

SCHEDULE 5

Regulation 21

Family benefit contributions

PART 1

Elections

1. A qualifying person who is a pre-2007 entrant or a person with mixed service may, by giving written notice to the Secretary of State, elect to pay family benefit contributions attributable to a period of non-qualifying service in accordance with this Schedule.

2. A person (P) is a qualifying person if P is in pensionable employment and—

- (a) P is married, or
- (b) P is a civil partner, or
- (c) P has nominated a person under regulation 90 (nomination of surviving nominated partner), or
- (d) P has nominated a person under regulation 91 (nomination of surviving nominated beneficiary).

3. “Non-qualifying service” means—

- (a) where the qualifying person (P)—
 - (i) is a married man, or
 - (ii) has nominated a person under regulation 91 (nomination of surviving nominated beneficiary)reckonable service which ended before 1st April 1972,
- (b) where P is a married woman or a civil partner, reckonable service which ended before 6th April 1988, and
- (c) where P has nominated a person under regulation 90 (nomination of surviving nominated partner), reckonable service which ended before 1st January 2007

but where the person P would have been a member (as defined in paragraph 1 of Schedule 6 to TPR 1997) if Schedule 6 to TPR 1997 had been in force at the date of the election P’s non-qualifying service cannot exceed the maximum period in respect of which P could have made an election under Part 1 of Schedule 6 to TPR 1997.

4. The election must be made during the election period (determined in accordance with paragraphs 5 to 7).

5. The election period begins—

- (a) where the person making the election (P) is married or a civil partner, on the day on which P first becomes a qualifying person,
- (b) where P has made a nomination, on the day on which the nomination was made.

6. The election period ends on the earlier of the day on which—

- (a) any election under regulation 9 (election for employment not to be pensionable) has effect, and
- (b) the person has been a qualifying person for a continuous period of 6 months.

7.—(1) Where a person marries or forms a civil partnership more than once or makes more than one nomination there is a separate election period in respect of each marriage, civil partnership or nomination.

(2) But where P has made an election P can only make a further election (in a subsequent election period) if P falls within a different sub-paragraph of paragraph 2 from the sub-paragraph in which P fell when the previous election was made.

8. If a qualifying person (P) dies before the end of the election period without making an election P's beneficiary may, by giving written notice within 3 months of the person's death, elect to pay family benefit contributions attributable to a period of P's non-qualifying service.

9. A qualifying person's (P's) beneficiary is—

- (a) where P is married, P's spouse,
- (b) where P is a civil partner, P's civil partner, and
- (c) where P has made a nomination, the person nominated.

10. The person who makes an election must specify in the notice the period in respect of which the election is made, which must be either—

- (a) the whole of the qualifying person's non-qualifying service, or
- (b) a part of such service, consisting of one or more whole years.

11. Where an election is made under paragraph 1—

- (a) the qualifying person (P) must state in the notice whether family benefit contributions are to be paid by Method 1 (monthly payments) or by Method 2 (lump sum) and, if the former, must specify the percentage rate of the qualifying person's contributable salary at which they are to be paid, and
- (b) the election must be accompanied by a declaration by P that P is in normal health.

12. But an election stating that family benefits are to be paid by Method 1 is of no effect unless the payment period is more than a year.

13. Where a qualifying person's (P's) pensionable employment is part time, for the purpose of specifying (under paragraph 11(a)) a percentage rate at which family benefit contributions are to be paid or varying (under paragraph 20(1)) that rate, paragraph 11(a) has effect as if the reference to P's contributable salary were to P's full-time equivalent salary.

14. Except as provided in paragraph 20(1), an election under this paragraph is irrevocable.

15.—(1) This paragraph applies where the qualifying person (P) states under paragraph 11(a) that family benefit contributions are to be paid by Method 1.

(2) Where this paragraph applies, except as otherwise provided in Part 2, P must pay family benefit contributions to the Secretary of State by way of monthly payments from P's contributable salary at the percentage rate specified under paragraph 11(a) or, where the rate is varied under paragraph 20(1), at the specified higher rate for the duration of the payment period.

(3) Except as otherwise provided in Part 2 the payment period (in years and fractions of a year) is $A/B \times C$, where—

A is the period (in years) specified under paragraph 10,

B is the percentage rate specified under paragraph 11(a), and

C is the multiplier determined from time to time by the Secretary of State (after taking advice from the scheme actuary) for the purpose of this Part for a person of the same sex as the qualifying person's beneficiary (as defined in paragraph 9).

16.—(1) Except where paragraph 15 applies, the person who makes an election under paragraph 1 or 8 must pay family benefit contributions to the Secretary of State by way of a lump sum calculated in accordance with the Method 2 formula in sub-paragraph (2) within 3 months of receiving written notice of the amount of the lump sum.

(2) The Method 2 formula is $A \times B \times C$,

where—

A is the multiplier determined from time to time by the Secretary of State (after taking advice from the scheme actuary) for the purpose of this Part for a person of the same sex as the qualifying person's beneficiary (as defined in paragraph 9),

B is the period (in years) specified under paragraph 10, and

C is the annual rate of the qualifying person's contributable salary.

PART 2

Further provisions where family benefit contributions are to be paid by Method 1

17. This Part applies where family benefit contributions are payable by monthly contributions under paragraph 15 (Method 1).

18.—(1) The payment period begins on the first day of the month following that in which it is notified to the person by the Secretary of State.

(2) Where the payment period would (apart from this sub-paragraph) end on a day other than the last day of a month, the payment period ends with the last day of the month in which it would otherwise end.

(3) If after the start of the payment period there is an interval of more than 30 days during which the person is not in pensionable employment or paying additional contributions under regulation C9 of TPR 1997 or regulation 19—

(a) the interval is not part of the payment period, but

(b) the end of the payment period is postponed by the length of the interval.

(4) If after the start of the payment period the person becomes employed in part-time pensionable employment, the length of the payment period is increased by $P \times (1 - CS/FTCS)$ where—

P is the period (in years and fractions of a year) in which the person was employed in part-time employment,

CS is the persons' contributable salary for the period, and

FTCS is what would have been the person's contributable salary for the period if the employment had been full-time.

19.—(1) The contributions—

(a) are payable from the start of the payment period,

(b) continue to be payable while the person is in pensionable employment or paying additional contributions under regulation C9 of TPR 1997 or regulation 19, and

(c) cease to be payable if the person dies or becomes entitled to retirement benefits before the end of the payment period.

(2) Where the person is paying additional contributions under old regulation C9 of TPR 1997 or regulation 19 for any financial year, the family benefit contributions for that financial year are

calculated by reference to the notional salary on which the additional contributions are payable and must be paid to the Secretary of State by the same day as the additional contributions.

20.—(1) The election may at any time be varied by an election to pay family benefit contributions at a specified higher rate.

(2) An election under sub-paragraph (1)—

(a) must be made by giving written notice to the Secretary of State, and

(b) must be accompanied by a declaration by the person that the person is in normal health.

(3) Where the original election is varied by one made under sub-paragraph (1) (“the further election”) a new payment period begins on the first day of the month following that in which it is notified to the person by the Secretary of State.

(4) The new payment period is $A-(B/C \times D)$

where—

A is what the length of the payment period would have been if the increased rate had been specified in the original election,

B is the rate specified in the original election,

C is the increased rate, and

D is the period from the start of the payment period to the effective date of the further election.

(5) Paragraph 18(2), (3) and (4) applies to the new payment period.

21.—(1) Paragraphs 22 to 26 apply where family benefit contributions cease to be payable before the end of the payment period.

(2) Paragraphs 22 to 26 are subject to paragraph 27.

(3) In paragraphs 22 to 27 “the appropriate terminal sum” means a retirement lump sum or a death grant as appropriate.

(4) For the purposes of paragraphs 22 and 23 a person with mixed service has a normal pension age of 65 in respect of all of that person’s reckonable service (despite regulation 48).

22.—(1) This paragraph applies where the person paying the contributions (P), —

(a) dies before reaching the normal pension age or

(b) (whether or not P later re-enters pensionable employment) becomes entitled to payment of retirement benefits by virtue of Case C (ill health retirement) applying to P’s reckonable service before reaching the normal pension age,

and paragraph 24 does not apply.

(2) But this paragraph only applies where the Secretary of State is satisfied that—

(a) the declaration under paragraph 11(b), or

(b) where a declaration has been given under paragraph 20(2)(b), that declaration (or, if there is more than one, the most recent)

was made in good faith.

(3) Where this paragraph applies—

(a) contributions are to be treated as having been paid in respect of the whole of the period in respect of which the election was made, but

(b) if part of the payment period falls after P’s 60th birthday, in the case of a pre-2007 entrant, or P’s 65th birthday in the case of a person with mixed service, the actuarial equivalent

of the contributions that would have been payable during that part is to be deducted from the appropriate terminal sum.

23.—(1) This paragraph applies where—

- (a) the person paying the contributions dies, or becomes entitled to payment of retirement benefits, after reaching the normal pension age, or
- (b) paragraph 22 does not apply only because the Secretary of State was not satisfied that the declaration under paragraph 11(b) or any declaration under paragraph 20(2)(b) was made in good faith

and paragraph 25 does not apply.

(2) Where this paragraph applies—

- (a) contributions are to be treated as having been paid in respect of the whole of the period in respect of which the election was made, but
- (b) except where sub-paragraph (3) applies, there is to be deducted from the appropriate terminal sum an amount of $(A \times B/100) \times C$

where—

A is the annual rate at which the person's contributable salary was last payable,

B is the rate at which the contributions were last payable, and

C is the multiplier determined from time to time by the Secretary of State after taking advice from the scheme actuary.

(3) Where the Secretary of State is satisfied that the declaration under paragraph 11(b) was made in good faith but is not satisfied that a declaration under paragraph 20(2)(b) was made in good faith there is to be deducted from the appropriate terminal sum an amount determined by the Secretary of State after taking advice from the scheme actuary.

24.—(1) This paragraph applies where—

- (a) the person paying the contributions (P) falls within paragraph 22(1)(a) or (b),
- (b) part of the payment period falls after P's relevant birthday,
- (c) the Secretary of State is satisfied that the declaration under paragraph 11(b) or any declaration under paragraph 20(2)(b) (where applicable) was made in good faith, and
- (d) a phased retirement lump sum became payable to P before the family benefit contributions ceased to be payable.

(2) Where this paragraph applies—

- (a) P may, by giving written notice to the Secretary of State within 3 months after the end of P's pensionable employment, elect to pay a lump sum which is the actuarial equivalent of the contributions that would have been payable during that part of the payment period which falls after P's relevant birthday,
- (b) if P does so elect, on payment of the lump sum, contributions are to be treated as having been paid in respect of the whole of the period in respect of which the original election was made, and
- (c) if P does not so elect contributions are to be treated as having been paid in respect of $D \times E/F$, where—

D is the period of non-qualifying service in respect of which the original election was made,

E is the period starting at the beginning of the payment period and ending on P's relevant birthday, and

Status: This is the original version (as it was originally made).

F is the payment period.

(3) In this paragraph P's "relevant birthday" is P's 60th birthday where P is a pre-2007 entrant or P's 65th birthday where P is a person with mixed service.

25.—(1) This paragraph applies where—

- (a) the person paying the contributions (P) falls within paragraph 23(1)(a) or (b), and
- (b) a phased retirement lump sum became payable to P before the family benefit contributions ceased to be payable.

(2) Where this paragraph applies contributions are treated as having been paid in respect of G x H/J where—

G is the period of non-qualifying service in respect of which the original election was made,

H is the period during which contributions were paid, and

J is the payment period.

26.—(1) This paragraph applies where the person paying the contributions (P) becomes entitled to payment of retirement benefits by virtue of Case D applying to P's reckonable service.

(2) Where this paragraph applies—

- (a) P may, by giving written notice to the Secretary of State within 3 months after the end of P's pensionable employment, elect to pay a lump sum which is the actuarial equivalent of the contributions that would have been payable during the remainder of the payment period,
- (b) if P does so elect, on payment of the lump sum, contributions are to be treated as having been paid in respect of the whole of the period in respect of which the original election was made, and
- (c) if P does not so elect contributions are to be treated as having been paid in respect of K x L/M, where—

K is the period of non-qualifying service in respect of which the original election was made,

L is the period during which contributions were paid, and

M is the payment period.

27. Where—

- (a) a deduction has fallen to be made under paragraph 22(3) or 23(2) or an election has been made under paragraph 26(2)(a), and
- (b) there is then a retrospective increase in the person's contributable salary, and
- (c) the consequent recalculation of the amount of the deduction or lump sum and of the appropriate terminal sum results in a greater increase in the amount of the deduction or lump sum than in the terminal sum,

the person, or, as the case may be, the person's widow, widower, surviving civil partner, surviving nominated partner or surviving nominated beneficiary, may give written notice to the Secretary of State in writing that the amount of the deduction made or lump sum payable is not to be increased.