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 STATUTORY INSTRUMENTS
 

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1984 No. 1908

PARLIAMENT

**The Parliamentary Pensions (Added Years and Rates of Accrual)  
(Further Provisions) Order 1984**

*Made* - - - - *5th December 1984*

*Laid before Parliament* *10th December 1984*

*Coming into Operation* *31st December 1984*

The Lord President of the Council, in exercise of the powers conferred on him by section 5(1) and (2) of the Parliamentary Pensions etc. Act 1984(a), hereby makes the following Order:—

*Citation and commencement*

1. This Order may be cited as the Parliamentary Pensions (Added Years and Rates of Accrual) (Further Provisions) Order 1984 and shall come into operation on 31st December 1984.

*Interpretation*

2. In this Order, unless the context otherwise requires:—

“the Act of 1972” means	the Parliamentary and other Pensions Act 1972(b);
“the Act of 1978” means	the Parliamentary Pensions Act 1978(c);
“the Act of 1984” means	the Parliamentary Pensions etc. Act 1984;
“actual reckonable service” means	the aggregate period of reckonable service as a Member, excluding any additional period determined under section 22 of the Act of 1972 and excluding any added years;
“added year” means	any year or part of a year of reckonable service purchased under the provisions of an order under section 11 of the Act of 1978(d), including any future added year;
“aggregate period of reckonable service” means	the aggregate period of reckonable service as a Member determined in accordance with the provisions of the Acts of 1972 and 1978;

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(a) 1984 c.52.

(b) 1972 c.48.

(c) 1978 c.56.

(d) The present scheme for the purchase of added years is contained in the Parliamentary Pensions (Purchase of Added Years) Order 1978 (S.I. 1978/1837), as amended by S.I. 1981/800 and by the Parliamentary Pensions (Purchase of Added Years) (Amendment) Order 1984 (S.I. 1984/1907), made on the same day as this Order.

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“excess number” means	(in Article 4 of this Order) in respect of a Member’s added years, the number of those added years annual pension in respect of which, calculated in accordance with section 7(3) of the Act of 1972, would equal the amount by which his prospective pension exceeds his allowable pension;
“fraction of a year” means	a part of a year of reckonable service, expressed as the proportion borne by the number of days in that part to three hundred and sixty-five;
“future added year” means	with reference to a specified date, an added year in respect of which a Member’s application to purchase has been accepted by the Trustees, but: <ul style="list-style-type: none"><li>(i) which, in the case of an added year being purchased by periodical contributions, would not be added to his reckonable service if Article 7(2) of the Parliamentary Pensions (Purchase of Added Years) Order 1978(a) were to apply to him at that date; or</li><li>(ii) in respect of which a lump sum payment remains to be made by him;</li></ul>
“Member” means	a Member of the House of Commons;
“payment for the purchase of added years” means	such a payment whether payable periodically or by way of a single lump sum;
“prospective actual reckonable service” means	in respect of a Member: <ul style="list-style-type: none"><li>(i) at a date falling before his sixty-fifth birthday, his actual reckonable service before and after that date, assuming continuous actual reckonable service by him from that date until his sixty-fifth birthday;</li><li>(ii) at a date falling on or after his sixty-fifth birthday, his actual reckonable service at his sixty-fifth birthday;</li></ul>

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(a) S.I. 1978/1837, amended by S.I. 1981/800.

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“prospective pension” means	in respect of a Member, the annual amount of a pension calculated in accordance with section 7(3) of the Act of 1972 by reference to an aggregate period of reckonable service as a Member consisting of the number of his added years at the relevant date and a period of actual reckonable service equal to his prospective actual reckonable service at that date;
“reckonable service” means	reckonable service as a Member or holder of a qualifying office (as the case may be) under the provisions of the Acts of 1972 and 1978;
“the relevant date” means	the date of the coming into operation of this Order.

#### PART I

##### ADDED YEARS OF RECKONABLE SERVICE

3. Where on the relevant date a Member has added years for which periodical contributions are or have been, or a lump sum payment is or has been, payable by him, the provisions of Article 4 of this Order shall apply in relation to him.

##### *Effect of increased accrual rate on added years*

4.—(1) If, in consequence of section 7(5A)(a) of the Act of 1972, a Member's prospective pension exceeds his allowable pension, determined in accordance with the Schedule to this Order, the excess number of his added years shall be cancelled as stated below:

- (i) so many of his future added years on the relevant date (if any) as are in total not more than the excess number;
- (ii) so many of his added years, other than future added years, on the relevant date, as are not more than the excess number as reduced in accordance with sub-paragraph (i) above.

(2) In respect of the cancellation of a Member's future added years under paragraph (1)(i) of this Article —

- (i) the annual amount of any payment for the purchase of added years which (apart from the provisions of this Order) would be payable by him after the relevant date, shall be reduced by the proportion (up to and including 100%) which the number of his future added years cancelled bears to the number of his future added years on the relevant date.

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(a) Section 7(5A) of the Act of 1972, which was inserted by section 1(4) of the Parliamentary Pensions etc. Act 1984 (c.52), provides for a higher accrual rate of one-fiftieth.

- (ii) If the Member's future added years are being purchased by him under more than one application in accordance with an order under section 11 of the Act of 1978, the cancellation shall be effected taking those applications in such order as the Trustees shall consider appropriate, having regard to any preferences expressed to them in writing by the Member.

(3) In respect of the cancellation under paragraph (1)(ii) of this Article of any of a Member's added years on the relevant date, the Trustees shall refund to the Member, with interest, a proportion (up to and including the whole) of the payments for the purchase of added years which he has made up to and including the relevant date, the proportion being that which the number cancelled of those added years bears to the number of those added years.

(4) The interest payable under paragraph (3) of this Article shall be calculated:

- (i) at the annual rate specified below for the year of payment during which a payment for the purchase of added years to be wholly or partly refunded under that paragraph was made by the Member, assuming for the purposes of this paragraph that the refund under paragraph (3) is of individual payments for the purchase of added years in reverse order of their payment by the Member, starting with the payment last made by him on or before the relevant date:

<i>Year of Payment</i>	<i>Annual Rate (per cent)</i>
1979	12.7
1980	12.8
1981	12.3
1982	11.7
1983	10.8
1984	10.9;

- (ii) in respect of any year or fraction of a year from the date on which the payment refunded, or assumed to be refunded under sub-paragraph (i), was made by the Member until the date of the refund under paragraph (3) of this Article.

*Applications by Members to reduce added years*

5.—(1) Subject to the following provisions of this Article, if a Member applies to the Trustees, in accordance with an order under section 11 of the Act of 1978 which provides for a reduction in his future added years at the date of the acceptance by the Trustees of his application, and the Trustees are satisfied that the reduction in his added years made under such provision is, in consequence of its being limited to his future added years at that date, less than each of —

- (i) the appropriate reduction under paragraph (5) of this Article, and
- (ii) the reduction in the number of his added years desired by the Member at that date,

the following provisions of this Article shall apply in relation to him.

(2) If a Member has added years which were future added years on the date of the passing of the Act of 1984, but which are no longer future added years at the date referred to in paragraph (1) of this Article, the number of those added years shall be reduced by the number by which the lesser of the reductions under paragraph (1)(i) and (1)(ii) of this Article exceeds the reduction in his added years, made under the provisions of an order under section 11 of the Act of 1978 and referred to in paragraph (1) of this Article.

(3) In respect of the reduction under paragraph (2) of this Article in the number of a Member's added years referred to in that paragraph, the Trustees shall refund to the Member with interest a proportion (up to and including the whole) of the payments for the purchase of added years which he has made between the date of the passing of the Act of 1984 and the date referred to in paragraph (1), the proportion being that which the number of the reduction bears to the number of his added years referred to in paragraph (2).

(4) The interest payable under paragraph (3) of this Article shall be calculated at the annual rate of 12 per cent in respect of any year or fraction of a year from the date on which each payment to be wholly or partly refunded under that paragraph was made by the Member until the date of its refund, assuming for the purposes of this paragraph that the refund under paragraph (3) is of individual payments in reverse order of their payment by the Member, starting with the payment last made by him before the date referred to in paragraph (1) of this Article.

(5) The appropriate reduction shall be such reduction in the number of a Member's future added years at the date of the passing of the Act of 1984 as in the opinion of the Trustees is appropriate in consequence of the provisions of sections 1 to 3 of that Act, having regard to such matters as are in their opinion relevant, including (without prejudice to the generality of the foregoing) any cancellation required under Article 4 of this Order of the excess number of the Member's added years.

6.—(1) If within a period of 12 months from the date of the coming into operation of this Order a Member who had future added years on the date of the passing of the Act of 1984 makes an application in writing to the Trustees for a reduction under this Article in the number of those added years, and on the date of that application he no longer has any future added years, the following provisions of this Article shall apply in relation to him.

(2) If the Trustees are satisfied in respect of a Member that a reduction in the number of his added years is appropriate in consequence of any provision of sections 1 to 3 of the Act of 1984, they shall, unless he has made an application referred to in Article 5(1) of this Order, accept the application and the number of his future added years at the date of the passing of the Act of 1984 shall be reduced by the lesser of:

- (i) the appropriate reduction under Article 5(5) of this Order;
- and

- (ii) any reduction in the number of his added years requested, or stipulated as a maximum, by the Member in his application under paragraph (1) of this Article.

(3) In respect of the reduction under paragraph (2) of this Article in the number of a Member's added years referred to in paragraph (1) of this Article, the Trustees shall refund to the Member with interest a proportion (up to and including the whole) of the payments for the purchase of added years which he made between the date of the passing of the Act of 1984 and the date of his application under paragraph (1), the proportion being that which the number of the reduction bears to the number of his added years referred to in paragraph (1).

(4) The interest payable under paragraph (3) of this Article shall be calculated at the annual rate of 12 per cent in respect of any year or fraction of a year from the date on which each payment to be wholly or partly refunded under that paragraph was made by the Member until the date of its refund, assuming for the purposes of this paragraph that the refund under paragraph (3) is of individual payments in reverse order of their payment by the Member, starting with the payment last made by him before the date of his application under paragraph (1) of this Article.

*Refunds of contributions in certain further circumstances*

7.—(1) If a Member applies to the Trustees to purchase added years and —

- (i) a number of those added years is (under the provisions of an order under section 11 of the Act of 1978) subject to a maximum calculated by reference to the period of the Member's actual reckonable service which fell both on or after 16th October 1964 and before 20th July 1983 and before his sixty-fifth birthday, and
- (ii) at the date of the acceptance by the Trustees of his application he has any added years, but does not have any future added years,

the following provisions of this Article shall apply in relation to him.

(2) If the number of added years referred to in sub-paragraph (1)(i) of this Article in respect of a Member (within the maximum referred to in that sub-paragraph) exceeds any maximum, further to that referred to in sub-paragraph (1)(i) of this Article, imposed on the number of those added years by the provisions of an order under section 11 of the Act of 1978, the Trustees shall:

- (i) determine the number of the Member's added years referred to in sub-paragraph (1)(ii) of this Article, pension in respect of which, calculated under section 7(3) of the Act of 1972, would not be more than pension so calculated in respect of a period of his reckonable service beginning after 20th July 1983 equal to the excess under this paragraph; and
- (ii) refund to the Member with interest a part of the payments for the purchase of added years which in the opinion of the Trustees (having regard to the terms of the purchase of those added years) were made by him in respect of the number of his added years determined under sub-paragraph (i) above and identified in accordance with the assumption (applied in respect of a refund under this paragraph) in Article 4(4)(i) of this Order.

(3) The part of the payments for the purchase of added years refundable under sub-paragraph (2)(ii) of this Article shall be the amount of those payments less the amount which would be payable under the order referred to in sub-paragraph (1)(i) of this Article to purchase a number, of the added years referred to in sub-paragraph (1)(i), equal to the number of the excess under paragraph (2).

(4) Article 4(4) (which relates to interest on refunds) of this Order shall apply to a refund under this Article with the substitution of a reference to paragraph (2)(ii) of this Article for any reference to paragraph (3) of Article 4.

**8.—(1)** The provisions of this Article shall apply in relation to a Member within sub-paragraph (i) and (ii) of Article 7(1) of this Order, if, on application as referred to in Article 7(1), he also applies in writing to the Trustees under this Article for a refund of a part of the payments made by him for the purchase of a number, specified by him in his application under this Article, of his added years referred to in Article 7(1)(ii) of this Order —

- (i) the payments for the purchase of which are not refundable under the provisions of Article 7 of this Order; and
- (ii) pension in respect of which, calculated under section 7(3) of the Act of 1972, would not be more than the relevant amount under paragraph (2) of this Article.

(2) The relevant amount shall be the amount by which a pension, calculated under section 7(3) of the Act of 1972 by reference to an aggregate period of reckonable service consisting of —

- (i) the number of added years referred to in sub-paragraph (i) of Article 7(1) of this Order in respect of the Member (within the maximum referred to in that sub-paragraph);
- (ii) the number of his added years referred to in Article 7(1)(ii) of this Order;
- (iii) his prospective actual reckonable service on the date referred to in Article 7(1)(ii) of this Order; and
- (iv) any period of reckonable service as a Member which on that date has been determined in respect of him under section 22(3) of the Act of 1972, exceeds any maximum pension, by reference to which a maximum, further to that referred to in sub-paragraph (i) of Article 7(1) of this Order, has been imposed on the number of the added years under that sub-paragraph by the provisions of an order under section 11 of the Act of 1978.

(3) The Trustees shall accept a Member's application in accordance with paragraph (1) of this Article and shall refund to the Member with interest a part of the payments which in the opinion of the Trustees (having regard to the terms of the purchase of the relevant added years) were made by him in respect of the number of added years specified in accordance with paragraph (1) in that application and identified in accordance with the assumption (applied in respect of a refund under this paragraph) in Article 4(4)(i) of this Order, the part so refundable being the amount of those payments less the amount which would be payable under the order referred to in sub-paragraph (i) of Article 7(1) of this

Order to purchase the number of the added years which are referred to in that sub-paragraph, pension in respect of which, calculated under section 7(3) of the Act of 1972, would be equal to the pension so calculated in respect of the number of added years specified in his application in accordance with paragraph (1) of this Article.

(4) Article 4(4) (which relates to interest on refunds) of this Order, shall apply to a refund under this Article with the substitution of a reference to paragraph (3) of this Article for any reference to paragraph (3) of Article 4.

(5) There shall be cancelled the number referred to in paragraph (3) of this Article of the added years referred to in Article 7(1)(i) of this Order.

*Reckonability of added years purchased by reference to previous actual service*

9. If a Member purchases a number of added years subject (under the provisions of an order under section 11 of the Act of 1978) to a maximum calculated by reference to the period of his actual reckonable service which fell both on or after 16th October 1964 and before 20th July 1983 and before his sixty-fifth birthday, the number of those added years (within that maximum) shall, for the purposes of section 7(3A) and of any order under 7(3B) of the Act of 1972(a), be treated as a period of reckonable service ending before the date of the Member's sixty-fifth birthday.

PART II

RATE OF ACCRUAL OF PENSION

10.—(1) For the purposes of the appropriate fraction under section 7(3) and 7(5A)(b) of the Act of 1972 (calculation and rate of accrual of Members' pensions) a period of reckonable service —

- (i) an application to purchase which, under the provisions of an order under section 11 of the Act of 1978 (added years), was accepted by the Trustees before the date of the coming into operation of this Order; or
- (ii) attributable to a determination under section 22(3) of the Act of 1972 (transfers from other pension schemes) made before the date of the coming into operation of this Order; or
- (iii) of a person who ceased to be a Member before 20th July 1983, being reckonable service attributable to the provisions of section 2(4) of the Act of 1978 (increase of service for purposes of ill-health pension),

shall be treated as a period ending before 20th July 1983; and a period of reckonable service —

- (a) an application to purchase which is, under the provisions of an order under section 11 of the Act of 1978, accepted by the Trustees on or after the date of the coming into operation of this Order; or
- (b) attributable to a determination under section 22(3) of the Act of 1972 made on or after the date of the coming into operation of this Order; or

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(a) Section 7(3A) and section 7(3B) were inserted in the Act of 1972 by section 1(2) of the Parliamentary Pensions etc. Act 1984 and relate to maximum pension.

(b) Section 7(3) of the Act of 1972 was substituted, and section 7(5A) was inserted, by section 1(2) and section 1(4) respectively of the Parliamentary Pensions etc. Act 1984.



- (c) of a person who ceased or ceases to be a Member on or after 20th July 1983, being reckonable service attributable to the provisions of section 2(4) of the Act of 1978,

shall be treated as a period beginning after 20th July 1983.

(2) For the purposes of the appropriate fraction under section 10(3) and 10(3A)(a) of the Act of 1972 (calculation and rate of accrual of office-holders' pensions) a year of reckonable service which is the subject of a determination under section 22(4)(a) of the Act of 1972 (transfers from other pension schemes) shall:

- (i) if the determination is made before the date of the coming into operation of this Order, be treated as a year ending before 1st April 1983;
- (ii) if the determination is made on or after the date of the coming into operation of this Order, be treated as a year beginning after 31st March 1984.

*Whitelaw,*

Lord President of the Council.

Dated 5th December 1984.

## Article 4

## THE SCHEDULE

## ALLOWABLE PENSION

1. Subject to paragraph 2 below, the allowable pension of a Member shall be of the annual amount specified in column (B) below in relation to the Member's prospective actual reckonable service at the date of the last acceptance by the Trustees before the relevant date of an application by him to purchase added years:

(A) <i>Prospective actual reckonable service</i>	(B) <i>Allowable pension (expressed as a fraction of relevant terminal salary under section 7(5) of the Act of 1972)</i>
10 years or more	2/3
9 years	8/15
8 years	6/15
7 years	4/15
6 years	2/15

Where the period of prospective actual reckonable service includes part of a year, the allowable pension appropriate to that period expressed in years and days shall be calculated proportionately by reference to the fraction in column (B).

2. The allowable pension of a Member with retained benefits or any period of reckonable service as a Member determined in respect of him under section 22(3) of the Act of 1972 shall not exceed the pension calculated in accordance with paragraph 1 above and, when aggregated with the retained benefits and with pension calculated in accordance with section 7(3) of that Act in respect of the period so determined, shall not exceed  $\frac{2}{3}$  of the relevant terminal salary.

## EXPLANATORY NOTE

*(This Note is not part of the Order.)*

This Order makes provision in connection with the main provisions of the Parliamentary Pensions etc. Act 1984 ("the Act of 1984"), in particular the new rates of contribution, the new annual accrual rate (of one-fiftieth instead of one-sixtieth) and the abolition of the qualifying period of reckonable service for entitlement to pension benefits.

The provisions of Part I of the Order are in connection further with the scheme for the purchase by Members of added years of reckonable service contained in the Parliamentary Pensions (Purchase of Added Years) Order 1978 and by the Parliamentary Pensions (Purchase of Added Years) (Amendment) Order 1984 ("the 1984 Order"), made on the same day as this Order.

*Article 4* of the Order provides for the cancellation of added years purchased and the refund with interest of payments already made in respect of them to the extent that, in consequence of the increase in the rate of accrual of Members' pensions (under section 1(4) of the Act of 1984, amending section 7 of the Parliamentary and other Pensions Act 1972), the number of a Member's added years represents the excess of his prospective pension at the higher accrual rate over a maximum pension based on a specified fraction of his final salary.

*Articles 5 and 6* supplement new provisions (under the 1984 Order) of the added years scheme, by providing for the cancellation of certain added years purchased and refunds with interest of payments made for them, where the Member has requested it and the Trustees consider it appropriate in consequence of the main changes in the Act of 1984.

*Article 7* makes supplementary provision for the refund with interest of a part of payments made to purchase added years (but without reduction in the number of years purchased) where a Member is unable, because of limits under the added years scheme, to purchase further added years at a reduced price to the extent provided for, by reference to his actual service from 16th October 1964 to 20th July 1983, under new provisions (added by the 1984 Order) of the added years scheme.

*Article 8* allows a Member to apply for such a refund with interest (as an alternative to the purchase of added years at the reduced price to the full amount which would not result immediately in his pension exceeding the maximum applicable to his pension) to the extent that the purchase of further added years would (assuming he continues in service as a member until his sixty-fifth birthday) lead to his pension exceeding the maximum. Under Articles 7 and 8 the amount of the refund is related to the difference between the cost to him of added years for which a refund is available and that of added years at the reduced price. In respect of the reduced-price added years *Article 9* provides that those purchased by reference to service before the Member is aged 65 are to count towards maximum pension for service before that age.

Part II of the Order deals with the accrual rate in respect of reckonable service other than actual service. The Act of 1984 (sections 1(4) and 2(5)) specifies the accrual rate only for years of service ending before or beginning after specified dates, and enables years of reckonable service other than actual service to be treated, as provided by order, as if they were years beginning after or ending before a certain date.

*Article 10* provides that (in the case of Members) added years purchased under applications accepted by the Trustees after the coming into operation of the Order and enhancements of service made after 20th July 1983 on retirement on ill-health and (for Members and office-holders) transfers from other schemes after the operative date of the Order shall be treated as years of service beginning after 20th July 1983 (for which an accrual rate of one-fiftieth is specified in the Act of 1984). Other years of the same categories of reckonable service are to be treated as years of service beginning before that date (for which an accrual rate of one-sixtieth is specified in the Act of 1984).

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