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SCHEDULE 1

The New Provisions

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APPENDIX 2—RULES OF THE CAA SECTION

PART 2:

BENEFITS AND THE ADMINISTRATION OF BENEFITS

29.

CASH SUM IN LIEU OF PENSION

Commutation of trivial pensions

29.1 If at the date when a pension becomes payable from the CAA Section to or for the benefit of any person such pension together with the annuity equivalent of all other retirement benefits to which such person is entitled from the Employers' Schemes or other Sections of the Scheme does not exceed £260 per annum (or such higher amount as may have been prescribed by regulations made under section 91 of the Pensions Act 1995⁽¹⁾ and is acceptable to the Board of Inland Revenue), the Trustees may commute that pension for a cash sum payable to or for the benefit of such person. If the Trustees commute a Member's pension as described above and if there is a pension contingently payable from the CAA Section on such Member's death which could (if the Member had died on the date his pension became payable) have been commuted in accordance with this Rule 29.1, then the Trustees will forthwith commute such pension for a cash sum payable to the Member, provided always that in the case of a Member whose pension from the CAA Section becomes payable before Normal Pension Date:

- (a) if such Member is a member of more than one retirement benefits scheme relating to the same employment (including any other Section of the Scheme), commutation under this Rule 29.1 shall be permissible only if he is treated by all such schemes as having retired and if provisions corresponding to this Rule 29.1 apply under such other schemes; and
- (b) in determining the amount of the Member's pension for the purposes of this paragraph the Trustees shall with the advice of the Actuary take due account of:
 - (i) increases in the Member's Guaranteed Minimum Pension (if any) required to be made up to State Pensionable Age in such a way as to satisfy the provisions of section 21 of the Pension Schemes Act 1993⁽²⁾ and any regulations made for the purposes of that section; and
 - (ii) increases to that part of the Member's pension hereunder which exceeds the Member's Guaranteed Minimum Pension (if any) which would, in the opinion of the Trustees, be made to the Member's pension hereunder up to Normal Pension Date in accordance with Schedule 3 to the Pension Schemes Act 1993 if such pension had become payable at Normal Pension Date.

Tax free cash sum

29.2 Subject to Appendix 4, a Member of the CAA Section may by giving notice in writing to the Trustees before any pension becomes payable to him from the CAA Section elect to commute for a cash sum at the date his pension becomes payable or, in the case of a Class B Member, on or after his Normal Pension Date if earlier, the whole or a proportion of that part of such pension which exceeds the Guaranteed Minimum Pension in respect of him or, where such date is before the Member's

(1) 1995 c. 26; section 91 is amended by the Welfare Reform and Pensions Act 1999 (c. 30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 57.

(2) 1993 c. 48.

State Pensionable Age, which exceeds the amount which the Trustees with the advice of the Actuary estimate will be the Member's Guaranteed Minimum Pension at his State Pensionable Age.

Serious ill-health

29.3 If at the date when any pension becomes payable to a Member under the CAA Section the Trustees are satisfied by such evidence as they may require that the Member is in exceptional circumstances of serious ill-health, the Trustees may at their discretion pay a cash sum to the Member in commutation of the whole of that part of his pension which exceeds the Guaranteed Minimum Pension or if the Member has elected the option under Rule 29.2 above in commutation of the balance (if any) of such pension.

The Administrator shall give prior notice to the Board of Inland Revenue in accordance with the Taxes Act before making a payment under this Rule 29.3 to a Member of the CAA Section who is a Controlling Director.

General

29.4 The amount of any cash sum payable under this Rule in lieu of any amount of pension shall be determined from time to time by the Trustees after consultation with the Actuary and shall be either as certified as reasonable by the Actuary or in accordance with commutation factors acceptable to the Board of Inland Revenue as suitable for the CAA Section.

29.5 A cash sum payable in respect of any person under this Rule other than any which could be payable in respect of such person under Rule 29.2 above shall be reduced by the amount of tax (if any) for which the Trustees are liable in respect thereof.