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S T A T U T O R Y   I N S T R U M E N T S

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1974 No. 1324

**PENSIONS**

**The Occupational Pension Schemes (Preservation of Benefit)  
Amendment Regulations 1974**

<i>Made - - - -</i>	<i>29th July 1974</i>
<i>Laid before Parliament</i>	<i>15th August 1974</i>
<i>Coming into Operation</i>	<i>6th April 1975</i>

The Secretary of State for Social Services, in exercise of the powers conferred upon her by section 51(10) of, and paragraphs 12(2) and 26 of Schedule 16 to, the Social Security Act 1973(a), and of all other powers enabling her in that behalf, after considering the report of the Occupational Pensions Board on the preliminary draft submitted to them, hereby makes the following regulations:—

*Citation, interpretation and commencement*

1. These regulations, which may be cited as the Occupational Pension Schemes (Preservation of Benefit) Amendment Regulations 1974, shall be read as one with the Occupational Pension Schemes (Preservation of Benefit) Regulations 1973(b) (hereinafter called “the principal regulations”) and shall come into operation on 6th April 1975.

*Meaning of “relevant employment” in relation to certain schemes*

2. In the case of a scheme which is so framed as to apply to some, but not all, of the service in an employment, the preservation requirements shall be so modified as to have effect as if the definition of “relevant employment” in paragraph 2 of Schedule 16, in relation to such a scheme, were “any employment with an employer who contributes or is liable to contribute to the resources of the scheme, or with any successor to such an employer”.

*Meaning of “member” in relation to a scheme*

3. For paragraph (2) of regulation 2 of the principal regulations there shall be substituted the following paragraph:—

“(2) Any person is to be regarded as a member of a scheme during, or at any time after, a period when his service in relevant employment is or was such that at the time when it is or was given it either—

- (a) qualifies or qualified him for benefits (in the form of a pension or otherwise, payable on the termination of his service otherwise than by his death, or on his retirement or his death thereafter) under the scheme which in the opinion of the Board are or were referable to that period; or
- (b) is or was certain so to qualify him subsequently if it continues or continued for a sufficiently long time and the rules of the scheme and the terms of his contract of service remain or remained unaltered during that time.”

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(a) 1973 c. 38.

(b) S.I. 1973/1469 (1973 II, p. 4471).

*Computation of benefit in cases of waiting periods***4.** In a case where—

- (a) long service benefit does not accrue to a member during a period (“the waiting period”) at the beginning of his pensionable service and
- (b) in the opinion of the Board a specific part of long service benefit is referable to that period,

for the purpose of computing short service benefit that part of long service benefit shall be deemed not to consist of supplementary credits but to have accrued, or to be accruing, at such a rate as to accrue in full over the whole of the waiting period, so however that if that rate is lower than the rate at which the remainder of long service benefit accrues, paragraph 10(1) of Schedule 16 shall apply where the Board consider it appropriate notwithstanding that otherwise paragraph 11 would have applied.

*Computation of benefit in money purchase and analogous schemes*

**5.—(1)** This regulation applies to money purchase schemes (that is to say, schemes which provide benefits the amount or rate of which is calculated by reference to contributions paid from time to time by the member, or by his employer in respect of him, and to the member’s age at the time when contributions are paid) and to other schemes which the Board consider appropriate to be treated as analogous to money purchase schemes.

(2) In the case of schemes to which this regulation applies, the preservation requirements shall be so modified that paragraph 10(1) of Schedule 16 shall apply where the Board consider it appropriate notwithstanding that otherwise paragraph 11 would have applied.

(3) In the case of schemes to which this regulation applies, where—

- (a) short service benefit falls to be calculated under paragraph 10(1) of Schedule 16; and
- (b) long service benefit is related to bonuses which have been declared at or before the time when the member attains normal pension age,

short service benefit must be correspondingly related to bonuses which have been declared at or before the time when the member’s pensionable service is terminated.

(4) In the case of schemes to which this regulation applies, where—

- (a) short service benefit falls to be calculated under paragraph 10(1) of Schedule 16; and
- (b) long service benefit is related to the value of securities at, or in a specified period before, the time when the member attains normal pension age,

short service benefit must be correspondingly related to the value of securities at, or in the same period before, either the time when the member’s pensionable service is terminated or (if the trustees or managers of the scheme so decide before, or not more than one month after, the member’s pensionable service is terminated) the time when the benefit becomes payable.

*Assumptions to be made in computing benefit*

**6.** For the purpose of computing short service benefit under paragraph 11 (uniform accrual) of Schedule 16, it shall be assumed that the member’s earnings would have remained constant during the time between the termination of his

pensionable service and his attaining normal pension age; and the trustees or managers of the scheme may make such assumptions about—

- (a) the level at which they would have remained constant;
  - (b) the dates of declaration and rates of bonuses; and
  - (c) the value of, and rate of interest on, securities,
- during that time as the Board may consider reasonable.

*Amendment of requirement for schemes funded by level annual premiums*

7. Regulation 5(5) of the Occupational Pension Schemes (Preservation of Benefit) (No. 2) Regulations 1973(a) (modification of preservation requirements for schemes funded by level annual premiums) shall be amended by the substitution, for the words “not be required to exceed”, of the word “be”.

*Barbara Castle,*

Secretary of State for Social Services.

29th July 1974.

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EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

Regulation 2 modifies the preservation requirements (which are set out in Part I of Schedule 16 to the Social Security Act 1973) in their application to certain schemes, with particular reference to the meaning of the expression “relevant employment”, and regulation 3 amends the definition of the word “member” (in relation to an occupational pension scheme) for the purposes of section 63 of and Schedule 16 to the Social Security Act 1973.

Regulations 4, 5 and 6 modify the requirements of that Schedule with regard to the computation of short service benefit, regulation 4 in relation to cases where there is a “waiting period” before benefit accrues to a member, regulation 5 in relation to money purchase schemes (as defined in the regulation) and regulation 6 in relation to schemes where it is necessary to make assumptions about the member’s earnings, dates of declaration and rates of bonuses, and the value of and rate of interest on securities.

Regulation 7 amends the provision made by the Occupational Pension Schemes (Preservation of Benefit) (No. 2) Regulations 1973 about schemes funded by level annual premiums.

The report of the Occupational Pensions Board on the preliminary draft of these Regulations, dated 27th June 1974, is contained in Command Paper (Cmnd. 5706) published by Her Majesty’s Stationery Office.

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