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SCHEDULE 1

The New Provisions

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APPENDIX 3—RULES OF THE NATS SECTION

PART 2:

BENEFITS AND THE ADMINISTRATION OF BENEFITS

32.

MEMBERS WHO CEASE TO BE IN SERVICE

Refund of contributions

32.1 A Member who ceases to be a Current Member of the NATS Section before Normal Pension Date and who at the date of such cessation is not a Qualifying Leaver shall be entitled to elect in lieu of any other benefits from the NATS Section a refund of any contributions paid by him to the NATS Section (and under the Previous Scheme Provisions) (other than any voluntary contributions) and his Transferred Contributions (if any), with the addition of 3% per annum compound interest thereon up to the date of payment of the refund. Such refund shall be subject to any deduction in accordance with Rule 43.

If such Member has been in Contracted-out Membership the Trustees will pay a Contributions Equivalent Premium in respect of him and the liability of the Trustees to provide a Guaranteed Minimum Pension or Spouse's Guaranteed Minimum Pension in respect of the Member shall thereupon be extinguished. For such a Member the amount of refund described in the previous paragraph shall be reduced by a proportion of the Contributions Equivalent Premium being the amount recoverable under section 61 of the Pension Schemes Act 1993(1).

If a Member to whom this Rule applies has paid voluntary contributions to the NATS Section the amount payable under the first paragraph of this Rule will, if previously arranged with the Trustees, be increased by an amount determined by the Trustees in accordance with the basis so arranged.

A Member to whom the first paragraph of this Rule applies may, in lieu of receiving a refund as described above, elect that the amount payable under that paragraph be transferred to an insurance policy or to a different retirement benefits scheme in accordance with the provisions of Rule 33 or Rule 34 respectively and such amount shall be the Member's Cash Value for the purposes of those Rules.

Deferred pension

32.2 A Member who ceases to be a Current Member of the NATS Section before Normal Pension Date and who is a Qualifying Leaver at the date of such cessation shall, except as provided in Rule 32.4, be entitled to a pension commencing from Normal Pension Date calculated in accordance with Rule 24.2 together with any benefit secured by voluntary contributions made by him to the NATS Section and any interest or other return accruing thereto.

32.3 Any pension to which a Member of the NATS Section is entitled under this Rule shall, except where stated otherwise, be subject to the same terms conditions and options as would apply to the pension or pensions which would be payable to or in respect of him from the NATS Section if he were a Current Member until his Normal Pension Date.

(1) Section 61 was amended by the Pensions Act 1995 (c. 26), section 151 and Schedule 5, paragraphs 18 and 55.

Option for buy-out or transfer

32.4 Except as provided below in this Rule, a Member to whom Rule 32.2 applies shall have the option to arrange for the whole or a part of his entitlement under the NATS Section to be transferred to an insurance policy or to a different retirement benefits scheme in accordance with Rule 33 or Rule 34 respectively or to one or more insurance policies and/or retirement benefits schemes as the Member requires. Such option may be elected at any time before any benefits become payable in respect of him from the NATS Section and prior to the later of:

- (i) the commencement of the year which ends on the day before Normal Pension Date; and
- (ii) the date which occurs twelve months after the cessation of the Member's Service (or such later date as shall be agreed by the Member with the Trustees).

Restriction on option

32.5 In respect of a Member of the NATS Section who has withdrawn from membership of the NATS Section in accordance with Rule 31.2 and remains in the employ of any of the Employers the option available under Rule 32.4 shall, if the Trustees in their absolute discretion so decide, be available in respect of only a part of the Member's entitlement under the NATS Section. Such part shall be calculated by the Trustees as not less than the proportion which the Member's Service in the NATS Section after 5 April 1988 bears to his total actual Service.

Separate periods of Pensionable Service

- (a) (a) If a Member of the NATS Section is entitled to benefit from the NATS Section in respect of separate periods of Pensionable Service, then for the purpose of determining the amount of his entitlement to such benefit each such period shall except insofar as the provisions of Appendix 4 are concerned, and except as described paragraph (b) below, be treated separately as though it were his only period of Pensionable Service, provided always that:
 - (i) in a case where the earlier of any two periods of Pensionable Service was one during which the Member was for the purposes of the Pension Schemes Act 1993 in contracted-out employment by reference to the NATS Section and which has under the provisions of that Act not been treated as terminated, the foregoing shall not apply and the two periods of Pensionable Service shall for the purposes of calculating the total benefits in respect of the Member under the NATS Section be treated as continuous; and
 - (ii) in respect of a Class A Member who is a Controlling Director who has a period of Service with more than one Employer, any period of his Service with an Employer which is associated with another Employer by virtue of a permanent community of interest rather than because one Employer is controlled by the other or both are controlled by a third party (control for this purpose having the meaning in section 840 of the Taxes Act⁽²⁾ or, in the case of a close company, section 416 of that Act) shall be treated separately from any other period of the Member's Service for the purposes of Appendix 4.
- (b) Notwithstanding paragraph (a) above, a Member of the NATS Section who on ceasing to be in the employment of any of the Employers retained an entitlement to benefit under the NATS Section and who recommences Pensionable Service under the NATS Section within one year (or such longer period as the Trustees may in their discretion allow) may, provided that Rule 33 or 34 has not been applied in respect of him and that he is not in

(2) 1988 c. 1.

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receipt of a pension from the NATS Section, elect by notice in writing to the Trustees that such earlier and later periods of Pensionable Service shall be deemed to be one continuous period of Pensionable Service subject to the following conditions:

- (i) any amounts included within the earlier period by virtue of sub-paragraphs (a) and (c) of the definition of **Pensionable Service** (or the corresponding terms of the Previous Scheme Provisions) shall be excluded;
- (ii) the Member shall complete such forms of discharge of liability in respect of any entitlement to benefit relating to such earlier period of Pensionable Service as the Trustee shall require;
- (iii) the Member shall pay to the Trustees a sum equal to any amount paid to him from the NATS Section in respect of his earlier period of Pensionable Service and any amounts of tax for which the Trustees become liable as a result of such payment together with compound interest on such amount at 3% per annum (but excluding any amounts relating to periods of Pensionable Service excluded in accordance with condition (i) above).