

SCHEDULE 3

Article 26

PENSIONS

1. With effect from the segregation time the provisions of the pension scheme shall be modified so as to include a section (“the international section”) which is divided from the remainder of the pension scheme (“the remaining section”) such that—

- (a) the only employer in the international section shall be Bradford & Bingley International;
- (b) all members of the pension scheme who are in pensionable service with Bradford & Bingley International at the segregation time shall become members of the international section immediately following the segregation time;
- (c) the contributions payable by Bradford & Bingley International and the members of the international section to the pension scheme shall be allocated to the international section; and
- (d) the assets attributable to the international section cannot be used for the purposes of, or to meet any liabilities arising under, any other part of the pension scheme.

2. The liabilities of the international section shall be—

- (a) the liabilities of the pension scheme existing at the segregation time that are attributable to pensionable service with Bradford & Bingley International including any liabilities attributable to a transfer received by the pension scheme during that pensionable service; and
- (b) any liabilities arising after the segregation time by reason of—
 - (i) the continued pensionable service of the active members referred to in paragraph 1(b); or
 - (ii) the admission of new members after the segregation time in accordance with the terms of the international section from time to time.

3. At the segregation time, the following assets shall be allocated to the international section—

- (a) the assets representing the value of any rights to money purchase benefits which are comprised within the liabilities mentioned in paragraph 2(a); and
- (b) a proportion of the assets of the pension scheme determined in accordance with paragraph 4 at the segregation time.

4. The proportion shall be—

- (a) comprised of a selection of assets of the pension scheme (excluding any assets representing the value of any rights to money purchase benefits) that the actuary reasonably considers to be representative of those assets; and
- (b) equal in value to such proportion of the pension scheme’s assets as the amount of the liabilities in paragraph 2(a) bears to the total amount of the pension scheme’s liabilities.

5. For the purposes of paragraph 4(b)—

- (a) any liabilities or assets representing the value of any rights to money purchase benefits under the pension scheme are to be left out of account;
- (b) the value of any other liabilities is to be determined by the actuary—
 - (i) using the method and assumptions used to calculate the pension scheme’s technical provisions for the purposes of Part 3 of the Pensions Act 2004⁽¹⁾; and

(1) 2004 c.35.

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- (ii) updating any economic and financial assumptions which are based on yields, rates or indices to take account of those yields, rates or indices as at the segregation time (or the latest practicable time prior to the segregation time); and
 - (c) the value of any asset is to be determined by such method as the actuary reasonably considers to be a proper means of providing a market value of that asset at the segregation time.
- 6.** At the segregation time—
- (a) Bradford & Bingley International shall cease to be an employer in the remaining section; and
 - (b) if it would otherwise apply, section 75 of the Pensions Act 1995(2) shall not apply to that cessation.
- 7.**—(1) Following the segregation time Bradford & Bingley International shall have no liability, including any liability arising by virtue of sections 38 and 43 of the Pensions Act 2004, with regard to the liabilities of any part of the pension scheme (other than the international section) by reason of any fact, matter or circumstance occurring or existing prior to the second transfer time and accordingly no proceedings may be brought in respect of such matters.
- (2) The Treasury may in writing—
- (a) disapply sub-paragraph (1); and
 - (b) give consent to bring such proceedings.
- 8.** Subject to this Schedule, the provisions of the international section (including any provisions as to amendment or termination) at the segregation time shall be identical to those of the remaining section, save that any reference in the pension scheme to Bradford & Bingley shall, in relation only to the international section, be taken to be a reference to Bradford & Bingley International.
- 9.** No provision of the pension scheme shall apply if it would otherwise have the effect of requiring Bradford & Bingley International to cease participation in the scheme when it ceases to be associated with Bradford & Bingley.
- 10.** The Treasury shall give a guarantee or make other arrangements for the purposes of securing that the assets of the remaining section are sufficient to meet its liabilities.
- 11.** Unless otherwise stated or provided in the guarantee or arrangements mentioned in paragraph 10—
- (a) that guarantee or those arrangements shall for the purposes of determining the application of any provision of pensions legislation be deemed to have been given or made at the guarantee time ; and
 - (b) from the guarantee time until the time that such guarantee or arrangements have been given or made the following provisions shall not apply to the remaining section—
 - (i) section 75 of the Pensions Act 1995;
 - (ii) sections 38, 43 and 52 of the Pensions Act 2004; and
 - (iii) Part 3 (scheme funding) of the Pensions Act 2004.
- 12.** Except as expressly provided in this Schedule, or to the extent necessary to give effect to article 27, or to the extent necessary to give effect to the Transfer of Undertakings (Protection of Employment) Regulations 2006—

(2) 1995 c.26.

- (a) nothing in Part 7 transfers to Abbey, or to any party associated or connected with Abbey, any rights or liabilities in connection with any occupational pension scheme operated by any relevant undertaking; and
- (b) article 23 shall not apply to any agreements, instruments, documents or other things related to any such scheme.

13. In this Schedule—

“the actuary” means the actuary appointed for the pension scheme in pursuance of subsection (1)(b) of section 47 of the Pensions Act 1995;

“the guarantee time” means the time immediately before the second transfer time;

“money purchase benefits” shall have the meaning given in section 181 of the Pension Schemes Act 1993(3);

“pensions legislation” shall have the meaning given in section 13 of the Pensions Act 2004;

“the pension scheme” means the Bradford & Bingley Staff Pension Scheme established by a trust deed and rules dated 24 April 1967;

“the segregation time” means the time immediately before the guarantee time.

(3) 1993 c.48.