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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

34.

TRANSFERS FROM THE CAA SECTION

34.1 Subject to Rule 34.2 and to any undertaking given to the Board of Inland Revenue for the purposes of this Rule, if any Member to whom Rule 32.2 or the final sentence of Rule 32.1 applies become or is to become a member of any other retirement benefits arrangement approved or approvable under the Taxes Act, or becomes or is to become a member of another Section of the Scheme, then, in substitution for and in satisfaction of the whole or a specified part of the benefits which would otherwise arise under the CAA Section in consequence of his membership of it, the Trustees shall at the written request of the Member or with his consent pay such Member's Cash Value (or the equivalent in assurance contracts or policies or other assets forming part of the Section Assets) in respect thereof or such greater amount as the Trustees shall determine to such other retirement benefits arrangement or Section provided that the trustees of or persons administering such other retirement benefits arrangement are willing to accept such payment. Any payment made under this Rules shall be made upon the basis that the Member shall be entitled under such other arrangement or Section to such benefits (consistent with the existing formal approval of that retirement benefits arrangement or Section, as appropriate, by the Board of Inland Revenue) in respect of such payment as the Trustees may in their discretion arrange with the trustees of or persons administering the other retirement benefits arrangement, provided that such benefits shall be such as to satisfy the provisions of the Pension Schemes Act 1993.

34.2 Any payment made under this Rule shall be subject to the following conditions:

- (a) where making a transfer to another retirement benefits scheme (as opposed to another Section), before making such a payment the Trustees shall ascertain from the trustees of or persons administering such other retirement benefits arrangement under which section of which Act such retirement benefits arrangement is approved or capable of approval by the Board of Inland Revenue;
- (b) no payment relating to less than the whole of the benefits in respect of the Member under the CAA Section shall be made from the CAA Section without the consent of the Board of Inland Revenue unless the benefits which are to remain payable in respect of him under the CAA Section are Acceptable Residual Benefits;
- (c) no such payment shall be made unless the Trustees are satisfied that such part, but only such part, of the value thereof as is derived from contributions (if any) of the Member to the CAA Section (and under the Previous Scheme Provisions) will be treated in such other retirement benefits arrangement or Section as member's contributions and the Trustees shall certify to the trustees of or persons administering such other arrangement the amount to be so treated;
- (d) a payment under this Rule relating to a Member's Guaranteed Minimum Pension shall be made only if:
 - (i) the other retirement benefits arrangement or Section is a contracted-out occupational pension scheme, an appropriate Personal Pension Scheme as described in Chapter I of Part III of the Pension Schemes Act 1993, or any other scheme approved for the purpose by the National Insurance Contributions Office of the Inland Revenue; and

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- (ii) where the payment is made to an occupational pension scheme, the Member has entered employment with an employer which is or, in the case of a Section 53(1) Scheme, was contributing to such scheme;
- (e) when making a payment under this Rule to an approved Personal Pension Scheme the Administrator shall provide a certificate of the maximum lump sum payable on retirement in respect of such payment if the Member:
 - (i) was aged 45 or more at the time that the payment was made, or
 - (ii) has at any time within the 10 years preceding the date on which the right to the payment being made arose been in respect of any employment to which the payment or any part of it relates, either
 - (a) a Controlling Director, or
 - (b) in receipt of annual remuneration in excess of an amount equal to the Permitted Maximum for the year of assessment in which the date of payment falls; or
 - (iii) is entitled to benefits included in the payment which arise from a retirement benefits scheme under which the normal retirement age is 45 or less.

34.3 At the written request of a Member to whom Rule 32.2 or the final sentence of Rule 32.1 apply the Trustees shall make a payment of the Member's Cash Value to a pension arrangement (other than one approved or approvable under the Taxes Act) of any type and on any terms regarded by the Board of Inland Revenue and where applicable by the Department of Social Security as being appropriate for the purposes of this Rule.

34.4 Upon a payment being made under this Rule the Member and any other person or persons to whom any benefit would have been payable in consequence of the Member's membership of the CAA Section shall cease to have any claim on the CAA Section to the extent that such benefit has been substituted and satisfied by such payment.

(1) 1993 c. 48; section 53 was amended by the Pensions Act 1995 (c. 26), sections 151 and 177 and Schedule 5, paragraphs 18 and 48 and the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c. 2), section 1(1) and Schedule 1, paragraphs 52 and 53.