

1978 No. 1837

PENSIONS

**The Parliamentary Pensions (Purchase of Added Years)
Order 1978**

Made - - - - - 13th December 1978

Laid before the House of Commons 15th December 1978

Coming into Operation - - - 5th January 1979

The Lord President of the Council, in exercise of the powers conferred on him by section 11 of the Parliamentary Pensions Act 1978(a) and of all other powers enabling him in that behalf, hereby makes the following Order:—

1. This Order may be cited as the Parliamentary Pensions (Purchase of Added Years) Order 1978 and shall come into operation on 5th January 1979.

2. The Interpretation Act 1889(b) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

3. In this Order, unless the context otherwise requires—

“the Act of 1972” means the Parliamentary and other Pensions Act 1972(c);

“the Act of 1978” means the Parliamentary Pensions Act 1978;

“actual reckonable service” means the aggregate period of reckonable service, excluding any additional period determined under section 22 of the Act of 1972 and excluding any added years;

“added year” means a period of reckonable service purchased under the provisions of this Order including a part of a year expressed in days;

“aggregate period of reckonable service” means the aggregate period of reckonable service as a Member as defined in section 6(1) of the Act of 1972;

“Member” means a Member of the House of Commons at any time on or after the coming into operation of this Order;

“Member’s ordinary salary” has the same meaning as in section 3(6) of the Act of 1972;

“pensionable salary” means a Member’s pensionable salary as defined in section 3(6) of the Act of 1972;

“periodical contributions” means the sums payable by a Member whose application to purchase added years otherwise than by a single payment has been accepted by the Trustees;

“reckonable service” means reckonable service as a Member as defined in section 6(1) of the Act of 1972;

(a) 1978 c. 56.

(b) 1889 c. 63.

(c) 1972 c. 48.

“relevant terminal salary” has the same meaning as “the relevant terminal salary” in section 7(5) of the Act of 1972;

“retained benefits” means benefits accrued or accruing to a Member of the House of Commons (other than in the Parliamentary Contributory Pensions Fund) and being benefits within the classes taken into account by the Commissioners of Inland Revenue in determining maximum benefits for the purposes of their approval of retirement benefit schemes under Chapter II of Part II of the Finance Act 1970(a);

“retained lump sum benefits” means retained benefits, which are payable as single payments whether by way of commutation of accrued pension rights, refund of contributions or otherwise;

“the Trustees” means the Trustees of the Parliamentary Contributory Pension Fund.

Purchase of added years by periodical contributions

4.—(1) Subject to the provisions of paragraph (2) of this Article, a Member may apply in writing to the Trustees to purchase added years by periodical contributions.

(2) The Trustees shall accept an application to purchase added years if all the following conditions in respect of that application are satisfied:

- (i) at the date when the Trustees receive the application there will be an interval between the Member’s birthday next following and the Member’s 65th birthday of not less than three years;
- (ii) at the date when the Trustees receive the application the Member’s prospective actual reckonable service up to the date when he attains the age of 65 years is not less than six years;
- (iii) the Member has satisfied the Trustees, in whatever manner the Trustees shall require, that he is in good health;
- (iv) the number of added years which the Member has applied to purchase does not exceed the maximum permitted by Article 10 of this Order; and
- (v) the Member has supplied to the Trustees such information and evidence as they may require.

5. An application by a Member to purchase added years shall be irrevocable on and from the date when the Trustees accept his application.

Payment of periodical contributions

6. Where an application by a Member to purchase added years by periodical contributions is accepted by the Trustees—

- (1) contributions shall be payable from the date of the Member’s birthday next following the receipt by the Trustees of his application and subject to the provisions of Article 7 of this Order shall continue until the Member attains the age of 65 years;
- (2) contributions by a Member shall be payable by deductions from his salary or, in the case of arrears, in such manner as the Trustees shall require; and
- (3) the contributions payable by a Member for the added years shall be calculated in accordance with Table A of the Schedule to this Order.

Interrupted service

7.—(1) If a Member dies or ceases to be a Member of the House of Commons because of ill-health in circumstances to which section 2 of the Act of 1978 applies and he—

- (a) has applied to purchase added years by periodical contributions; and
- (b) has been notified in writing by the Trustees that his application has been accepted;

no further contributions will be payable from the day following the date of his death or from the day following the date he ceases to be a Member of the House of Commons, as the case may be, and any added years that he has applied to purchase by periodical contributions shall be credited in full as reckonable service.

(2) If a Member who has applied to purchase added years by periodical contributions and whose application has been accepted by the Trustees ceases to be a Member of the House of Commons in circumstances to which section 2 of the Act of 1978 does not apply, no contributions will be payable by him from the day following the date when he ceases to be a Member of the House of Commons but his reckonable service will be increased by $\frac{A \times B}{C}$

where:

- A is the number of added years he applied to purchase by periodical contributions;
- B is the period (expressed to the nearest day) during which periodical contributions have been paid;
- C is the total period during which periodical contributions would have been payable if he had remained a Member until he had attained the age of 65 years.

(3) If a Member to whom paragraph (2) of this Article has applied subsequently commences a further period of service as a Member before he has attained the age of 65 years, in circumstances in which the periods together constitute an aggregate period of reckonable service, then subject to paragraph (4) of this Article, he may give notice to the Trustees in writing within the period of three months beginning with the date upon which he commenced the further period of service that he intends to resume payment of his periodical contributions in respect of the added years for which he was making periodical contributions in his immediately preceding period of service and such contributions shall then be payable from the date when he commenced the further period of service as a Member and shall continue until he attains the age of 65 years at the rate or rates applicable during that immediately preceding period.

(4) Where a Member of the House of Commons who ceased to pay periodical contributions by reason only of his ceasing to serve as a Member of the House of Commons for a period but subsequently became a Member of the House of Commons again and resumed the purchase of added years by periodical contributions in accordance with paragraph (3) of this Article thereafter becomes entitled to a pension under section 7 of the Act of 1972, his reckonable service as a Member shall be increased in accordance with paragraph (2) of this Article except that C shall be read as the total period during which he would have paid contributions for those added years if his service as a Member had been continuous.

(5) If a Member to whom paragraph (2) of this Article has applied, subsequently commences a further period of service as a Member before he has

attained the age of 65 years, in circumstances in which the periods together constitute an aggregate period of reckonable service, then subject to paragraph (4) of this Article, he may, if, in consequence of his break in service as a Member, there has been a reduction in the number of added years which he is able to purchase in full, with the agreement of the Trustees and, subject to the provisions of Articles 4(2)(ii) and 10(1) of this Order, apply to purchase by periodical contributions some or all of the number of added years comprised in that reduction at the rate applicable to the Member's birthday next following the receipt by the Trustees of his application.

Purchase of added years by lump sum

8.—(1) Subject to the provisions of paragraph (2) of this Article, a Member may apply in writing to the Trustees to purchase added years by a lump sum payment.

(2) The Trustees shall accept an application to purchase added years under this Article if all the following conditions in respect of that application are satisfied:—

- (i) at the date when the Trustees receive the application the Member's prospective actual reckonable service up to the date when he attains the age of 65 years is not less than six years;
- (ii) the Member has not reached the age of 65;
- (iii) the Member applies to the Trustees within the period of twelve months immediately following the coming into operation of this Order or within the period of twelve months immediately following the date when he commenced a period of service as a Member whichever is the later or in either case within such longer period as the Trustees may in special circumstances and at their discretion allow;
- (iv) the Member has not applied to the Trustees under the provisions of section 2 of the Act of 1978 for an early pension because of ill-health;
- (v) the number of added years which the Member applies to purchase does not exceed the maximum permitted by Article 10(2), (3) and (4) of this Order; and
- (vi) the Member has supplied to the Trustees such information and evidence as they may require.

(3) Any Member who has attained the age of 65 years and who is in service as a Member on the date of the coming into operation of this Order may, at any time within the period of six months commencing on that date, by notice in writing apply to the Trustees to purchase one or more added years by a lump sum payment and the Trustees shall accept his application if at the date when he attained the age of 65 years his actual reckonable service was not less than six years and if the conditions of subparagraphs (iv), (v) and (vi) of paragraph (2) of this Article in respect of that application are satisfied.

(4) Any person who has ceased to be a Member of the House of Commons at any time within the period beginning with the date of the passing of the Act of 1978 and ending on the date of the making of this Order may within the period of six months commencing on the date of the coming into operation of this Order apply by notice in writing to the Trustees to purchase added years by a lump sum payment provided always that had he remained a Member of the House of Commons, he would have satisfied the conditions of subparagraphs (2) (i), (iv), (v) and (vi) of this Article.

(5) Any person who is eligible to apply to purchase added years by a lump sum payment in accordance with paragraph (4) of this Article and makes such an application to the Trustees shall be deemed to be a Member for the purposes of Articles 9, 10 and 11 of this Order.

Lump sum payments

9.—(1) Any Member who has applied to the Trustees to purchase added years by a lump sum payment shall, within the period of six months commencing on the date when his application is accepted by the Trustees, make the lump sum payment which shall be calculated by reference to his pensionable salary as a Member at the time when his application was received by the Trustees and in accordance with Table B of the Schedule to this Order and the amount of his reckonable service as a Member shall be increased accordingly with effect from the date that the lump sum payment is received by the Trustees.

(2) If, after an application to purchase added years by lump sum payment has been made by a Member and accepted by the Trustees, the payment is not received by the Trustees within the period of six months commencing on the date when his application is accepted by the Trustees, the application to purchase shall cease to be valid.

Limits on purchase of added years

10.—(1) The annual amount of a Member's periodical contributions, when aggregated with the annual amount of the Member's contributions under section 3 of the Act of 1972, shall not exceed 15 per cent. of a Member's ordinary salary (as increased by any supplement representing contributions in respect of the difference between a Member's ordinary salary and pensionable salary payable in accordance with a resolution or resolutions of the House of Commons for the time being in force).

(2) Subject to paragraph (1) above, the maximum added years that a Member may purchase both by lump sum payment and by periodical contributions shall be calculated, as appropriate, by reference to the Member's prospective actual reckonable service until he attains the age of 65 years and to the level of his retained benefits.

(3) (a) The maximum added years that a Member with no retained benefits may purchase shall, subject to subparagraph (b) of this paragraph, be as specified below:

(A)	(B)
<i>Prospective actual reckonable service to the Member's 65th birthday</i>	<i>Maximum added years</i>
More than 10 years	40 (minus whatever figure appears in column A)
10 years	30
9 "	23
8 "	16
7 "	9
6 "	2
Less than 6 "	Nil

Where the period of prospective actual reckonable service includes part of a year, the maximum added years appropriate to that period expressed in years and days shall be calculated proportionately by reference to the figures in column (B).

(b) Where a Member has already attained the age of 65 years on the date of the coming into operation of this Order and he applies to the Trustees to purchase added years by lump sum payment, column (A) of the table in paragraph (3)(a) of this Article shall apply as if it referred to the period of the Member's actual reckonable service calculated to the date when he attained the age of 65 years. Where that period of actual reckonable service includes part of a year, the maximum added years appropriate to that period expressed in years and days shall be calculated proportionately by reference to the figures in column (B).

(4) The maximum added years that a Member with retained benefits may purchase shall not exceed the limits specified in paragraph (3) of this Article and shall not be such that the total pension under section 7 of the Act of 1972 when aggregated with the retained benefits, will exceed 40/60ths of the relevant terminal salary of the Member.

Commutation of pension purchased by added years

11.—(1) (a) A member who has no retained benefits but who has purchased added years may, if he becomes entitled to a pension under section 7 of the Act of 1972, commute part of his pension under section 11 of that Act, and the lump sum which shall be determined by the Trustees in respect of added years that he has purchased shall be calculated at the rate of three additional 80ths of his relevant terminal salary for each complete year and proportionately for any part of a year, subject to a maximum as prescribed in column (B) of the following table.

(A)	(B)
<i>Actual reckonable service</i>	<i>Maximum additional 80ths</i>
More than 20 years	120 less X where X is the actual reckonable service in complete years multiplied by 3
20 years	60
19 "	51
18 "	45
17 "	39
16 "	33
15 "	27
14 "	21
13 "	15
12 "	12
11 "	9
10 "	6
9 "	3

Where the period of actual reckonable service includes part of a year the maximum additional 80ths appropriate to that period expressed in years and days shall be calculated proportionately by reference to the figures in column (B).

(b) If the actual reckonable service as a Member is less than nine years he shall not be entitled to commute any part of his pension which is derived from a purchase of added years.

(2) A Member who has retained lump sum benefits and who has purchased added years may, if he becomes entitled to a pension under section 7 of the Act of 1972, apply to the Trustees to commute part of his pension under section 11 of that Act subject to the maximum specified in paragraph (1)(a) of this Article and provided also that the total lump sum paid to the Member, when aggregated with the retained lump sum benefits, shall not exceed in total 120/80ths of the relevant terminal salary of the Member.

THE SCHEDULE

CONTRIBUTIONS FOR ADDED YEARS

TABLE A—PERIODICAL CONTRIBUTIONS

Table for the calculation of the cost of purchasing added years by periodical contributions. The contribution due is that percentage of the Member's ordinary salary determined as the appropriate percentage shown in the table opposite the Member's age on his birthday next following the receipt by the Trustees of his application multiplied by the number, in years and fractions of years, of added years being bought.

Age next birthday	MALES %	FEMALES %
27	.44	.40
28	.46	.41
29	.48	.43
30	.49	.45
31	.51	.46
32	.53	.48
33	.55	.50
34	.57	.52
35	.59	.54
36	.62	.57
37	.65	.59
38	.68	.62
39	.71	.65
40	.74	.69
41	.78	.72
42	.83	.76
43	.88	.80
44	.94	.85
45	1.00	.90
46	1.06	.96
47	1.13	1.03
48	1.21	1.10
49	1.30	1.18
50	1.40	1.27
51	1.51	1.38
52	1.63	1.50
53	1.77	1.65
54	1.94	1.82
55	2.13	2.03
56	2.37	2.28
57	2.68	2.59
58	3.08	3.00
59	3.60	3.54
60	4.33	4.30
61	5.42	5.43
62	7.24	7.32

TABLE B—LUMP SUM

1. Table for the calculation of the single payment required to purchase added years in circumstances where Article 8(3) of this Order does not apply. The payment due, calculated as at the date of the receipt by the Trustees of the application, per £100 of pensionable salary of a Member is the appropriate figure shown in the table opposite the Member's age on his birthday next following, multiplied by the number, in years and fractions of years, of added years being bought.

Age next birthday	MALES £	FEMALES £
27	12.25	12.95
28	12.33	13.04
29	12.42	13.12
30	12.50	13.21
31	12.58	13.39
32	12.67	13.48
33	12.75	13.65
34	12.83	13.82
35	12.92	13.91
36	13.00	14.09
37	13.08	14.26
38	13.17	14.44
39	13.25	14.61
40	13.33	14.79
41	13.42	14.96
42	13.50	15.14
43	13.58	15.31
44	13.67	15.49
45	13.75	15.66
46	13.83	15.84
47	14.00	16.01
48	14.17	16.19
49	14.33	16.36
50	14.50	16.54
51	14.67	16.71
52	14.83	16.89
53	15.17	17.15
54	15.50	17.41
55	15.83	17.68
56	16.17	18.02
57	16.67	18.38
58	17.17	18.81
59	17.67	19.34
60	18.33	19.95
61	19.17	20.56
62	19.17	20.56
63	19.17	20.56
64	19.17	20.56
65	19.17	20.56

2. Table for the calculation of the single payment required to purchase added years in circumstances where Article 8(3) of this Order applies. The payment due calculated as at the date of the receipt by the Trustees of the application, per £100 of pensionable salary of a Member is the appropriate figure shown in the table opposite the Member's age on his birthday next following, multiplied by the number, in year and fractions of years, of added years being bought.

Age next birthday	MALES £	FEMALES £
66	19·17	20·56
67	18·58	19·95
68	18·00	19·34
69	17·50	18·72
70	16·92	18·11
71	16·33	17·50
72	15·83	16·80
73	15·29	16·01
74	14·62	15·23
75	14·08	14·44
76	13·46	13·65
77	12·83	12·86
78	12·29	12·08
79	11·67	11·29
80	11·12	10·58

Dated 13th December 1978.

Michael Foot

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order makes provision for the purchase of added years (including part of a year) of reckonable pensionable service either by periodical contributions or by lump sum payment by Members of the House of Commons serving on or after the 2nd August 1978, the date when the Parliamentary Pensions Act 1978 came into force. The qualifying conditions and procedure for applications to purchase added years by periodical contributions are contained in Articles 4 and 5. The calculation of the contributions is by reference to Table A in the Schedule to the Order and the arrangements for payment are set out in Article 6. The provisions which apply to periodical contributions which are interrupted in consequence of a Member's death, ill-health or of his otherwise ceasing to be a Member are set out in Article 7 which also provides for the resumption of periodical contributions in the case of a Member who subsequently commences a further period of reckonable service.

The qualifying conditions and procedure for applications to purchase added years by lump sum payment are contained in Article 8. The calculation of the lump sum is by reference to Table B of the Schedule to the Order and Article 9 sets out the terms of payment of the lump sum.

The order prescribes limits on the number of added years which may be purchased both in the case of purchase by periodical contributions and by lump sum payment. These are specified in Article 10.

Added years of reckonable pensionable service which are purchased in accordance with the Order may be commuted to the extent permitted by Article 11.

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