that salary ceases to be payable " there shall be substituted the words " passing of the said Act of 1984 " .
- (6) A person already in receipt of a pension by virtue of subsection (4) of section 7 of the 1972 Act (" the reduced pension ") shall not by reason of his being in receipt of that pension be precluded from becoming entitled to receive a pension by virtue of subsection (5) above (" the full pension "); but where such a person becomes so entitled—
- (a) that person shall cease to be entitled to receive the reduced pension as from the time as from which he becomes entitled to receive the full pension ;
- (b) the annual amount of the full pension shall be calculated as if any lump sum paid to that person under section 11 of that Act in commutation of the reduced pension had been paid in commutation of the full pension; and
- (c) the permitted maximum for the purposes of subsection (4) of the said section 11 shall, in relation to the commutation under that section of any part of the full pension, be treated as reduced by the amount of any lump sum paid to that person under that section in commutation of the reduced pension.

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- (7) In section 9 of the 1972 Act (pensions for office holders), in subsection (1), for the words from " to (d) " onwards there shall be substituted the words " and (b) of section 7(1) of this Act and one of the following conditions are fulfilled in respect of him, that is to say—
- (a) he has attained the age of sixty-five years ; or
  - (b) he has, by virtue of section 7(4A) of this Act, become entitled to receive a pension under section 7 of this Act;
- and the time as from which the condition in paragraph (6) of this subsection is to be treated as fulfilled in respect of any person is the time as from which a pension becomes payable to that person by virtue of the said section 7(4A)."
- (8) Accordingly, in section 25(2)(b) of the 1972 Act (meaning of " basic or prospective pension or pensions "), for the words from " to (d) of section 7(1) " onwards there shall be substituted the words " and (b) of section 7(1) and paragraph (a) of section 9(1) of this Act " .

## 5 Supplemental provisions with respect to calculation of pensions etc.

- (1) Without prejudice to the power contained in section 11 of the 1978 Act (purchase of added years), the Lord President of the Council may, for any purpose connected either with any provision contained in, or made by virtue of, any of sections 1 to 3 above or with anything contained in an order under the said section 11, by order made by statutory instrument make provision—
- (a) for treating—
    - (i) a period of reckonable service which is purchased in pursuance of the said section 11 or is attributable to a determination under subsection (3) of section 22 of the 1972 Act (transfers from other schemes) or to the provisions of section 2(4) of the 1978 Act (increase of service for purposes of ill-health pension), or
    - (ii) a year which is the subject of a determination under subsection (4)(a) of the said section 22,

as a period or year beginning after or ending before such time as may, in relation to that period or year, be specified in or determined under the order ;
  - (b) for the cancellation or variation of any period of reckonable service purchased in pursuance of the said section 11 or of any requirement imposed on any person in connection with the purchase by him, in pursuance of that section, of any period of reckonable service; and
  - (c) for imposing a requirement on the Trustees to refund sums paid to them (whether before or after the coming into force of the order) in pursuance of the said section 11 and to make the refunds with interest at such rate, and calculated in such manner, as may be specified in the order.
- (2) Without prejudice to the generality of subsection (1) above, an order under that subsection may—
- (a) make different provision for different cases ; and
  - (b) be framed by reference to the opinion of the Trustees or to their approval or require any matter to be established to their satisfaction;
- and a statutory instrument containing an order made under that subsection shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) Subject to subsection (6) below—



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- (a) in section 2(4) of the 1978 Act (amount of ill-health pension based on service as Member), for the words " section 7(3) of that Act" there shall be substituted the words " section 7(3) and (3A) of that Act " ;
  - (b) in section 3(4) of that Act (amount of ill-health pension based on service as office-holder), for the words " section 10(1) to (3) of that Act" there shall be substituted the words " section 10(1) to (3B) of that Act " .
- (4) In subsection (8) of section 12 of the 1978 Act (limit on reckonable service not to apply in certain circumstances to widow's or widower's pension), for the words " subsections (2), (4), (5) and (6) above " there shall be substituted the words " sections 7(3A) and 10(3B) of the Act of 1972 " ; but this subsection shall not apply in relation to any case where, but for the said subsection (8), subsections (2), (4), (5) and (6) of the said section 12 would apply by virtue of subsection (6) below.
- (5) Subject to subsections (6) and (7) below, the enactments specified in the Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule.
- (6) Subsection (3) above and the repeals in section 6 of the 1972 Act, section 1(2) of the Parliamentary and other Pensions and Salaries Act 1976 and section 12 of the 1978 Act which are provided for in the Schedule to this Act shall be deemed to have come into force on 20th July 1983 but shall not have effect in relation to any pension which first became payable under the 1972 Act before that date.
- (7) Subject to section 3(4) above, the other repeals provided for in the Schedule to this Act, except the repeal of section 14 of the 1978 Act, shall apply only in relation to a person who has been a Member of the House of Commons at a time after the passing of this Act or has at any such time held a qualifying office.