

**1987 No. 1107**

**PENSIONS**

**The Occupational Pension Schemes (Transfer Values)  
Amendment Regulations 1987**

<i>Made - - - -</i>	<i>25th June 1987</i>
<i>Laid before Parliament</i>	<i>6th July 1987</i>
<i>Coming into force</i>	
<i>For the purposes of regulations 1 and 2(5)</i>	<i>27th July 1987</i>
<i>For all other purposes</i>	<i>6th April 1988</i>

The Secretary of State for Social Services, in exercise of the powers conferred upon him by section 168(1) of, and Schedule 20 to, the Social Security Act 1975(a), and paragraphs 12(2A) and (2B), 13 and 14 of Schedule 1A to the Social Security Pensions Act 1975(b), and of all other powers enabling him in that behalf, by this instrument, which is made before the end of a period of 12 months from the commencement of the enactments under which it is made, makes the following Regulations:

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Transfer Values) Amendment Regulations 1987 and shall come into force—

- (a) for the purposes of regulations 1 and 2(5), on 27th July 1987;
- (b) for all other purposes on 6th April 1988.

(2) In these Regulations “the principal Regulations” means the Occupational Pension Schemes (Transfer Values) Regulations 1985(c).

**Amendments of the principal Regulations**

2.—(1) The principal Regulations shall be amended in accordance with the provisions of paragraphs (2) to (5) of this regulation.

(2) In regulation 1(2) (interpretation)—

- (a) at the beginning there shall be inserted the following definition—
  - “ “actual service” has the meaning given to that expression by paragraph 3(2) of Schedule 16 to the Social Security Act 1973;”;
- (b) after the definition of “member” there shall be inserted the following definitions—

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(a) 1975 c.14. See definitions of “prescribe” and “regulations” in Schedule 20. Section 168(1) applies, by virtue of section 66(2) of the Social Security Pensions Act 1975 (c.60), to the exercise of certain powers conferred by that Act.  
 (b) 1975 c.60. Schedule 1A was inserted by the Social Security Act 1985 (c.53), section 2, and Part II of Schedule 1. Paragraph 12(2A) and (2B) of Schedule 1A was inserted, and paragraphs 13 and 14 were amended, by the Social Security Act 1986 (c.50), section 86 and Schedule 10, paragraph 30. Paragraphs 13 and 14 are modified in relation to occupational pension schemes, by the Personal and Occupational Pension Schemes (Modification of Enactments) Regulations 1987 (S.I. 1987/1116), regulation 5(4) and Schedule 6.  
 (c) S.I. 1985/1931, amended by S.I. 1986/1046, 2171.

“ “personal pension scheme” has the meaning given to that expression by section 84(1) of the Social Security Act 1986;

“protected rights” has the meaning given to that expression by Schedule 1 to the Social Security Act 1986 as modified by section 32(2B);”; and

(c) for the definition of “scheme”, there shall be substituted the following definition—

“ “scheme”, except in the expression “personal pension scheme”, means occupational pension scheme”.

(3) In regulation 2(1)—

(a) after “paragraph 13(2)(a)” there shall be inserted “(cash equivalent of member’s rights in a scheme to be used for acquiring transfer credits or rights under another scheme or personal pension scheme)”;

(b) for sub-paragraph (a) there shall be substituted the following sub-paragraphs—

“(a) if the member’s cash equivalent such as is mentioned in paragraph 12(1) (or any portion of it to be used under paragraph 13(2)(a)) is or includes the cash equivalent of his accrued rights to guaranteed minimum pensions under a scheme, then the scheme or personal pension scheme under whose rules transfer credits or rights are acquired is one to which those accrued rights may be transferred, or to which a transfer payment in respect of those accrued rights may be made, in accordance with regulation 2 or 2B, as the case may be, of the Contracting-out (Transfer) Regulations 1985, as amended by the Contracting-out (Transfer) Amendment Regulations 1987;

(aa) if the member’s cash equivalent such as is mentioned in paragraph 12(1) (or any portion of it to be used under paragraph 13(2)(a)) is or includes the cash equivalent of his protected rights, then the scheme or personal pension scheme under whose rules transfer credits or rights are to be acquired is one to which a transfer payment in respect of protected rights may be made in accordance with regulations 2 and 3 of the Protected Rights (Transfer Payment) Regulations 1987;”; and

(c) in sub-paragraph (b)—

(i) after “the scheme from which rights are transferred” there shall be inserted “or from which a transfer payment is made”, and

(ii) for “the scheme to which rights are transferred” there shall be substituted “the scheme or personal pension scheme to which rights are transferred or to which a transfer payment in respect of rights is made”.

(4) After regulation 2 there shall be inserted the following regulations—

**“Reduction of the cash equivalent specified in paragraph 12(1)**

2A.—(1) For the purposes of paragraph 12(2A), where a member continues in employment to which a scheme applies after his pensionable service in that employment terminates and—

(a) his pensionable service terminated at his request; and

(b) the relevant date is the date when his pensionable service terminated, or where the relevant date is the date of the relevant application his pensionable service, but for that request, would have continued until that date,

he acquires a right to the cash equivalent of only that part of the benefits specified in paragraph 12(1) which is specified in paragraph (2) below.

(2) The part referred to in paragraph (1) above is—

(a) where the benefits are money purchase benefits, such part of them as has accrued to or in respect of him after 5th April 1988; and

(b) in any other case—

(i) where the benefits have accrued to or in respect of him as a result of his actual service, the same proportion of them as his actual service after 5th April 1988 bears to his total actual service,

- (ii) where the benefits have accrued to or in respect of him as a result of service notionally attributed to him, or service treated by scheme rules as being longer or shorter than it actually is, such part of them as was credited to him after 5th April 1988, and
- (iii) where heads (i) and (ii) above both apply, the aggregate of the benefits derived separately under each of those heads.

**Treatment of a number of employments as single employment**

**2B.** For the purposes of paragraph 12(2A), where a member's employment to which a scheme applies terminates but that member enters again into employment to which that scheme applies, then, if there is between those 2 employments—

- (a) an interval not exceeding one month; or
- (b) an interval of any length if the second of the employments results from the exercise of a right to return to work under section 45(1) of the Employment Protection (Consolidation) Act 1978 (right to return to work following pregnancy or confinement),

they shall be treated as a single employment.”.

(5) In regulation 3(2)(b)(ii) for “issued on 18th December 1985”, there shall be substituted “current at the date of the calculation”.

Signed by authority of the Secretary of State for Social Services.

*Nicholas Scott*  
Minister of State,

Department of Health and Social Security

25th June 1987

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations are all made under provisions of the Social Security Pensions Act 1975 ("the 1975 Act") inserted by, or provisions modified by Regulations made under, the Social Security Act 1986 ("the 1986 Act"), before the end of a period of 12 months from the commencement of the relevant provisions as inserted or modified. Consequently, by virtue of section 61(5) of the 1986 Act, the provisions of section 61(2) and (3) of the 1975 Act (as amended by section 86(1) of, and paragraph 94 of Schedule 10 to, the 1986 Act), which require reference to the Occupational Pensions Board of, and a report by the Board on, proposals to make regulations for certain purposes of both Acts, do not apply to them.

They amend the Occupational Pension Schemes (Transfer Values) Regulations 1985 ("the principal Regulations").

Regulation 2(2) amends regulation 1(2) of the principal Regulations (interpretation).

Regulation 2(3) amends regulation 2(1) of the principal Regulations so that it extends to members of occupational pension schemes who opt to have their transfer value used to acquire transfer credits or rights under the rules of a money purchase contracted-out scheme or a personal pension scheme.

Regulation 2(4) provides for the right to a cash equivalent to be limited in circumstances where a former member of a scheme remains in employment to which that scheme applies after leaving the scheme voluntarily.

Regulation 2(5) amends regulation 3(2)(b)(ii) of the principal Regulations so as to provide that the publication "Retirement Benefit Schemes – Transfer Values (GN11)" referred to in that provision is to be the one current on the date when the calculation of a transfer value is to be made. The current edition of that publication may be obtained from the Institute of Actuaries, Staple Inn Hall, High Holborn, London WC1V 7QJ, and from the Faculty of Actuaries, 23 St Andrew Square, Edinburgh EH2 1AQ.

The remaining amendments made by these Regulations are minor or consequential.

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