
STATUTORY INSTRUMENTS

1995 No. 2867

PARLIAMENT

The Parliamentary Pensions (Amendment) Regulations 1995

Made - - - - *6th November 1995*
Laid before Parliament *7th November 1995*
Coming into force - - *1st December 1995*

The Leader of the House of Commons, in exercise of the powers conferred on him by section 2(1) and (4) of the Parliamentary and other Pensions Act 1987(1), with the consent of the Minister for the Civil Service(2) and after consultation with the Trustees of the Parliamentary Contributory Pension Fund and with such persons as appeared to him to represent persons likely to be affected by the Regulations, hereby makes the following Regulations:

Title and commencement

1. These Regulations may be cited as the Parliamentary Pensions (Amendment) Regulations 1995 and shall come into force on 1st December 1995, but shall have effect from 1st April 1995.

Interpretation

2.—(1) In these Regulations—

“the principal Regulations” means the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993(3);

and other expressions shall have the same meaning as in the principal Regulations.

(2) In these Regulations, except where the context otherwise requires—

- (a) a reference to a numbered regulation is a reference to the regulation of these Regulations so numbered; and
- (b) a reference in a regulation or in the Schedule to a numbered paragraph is a reference to the paragraph of that regulation or of the Schedule so numbered; and
- (c) a reference in a paragraph to a numbered sub-paragraph is a reference to the sub-paragraph of that paragraph so numbered.

(1) 1987 c. 45.

(2) See the Transfer of Functions (Treasury and Minister for the Civil Service) Order 1995 (S.I.1995/269), Article 3 and the Schedule.

(3) S.I. 1993/3253.

Adjustment in reckonable service

3. Regulation E2 of the principal Regulations shall be amended by inserting in paragraph (1), at the beginning, the words “Subject to paragraph (1A) below,” and by inserting after that paragraph the following paragraph —

“(1A) In the case of a participating Member in service on 1st April 1995, the following adjustments shall where relevant be made to his aggregate period of reckonable service as a participating Member—

- (a) where his aggregate period of reckonable service as a participating Member includes service which is treated as ending before 20th July 1983 by virtue of article 10(1)(i) or (ii) of the Parliamentary Pensions (Added Years and Rates of Accrual) (Further Provisions) Order 1984⁽⁴⁾, the period of such service shall be multiplied by five-sixths;
- (b) where he applied to purchase added years pursuant to article 14 of the Parliamentary Pensions (Purchase of Added Years) Order 1978⁽⁵⁾, the number purchased shall be multiplied by two-fifths.”

Increase in accrual rate

4. Regulation F2 of the principal Regulations shall be amended by inserting in paragraph (3), at the beginning, the words “Subject to paragraph (3A) below,” and by inserting after that paragraph the following paragraph —

“(3A) In the case of a participating Member in service on 1st April 1995, in paragraph (1) of this regulation “the appropriate fraction” means one-fiftieth.”

Increased accrual rate: consequential provisions

5. The Schedule to these Regulations shall have effect in relation to a participating Member in service on 1st April 1995 whose aggregate period of reckonable service as a participating Member includes service before 20th July 1983 or is treated as ending before that date⁽⁶⁾.

Gratuity on death in service

6. In regulation L1 of the principal Regulations—

- (a) in paragraph (2)(a) for the words “the individual”, there shall be substituted the words “the person or persons”;
- (b) in paragraph (2)(b), after the words “at that time”, there shall be inserted the words “or, pursuant to paragraph (3) below, to the extent that a nomination is treated as not being in force.”;
- (c) after paragraph (2), there shall be inserted the following paragraph—

“(2A) Where a participant nominates more than one person for the purposes of this regulation, he may also specify the proportion of the gratuity to be granted to each such person.”;
- (d) in paragraph (3), immediately after the words “at the time of the participant’s death”, there shall be inserted the words “to the extent that”;

⁽⁴⁾ S.I. 1984/1908, which was revoked with savings by S.I. 1993/3253.

⁽⁵⁾ S.I. 1978/1837; article 14 was inserted by S.I. 1984/1907 and S.I. 1978/1837 was revoked with savings by S.I. 1993/3253.

⁽⁶⁾ By virtue of article 10(1)(i) or (ii) of S.I. 1984/1908.

- (e) in paragraphs (3)(a) and (b), the word “if” at the beginning shall in each case be deleted and for the words “the individual”, wherever they appear, there shall be substituted the words “any person”;
- (f) in paragraphs (5)(a) and (6) for the word “twice” there shall be substituted the words “three times”.

Gratuity on death after retirement

7. In relation to any person in respect of whom the Trustees may grant a gratuity under regulation L2 of the principal Regulations and who has not been a participant at any time on or after 1st April 1995, the amount of the gratuity referred to in regulation L2(3)(a) shall be calculated as if the substitution effected by regulation 6(f) above had not been effected.

6th November 1995

Tony Newton
Leader of the House of Commons

I consent on behalf of the Minister for the Civil Service

6th November 1995

John Horam
Parliamentary Secretary, Office of Public Service

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

SCHEDULE

1. In this Schedule—

“Member” means a person to whom this Schedule applies; and

“the appointed date” means, in the case of each Member, such date on or after 1st April 1995 as the Trustees may appoint.

2. The Trustees shall apply the provisions of this Schedule to a Member as at the appointed date.

Calculation of reckonable service

3. The Trustees shall calculate such of the Member’s aggregate period of reckonable service as a participating Member as has accrued, making such of the following adjustments as may apply to him—

- (a) where he is paying periodical contributions for the purchase of added years, the number of such years purchased as at the appointed date shall be calculated in accordance with the formula

$$\frac{A \times B}{C}$$

where—

A is the number of added years he applied to purchase by periodical contributions (after making any relevant adjustment under regulation E2(1A)(a) or (b) of the principal Regulations); and

B is the period (expressed to the nearest day) during which periodical contributions have been paid); and

C is the total period during which periodical contributions are payable under the contract, and where the Trustees have accepted more than one application from him to purchase added years by the payment of periodical contributions, each contract shall be apportioned accordingly;

- (b) the amount (if any) of his actual period of reckonable service as a participating Member as fell after he attained the age of sixty-five years shall be disregarded.

Refunds

4.—(1) If the Member’s accrued aggregate period of reckonable service exceeds that which would provide him with such maximum pension as would be calculated in respect of him at his normal retirement date under Schedule 2 to the principal Regulations, the Trustees shall, in accordance with the provisions of this paragraph, refund to him the contributions he has paid into the Fund in respect of the excess.

(2) Subject to sub-paragraph (3), when making a refund under sub-paragraph (1), the Trustees shall refund contributions in the following order—

- (i) contributions paid in respect of any added years included in the Member’s accrued aggregate period of reckonable service as a participating Member; and
- (ii) contributions paid in respect of the balance of the excess, the most recent contributions first.

(3) Where the number of added years included in the Member’s accrued aggregate period of reckonable service as a participating Member is greater than the excess, the Trustees shall calculate the amount of all his contributions paid in respect of added years and the amount refunded shall be that proportion of the total amount of contributions paid for added years as the excess bears to the number of added years accrued.

(4) When calculating an amount of contributions as at the appointed date, the Trustees shall add interest from the dates on which the contributions were paid respectively.

(5) The Trustees shall pay any refund with interest from the appointed date when the Member so requests or, if no such request has then been made, when a pension comes into payment to or in respect of him under the principal Regulations.

Deduction of tax from refunds of contributions

5. Regulation N5(2) of the principal Regulations shall apply in the case of any refund made under paragraph 4 as if it were a refund made under regulation N3 or N4 of those Regulations.

Reduction in added years being purchased

6.—(1) In the case of a Member who is purchasing added years by paying periodical contributions, the Trustees shall calculate, in accordance with paragraph 8(5) of Schedule 6 to the principal Regulations, the maximum added years he may purchase by way of future contributions.

(2) For the purposes of the calculation under sub-paragraph (1), the Trustees shall—

- (a) take as his accrued aggregate period of reckonable service as a participating Member the period calculated under paragraph 3; and
- (b) disregard his future added years.

(3) If the number of future added years which the Member has contracted to purchase exceeds the maximum calculated under sub-paragraph (1), the number of future added years which he has contracted to purchase shall be reduced to that maximum.

(4) Subject to sub-paragraph (5), if a reduction in a Member's future added years is made under sub-paragraph (3), the annual amount of any periodical contributions which (apart from the provisions of this paragraph) would be payable by him on or after the appointed date shall be reduced by the proportion (up to and including 100%) which the amount of the reduction bears to the number of future added years referred to in sub-paragraph (3).

(5) If the future added years referred to in paragraph (3) are being purchased by the Member under more than one application under the Parliamentary Pensions (Purchase of Added Years) Order 1978 or under the principal Regulations, a reduction under paragraph (3) 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.

(6) In this paragraph, "future added year" means, as at the appointed date, and after taking into account any relevant adjustment under regulation E2(1A)(a) or (b) of the principal Regulations, an added year in respect of which the Member's application to purchase by paying periodical contributions has been accepted by the Trustees but which is not included in his accrued aggregate period of reckonable service as a participating Member.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

1. These Regulations amend the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993, improving the accrual rate for service as a Member of Parliament before 20th July 1983 from sixtieths to fiftieths for Members in service on 1st April 1995 and changing the provisions relating to gratuities payable in respect of Members of Parliament and the holders of Ministerial and other offices who die in service on or after that date.

2. There are a number of consequential amendments arising from the improvement in the accrual rate. By virtue of regulation 3, added years purchased and transfer values brought into the scheme which have been treated as service before 20th July 1983 are revalued and added years purchased at 40% of cost pursuant to provisions introduced in 1984 when the accrual rate was first improved from 60ths to 50ths are reduced to reflect the value of the contributions paid. The Schedule provides for refunds of contributions and for the adjustment of current contracts to buy added years where these are necessary to prevent a Member's pension from exceeding Inland Revenue limits.

3. Regulation 6 provides for the amount of the death in service gratuity which may be paid under the scheme in respect of any participant in service on or after 1st April 1995 to be increased to three times an MP's salary at the time of death.

4. A participant in the scheme may nominate more than one person to receive the gratuity, and the persons nominated may include any institution or trust. If a nomination lapses in part because, for example, the person nominated was the participant's spouse but the marriage has subsequently ended in death or divorce, the share which would have been payable under the part which has lapsed is payable to the deceased's personal representatives.

5. Where a gratuity may be payable to the personal representatives of a person who has died in retirement without leaving any dependants, where the deceased was a participant in the scheme at any time on or after 1st April 1995 the amount of the gratuity is calculated by reference to the increased death in service gratuity.

6. Section 2 of the Parliamentary and other Pensions Act 1987 confers express power to make regulations retrospective in effect. These Regulations have effect from 1st April 1995.