

SCHEDULE 12

Regulations F2, F4

TRANSFER VALUES

PART I

OUTWARD TRANSFERS

1. A transfer value is calculated on the cash equivalent basis if it is calculated in the manner prescribed under section 97 of the 1993 Act for the calculation of cash equivalents.

2. Where—

- (a) a transfer value is payable to the scheme managers of a club scheme or a personal pension scheme, or
- (b) a transfer value is payable to the scheme managers of an approved pension scheme which is not a club scheme and none of the service to which it relates is service before 1st September 1988,

and no right to a cash equivalent was acquired, the transfer value is to be calculated on the cash equivalent basis.

3. Where—

- (a) a transfer value is payable to the scheme managers of an approved pension scheme which is not a club scheme, and
- (b) the service to which it relates includes service before 1st September 1988, and
- (c) no right to a cash equivalent was acquired,

the amount of the transfer value is the total of

A and the greater of B and C,

where—

A is a notional transfer value, calculated on the cash equivalent basis, in respect of the person's service after 31st August 1988,

B is a notional transfer value, calculated on the cash equivalent basis, in respect of his service before 1st September 1988, and

C is a notional transfer value, calculated as if Schedule 7 to the 1976 Regulations, as in force on 31st August 1988, had continued in force, in respect his service before 1st September 1988.

4. Where—

- (a) a transfer value is payable to the scheme managers of an approved pension scheme which is not a club scheme, and
- (b) the service to which it relates includes service before 1st September 1988, and
- (c) a right to a cash equivalent was acquired,

the amount of the transfer value is

D + E

where—

D is the transfer value that would have been payable if paragraph 3 had applied, and

E is the amount of the cash equivalent,

5. Where—

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- (a) a transfer value is payable to the scheme managers of a personal pension scheme, and
- (b) a right to a part cash equivalent was acquired,

the transfer value is to be calculated on the cash equivalent basis but as if the person's pensionable employment had ended with 5th April 1988.

6.—(1) This paragraph applies where—

- (a) a transfer value falls to be calculated in accordance with paragraph 3 or 4, and
- (b) for the purposes of paragraph 3 C is greater than B.

(2) Subject to sub-paragraphs (3) and (4), if the transfer value is not paid within 6 months after the person ceased to be in pensionable employment the amount calculated in accordance with paragraph 3 or 4 is increased by adding to it interest on C at 9% per annum, compounded with 3-monthly rests, for each complete period of 3 months after the end of the employment and before the date of payment.

(3) If the employment ended before 1st April 1977 the amount calculated in accordance with paragraph 3 is increased by adding to it—

- (a) interest on C at 6% per annum, compounded with yearly rests, for each complete period of a year after the end of the employment and before 1st April 1977, and
- (b) interest on C at 9% per annum, compounded with 3 monthly rests, for the period of 3 months beginning on 1st April 1977 and for each subsequent complete period of 3 months before the date of payment.

(4) If the employment ended after 5th April 1978 and before 1st April 1979 the amount calculated in accordance with paragraph 3 is increased by adding to it interest on C at 6% per annum compounded with yearly rests, for each complete period of a year after the end of the employment and before the date of payment.

7. Where a transfer value is paid to the scheme managers of an occupational pension scheme which is not a contracted-out scheme or of a personal pension scheme, there may be deducted from it the amount of any contributions equivalent premium paid by the Secretary of State.

PART II

INWARD TRANSFERS

8. If the employment in which the person was subject to the previous scheme was comparable British service, he is entitled to count as reckonable service the period of service certified by the scheme managers as having stood to his credit under the scheme when he ceased to be subject to it.

9.—(1) If—

- (a) the previous scheme is a club scheme service under which is not comparable British service, or
- (b) the previous scheme is a personal pension scheme or an approved pension scheme which is not a club scheme and the person has entered pensionable employment after 31st December 1985,

he is entitled, unless paragraph 10 applies, to count as reckonable service the period specified in sub-paragraph (2).

(2) The period is one equal to the period of reckonable service that would enable the Secretary of State to pay a transfer value, calculated on an actuarial basis, of the same amount as the one accepted.

(3) In calculating the period specified in sub-paragraph (2)—

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- (a) if sub-paragraph (1)(a) applies and the request for the transfer value to be accepted was made within 12 months after the date on which the person entered pensionable employment, the calculation is to be made by reference to the age and salary notified by the scheme managers of the previous scheme as those by reference to which the transfer value accepted was calculated,
- (b) if sub-paragraph (1)(b) applies and the transfer value was received within 12 months after the date on which the person entered pensionable employment, the calculation is to be made by reference to his age, and the annual rate of his contributable salary, on that date,
- (c) in any other case, the calculation is to be made reference to his age, and the annual rate of his contributable salary, on the date on which the transfer value was received,
- (d) if sub-paragraph (1)(a) applies any sum representing interest that is included in the transfer value is not to be taken into account, and
- (e) if sub-paragraph (1)(b) applies any such sum is to be taken into account.

10.—(1) This paragraph applies where—

- (a) the condition specified in paragraph 9(1)(b) applies,
- (b) the person has made an election under regulation B6 (resumption of pensionable status),
- (c) the previous election under regulation B6 of the 1988 Regulations (election not to be pensionable) was made before 30 June 1994,
- (d) the person has been in excluded employment between the date of the election under regulation B6 of the 1988 Regulations and the date of the election under regulation B6 of these Regulations,
- (e) a transfer value was paid under regulation F1 of the 1988 Regulations or under Schedule 1A to the Social Security Pensions Act 1975(1) or chapter IV of Part IV of the 1993 Act in respect of the person in consequence of him ceasing to be in pensionable employment by virtue of the election under regulation B6 of the 1988 Regulations,
- (f) the person is an individual as is mentioned in section 172(1) of the 1995 Act, and
- (g) the Secretary of State accepts a transfer value under regulation F4 of the amount specified in sub-paragraph (3).

(2) In this paragraph “the period of original pensionable employment” means the period during which the person was in pensionable employment before he made his election under regulation B6 of the 1988 Regulations.

(3) The amount referred to in sub-paragraph (1)(g) is

A + B

where—

A is the transfer value which, calculated on the basis specified in paragraph 9(2), would enable the person to count the period of excluded employment as reckonable service as if it had been pensionable employment; and

B is the greater of—

- (a) the transfer value paid by the Secretary of State in respect of the person in consequence of his ceasing to be in pensionable employment by virtue of his election under regulation B6 of the 1988 Regulations together with—
 - (i) in a case where the transfer value was paid to the Secretary of State pursuant to regulation F4 within four weeks of the request under regulation F4(3) an

(1) 1975 c. 60; Schedule 1A (now repealed by the 1993 Act) was inserted by the Social Security Act 1985 (c. 53), Schedule 1, paragraph 3.

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amount, determined actuarially, which represents the income which would have been received had such sum been invested during the period starting at the end of the month in which the transfer value was paid under regulation F1 of the 1988 Regulations and ending at the end of the month in which the request under regulation F4(3) was made; and

- (ii) in any other case the amount referred to in paragraph (i) above together with a further amount, determined actuarially, which represents the income which would have been received compounded with monthly rests, had such sum been invested during the period starting at the end of the month in which the request under regulation F4(3) was made and ending at the end of the month in which the transfer value was paid to the Secretary of State; and
- (b) the amount which would be paid as a transfer value by the Secretary of State in respect of the person if at the date on which he made the election under regulation B6—
 - (i) he was in pensionable employment and made an election under regulation B5 (election not to be pensionable); and
 - (ii) he had been in pensionable employment for a period equal to the period of original pensionable employment.
- (4) Where this paragraph applies the person is entitled to count as reckonable service—
 - (a) the reckonable service arising from the period of original pensionable employment; and
 - (b) such service arising from the period of excluded employment as if it had been pensionable employment.

11. If—

- (a) the previous scheme is an approved pension scheme which is not a club scheme; and
- (b) the person entered pensionable employment before 1st January 1986,

he is entitled to count as reckonable service a period calculated as if Schedule 7 to the 1976 Regulations, as in force on 31st August 1988, had continued in force.