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STATUTORY INSTRUMENTS

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**1987 No. 1850**

**The Local Government Superannuation  
(Scotland) Regulations 1987**

**PART C**

**PAYMENTS BY EMPLOYEES**

**Appropriate superannuation fund**

**C1.**—(1) In relation to a pensionable employee of an administering authority the appropriate superannuation fund is the fund administered by that authority.

(2) In relation to a pensionable employee of an employing authority who are a party to an admission agreement or an agreement under regulation B6 made with an admitting authority the appropriate superannuation fund shall be the fund or further fund administered by the admitting authority.

(3) In relation to the pensionable employees of the Western Isles Islands Council the appropriate superannuation fund shall be the fund maintained by Highland Regional Council.

(4) In relation to the pensionable employees of the Central Scotland Water Development Board the appropriate superannuation fund shall be the fund maintained by Strathclyde Regional Council.

(5) Subject to paragraph (6), in relation to a pensionable employee whose case does not fall within paragraphs (1) to (4) the appropriate superannuation fund is the fund maintained by the administering authority within whose area his employing authority or the greater part of the area of his employing authority lies.

(6) Where paragraph (5) applies to any pensionable employees of a scheduled body the Secretary of State may, after consultation with the bodies appearing to him to be concerned, by direction substitute as the appropriate superannuation fund in relation to those employees or any of them the fund maintained by some other administering authority (“the substituted fund”).

(7) A direction under paragraph (6) shall, if the Secretary of State deems it necessary—

- (a) require the making of financial adjustments between the funds, whether by way of a payment to the substituted fund or of a transfer of assets or both, or
- (b) contain provision as to the transfer of liabilities to the substituted fund, and any other consequential and incidental matters.

**Payment and amount of employee’s contributions**

**C2.**—(1) Subject to paragraph (3), a pensionable employee shall, at such intervals as the appropriate administering authority may determine, make contributions to the appropriate superannuation fund in respect of every employment in which he is a pensionable employee.

(2) The amount of the contribution to be made for any period is—

- (a) in the case of a manual worker, 5%, and

(b) in the case of an officer, 6%,  
of his remuneration in the employment.

(3) A pensionable employee shall not make contributions in respect of any employment in relation to which he is entitled to reckon 45 years' reckonable service.

(4) For the purposes of paragraph (3) reckonable service beyond a total of 40 years before attaining the age of 60 years shall be disregarded.

(5) In the case of an officer who—

(a) is a designated employee, and

(b) has not had a disqualifying break of service, and

(c) has not, before entering the employment in which he is a pensionable employee, ceased to hold another local government employment, and—

(i) has become entitled to benefits otherwise than under regulation E2(1)(c) of the 1974 Regulations or of these Regulations, or

(ii) having become entitled under regulation E2(1)(c) of the 1974 Regulations or of these Regulations, has given notice under regulation E2(9)(c) of these Regulations,

the amount of the contribution to be made for any period is 5% of his remuneration in the employment.

### **Leave of absence from duty**

**C3.**—(1) A pensionable employee who is on leave of absence from duty in an employment, otherwise than by reason of illness or injury, with reduced remuneration or without remuneration, shall not make any contribution under regulation C2 in respect of the employment for the period of his absence.

(2) Such employee shall for a period of 30 days beginning on the first day of the leave of absence, or for the period of absence if shorter, make contributions to the appropriate superannuation fund of amounts equal to the contributions he would have been required to make under regulation C2 on the remuneration he would have received during that period but for the leave of absence.

(3) If the employee gives notice in writing to the employing authority within the period of 30 days beginning on—

(a) the day on which he returns to duty, or

(b) the day on which he ceases to be employed by that authority,

whichever is the earlier, he shall make such contributions as are mentioned in paragraph (2) for the period beginning with the day after the expiration of the period mentioned in paragraph (2) and ending 36 months from the day before the date on which he went on leave of absence, or the period of leave of absence if shorter.

(4) Where the leave of absence was given to enable the employee to serve on a jury in Scotland before any court there, and the absence continues after the expiration of the period of 30 days mentioned in paragraph (2), the employee shall be deemed to have given such a notice as is mentioned in paragraph (3).

### **Absence due to trade dispute**

**C4.**—(1) This regulation applies to a person who—

(a) has been absent from duty, otherwise than on leave of absence, for a period of one or more days during and in consequence of a trade dispute, and

(b) immediately before—

- (i) the period of absence, or
  - (ii) where two or more periods of absence occurred in consequence of a single trade dispute, the first of those periods,was a pensionable employee.
- (2) For the purposes of paragraph (1)—
  - (a) a person whose contract of employment is terminated in consequence of a trade dispute is, notwithstanding the termination, to be treated as having been absent from duty after the termination if, not later than the day after the end of the trade dispute, he again becomes a pensionable employee of the same scheduled body, and
  - (b) it is immaterial whether or not—
    - (i) the person was participating in or financing or otherwise directly interested in the trade dispute, or
    - (ii) the employing authority were a party to the trade dispute.
- (3) Subject to paragraphs (4), (5) and (7), if notice in writing is given for the purpose by—
  - (a) a person to whom this regulation applies, or
  - (b) the executors of a person to whom this regulation applies who has died before the end of the period of 3 months specified in paragraph (5)(a) without giving such notice (referred to in this regulation as a “deceased employee”),the amount specified in paragraph (6) is payable in respect of a relevant contribution period to the authority to whom notice was given.
- (4) Where all or part of more than one relevant contribution period is included in a relevant absence or relevant absences which occurred in consequence of a single trade dispute, notice given for the purpose mentioned in paragraph (3) in respect of any one of those periods is of no effect unless notice is given in respect of all those periods.
- (5) Notice for the purpose mentioned in paragraph (3) must be given in writing to the authority who are or were the employing authority in relation to the person concerned—
  - (a) within the period of 3 months beginning—
    - (i) on the day after the last day of the relevant contribution period, or
    - (ii) where paragraph (4) applies the day after the last day of the relevant contribution periods, or
  - (b) in the case of a deceased employee within the period of 12 months beginning on the date of the death of the employee, or
  - (c) within such longer period as the employing authority may allow.
- (6) The amount mentioned in paragraph (3), is an amount equal to 16% of the difference between—
  - (a) the person’s remuneration (if any) for the relevant contribution period, and
  - (b) the remuneration he would have received for that period if it had not included any relevant absence or part of a relevant absence.
- (7) Notwithstanding anything in regulation C11, but without prejudice to the power of the appropriate administering authority under that regulation to deduct from any payment by way of benefits under these Regulations any sum remaining due on account of an amount payable under this regulation—
  - (a) an employing authority shall not accept from a pensionable employee, or deduct from his remuneration, and

(b) an administering authority shall not recover from a pensionable employee, in any period of 12 months ending with 5th April, by way of full or part payment of so much of any amount payable under this regulation as is attributable to any relevant absence during that period, any sum which, when aggregated with any such amounts as are mentioned in Schedule 8, would exceed 15% of his remuneration for that period.

(8) In this regulation, unless the context otherwise requires—

“relevant absence” means a period for which a person to whom this regulation applies was absent from duty as mentioned in paragraph (1) excluding any part of such period as would result in his reckonable service exceeding 45 years and disregarding reckonable service before attaining the age of 60 years beyond a total of 40 years;

“relevant contribution period” means period which—

(a) is co-extensive with one of the intervals at which a person to whom this regulation applies was required under regulation C2(1) to contribute to the appropriate superannuation fund, and

(b) includes all or part of a relevant absence;

“remuneration” does not include any guarantee payment under Part II of the Employment Protection (Consolidation) Act 1978(1); and

“trade dispute” has the meaning given by section 29 of the Trade Union and Labour Relations Act 1974(2).

### **Lump sum payment to increase reckonable service**

**C5.**—(1) Subject to paragraph (3), a pensionable employee may, by notice in writing given to the appropriate administering authority within 12 months after having first become a pensionable employee under these Regulations or the 1974 Regulations, elect to make a payment into the appropriate superannuation fund in order to become entitled under regulation D4 to reckon an additional period as reckonable service in relation to an employment in which he is a pensionable employee.

(2) The length of the period is not to exceed the maximum length determined in accordance with Schedule 4, the amount of the payment is to be calculated in accordance with Part I of Schedule 5, and the payment is to be made within the period of 1 month beginning on the date on which notice is given.

(3) An employee may not make an election under this regulation if he has attained the age of 65 years.

### **Periodical payments to increase reckonable service**

**C6.**—(1) Subject to paragraph (4), a pensionable employee may, by notice in writing given to the appropriate administering authority, elect to make additional contributions to the appropriate superannuation fund in order to become entitled under regulation D5 to reckon an additional period as reckonable service in relation to an employment in respect of which he is a pensionable employee.

(2) The length of the period is not to exceed the maximum calculated in accordance with Schedule 4 and the additional contributions are to be calculated in accordance with Part II of Schedule 5.

(3) The additional contributions—

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(1) 1978 c. 44

(2) 1974 c. 52; section 29 was amended by the Trade Union and Labour Relations (Amendment) Act 1976 (c. 7), section 1(d), by the Criminal Law Act 1977 (c. 45), Schedule 13 and by the Employment Act 1982 (c. 46), section 18.

- (a) are payable, at such intervals as the appropriate administering authority may determine, from the employee's birthday next following the date of the election, and
  - (b) subject to paragraph (5), cease to be payable on the day immediately before the birthday at which, or as the case may be his last birthday before, the employee attains pensionable age.
- (4) An employee may not make an election under this regulation if—
- (a) he has attained the age of 64 years, or
  - (b) he was precluded by regulation D13(6)(b) of the 1974 Regulations from making an election under that regulation, or
  - (c) the appropriate administering authority have resolved that he should undergo a medical examination (at his own expense) and he has not done so to their satisfaction.
- (5) Payment in accordance with paragraph (3) may be discontinued if the employee satisfies the appropriate administering authority that its continuance would cause financial hardship.

#### **Payment by manual worker in respect of previous service**

**C7.—**(1) A whole-time manual worker who becomes a pensionable employee by virtue of regulation B1(3)(c) may make a payment into the appropriate superannuation fund in order to become entitled under regulation D9 to reckon as reckonable service in relation to the employment in which he is a pensionable employee the period (hereinafter referred to as “the additional period”) during which he was in that employment before becoming a pensionable employee.

(2) The amount of the payment shall be an amount equal to the contributions which he would have been required to make under regulation C2 if he had, throughout the additional period, been a pensionable employee, and the payment shall be made, unless the employing authority allow a longer period, within the period of 6 months beginning on the date on which he becomes a pensionable employee.

(3) The payment shall be treated for the purposes of these Regulations as if it were contributions made under regulation C2 in respect of employment in which the person was a pensionable employee.

#### **Payments to avoid reduction of retiring allowance and death gratuity**

**C8.—**(1) This regulation applies to a pensionable employee whose retiring allowance or death gratuity would be subject to reduction under regulation E3(7) or (8) (reduction in respect of reckonable service before 1st April 1972 etc.) or E11 (death gratuity) respectively.

(2) Subject to paragraphs (3) to (9), a person to whom this regulation applies may, by notice in writing given to the appropriate administering authority, elect to make payment to the appropriate superannuation fund in order to avoid all or part of the reduction in his retiring allowance, or any death gratuity that may become payable under regulation E11.

(3) A notice under paragraph (2) must specify whether the reckonable service in respect of which the reduction is to be avoided is the whole, and if not what part it is, of his reckonable service before, as the case may be—

- (a) 1st April 1972, or
- (b) in the case of a male employee, any earlier date on which he became a widower or was judicially separated from his wife or on which his marriage was dissolved.

(4) An election may not be made in respect of a period of reckonable service of less than one year unless the period that will be reduced under regulation E3(7) or (8) amounts to less than one year.

(5) A notice under paragraph (2) must specify whether payment is to be made—

- (a) by a lump sum, or

- (b) by instalments, or
  - (c) by way of additional contributions.
- (6) An election by the pensionable employee to make payment by a lump sum or by instalments must be made within 12 months after first becoming a person to whom this regulation applies.
- (7) An election to make payment by a lump sum may not be made by the pensionable employee after attaining the age of 65 years.
- (8) An election by a pensionable employee to make payment by instalments may not be made—
- (a) before attaining the age of 60 years or after attaining the age of 65 years, or
  - (b) after making an election to make payment by way of additional contributions, or
  - (c) if in the particular case the appropriate administering authority so resolve without having, at his own expense, undergone a medical examination to their satisfaction.
- (9) Elections to make payment by way of additional contributions may be made from time to time, but not—
- (a) after attaining the age of 64 years, or
  - (b) after making an election to make payment by instalments, or
  - (c) if in the particular case the appropriate administering authority so resolve, without having at his own expense undergone a medical examination to their satisfaction.
- (10) Subject to paragraph (11) and to Part IV of Schedule 6, payment is to be made—
- (a) in the case of an election to make payment by a lump sum, in accordance with Part I of Schedule 6,
  - (b) in the case of an election to make payment by instalments, in accordance with Part II of that Schedule, and
  - (c) in the case of an election to make payment by way of additional contributions, in accordance with Part III of that Schedule.
- (11) Payment in accordance with paragraph (10) may be discontinued if the employee satisfies the appropriate administering authority that its continuance would cause financial hardship.

### **Continuation of certain payments**

**C9.—**(1) Where immediately before 21st December 1987 any payments remained to be made under a provision of the 1974 Regulations specified in column 1 of the table below, they shall be deemed to be payments due under the corresponding provision of these Regulations specified in column 2.

TABLE

| (1)<br><i>(1974 Regulations)</i>                                       | (2)<br><i>(These Regulations)</i> |
|--|-----------------------------------|
| Regulation C1A (trade disputes)  | Regulation C4                     |
| Regulation C2A (avoidance of reduction of retiring allowance etc.)     | Regulation C8                     |
| Regulation D12 (increase of reckonable service on lump sum payment)    | Regulation C5                     |
| Regulation D13 (increase of reckonable service on periodical payments) | Regulation C6                     |

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|---|----------------------------|
| (1)<br>(1974 Regulations)                   | (2)<br>(These Regulations) |
| Regulation D14A (whole-time manual workers) | Regulation C7              |

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(2) Where immediately before 21st December 1987 any payments remained to be made under a provision of the 1974 Regulations specified in paragraph (3), they remain payable notwithstanding the revocation of the 1974 Regulations by these Regulations.

(3) The payments mentioned in paragraph (2) are payments under regulations D6 (non-contributing service), D7 (previous employment treated as non-contributing service), D8 (additional contributory payments under former Regulations), D10 (added years) and D11 (payments under former Regulations for added years) of the 1974 Regulations.

(4) Schedule 7 applies in relation to any payments under regulation D6, D7 or D8 of the 1974 Regulations which remain payable by virtue of paragraph (2) and, in relation to any payments under regulation D10 or D11 of those Regulations which remain so payable, Schedule 5 to those Regulations shall be deemed to have continued to have effect.

#### **Statement of remuneration received otherwise than from employing authority**

**C10.**—(1) A pensionable employee who receives any part of his remuneration otherwise than from the employing authority shall provide the employing authority with half-yearly statements of his receipts in respect of that part.

(2) The statements are to relate to the periods 1st April to 30th September and 1st October to 31st March, and are to be provided not later than 31st October and 30th April respectively.

(3) As soon as is reasonably practicable after receiving a request in writing from the employing authority the employee shall provide them with a statutory declaration verifying the correctness of any statement specified in the request.

#### **Deduction and recovery of employee's contributions**

**C11.**—(1) An employing authority may deduct from the remuneration payable by them to a pensionable employee—

- (a) contributions payable under regulations C2 or C3,
- (b) any amount payable under regulation C4, and
- (c) any instalments or additional contributions payable to the appropriate superannuation fund.

(2) If and so far as deductions are not made under paragraph (1), the appropriate administering authority may recover any sum remaining due—

- (a) in any court of competent jurisdiction, or
- (b) by deducting it from any payment by way of benefits under these Regulations.

#### **Return of employee's contributions in certain cases**

**C12.**—(1) Subject to paragraphs (3) and (12), and regulation C13, this regulation applies to a pensionable employee of an employing authority who—

- (a) before becoming entitled to any benefit under these Regulations, other than a retirement pension under regulation E2(2), ceases to be employed by that authority; and
- (b) does not, within one month after ceasing to be so employed, enter further employment with any scheduled body and within that period become in that further employment a pensionable employee; and

- (c) is entitled to reckon an aggregate of less than 5 years' reckonable service and qualifying service.
- (2) Subject to paragraph (3), a person to whom this regulation applies shall be entitled to receive a refund of contributions calculated in accordance with paragraph (4).
- (3) This regulation shall not apply to a person—
- (a) who is entitled to a pension under regulation E2(1)(d) in respect of any period of service in contracted-out employment; or
  - (b) who is entitled to be paid, or has been paid, an ill-health lump sum retiring allowance under regulation E4.
- (4) A person to whom this regulation applies shall be entitled—
- (a) if he so ceases to be employed by reason of his voluntary resignation, or his resignation or dismissal in consequence of inefficiency or an offence of a fraudulent character or misconduct (not being such an offence or grave misconduct in connection with his employment), to receive out of the appropriate superannuation fund a sum equal to the aggregate amount of his contributions to the fund;
  - (b) if he so ceases to be employed for any reason not specified in paragraph (a), to receive out of the appropriate superannuation fund a sum equal to the aggregate amount of his contributions to the fund, together with compound interest thereon, calculated to the date on which he ceased to hold his employment—
    - (i) for any period before 1st April 1972, at the rate of 3 per cent per annum with half-yearly rests,
    - (ii) for any period between 1st April 1972 and 31st March 1980, at the rate of 4 per cent per annum with yearly rests, and
    - (iii) for any period after 31st March 1980, at the rate of 9 per cent per annum with yearly rests.
- (5) Subject to paragraph (6), where a person to whom this regulation applies ceases to be employed as mentioned in paragraph (1)(a) in consequence of an offence of a fraudulent character or of grave misconduct, being such an offence or such misconduct in connection with his employment, the employing authority may, if they think fit, direct the return to him out of the appropriate superannuation fund of a sum equal to the whole or a part of the aggregate amount of his contributions to the fund or, if he so ceases to be employed in consequence of such an offence of a fraudulent character as aforesaid, the payment out of that fund of an equivalent sum to his spouse or any dependant of his.
- (6) In the case of a person to whom paragraph (5) applies and who ceases to be employed in the circumstances mentioned in regulation E2(1)(c), the power of the employing authority under this paragraph shall apply only in respect of any contributions relating to a period of service in respect of which the employing authority has given a direction as to forfeiture under regulation M1.
- (7) No return of contributions shall be payable to a person under paragraph (4)—
- (a) before the expiration of a year from the date on which he ceases to be employed, or
  - (b) until a claim for payment made not earlier than 1 month and two days after the date on which he ceases to be employed as mentioned in paragraph (1)(a) has been made to them,
- whichever event first occurs.
- (8) No payment shall be made under paragraph (7)(a) where the person has given a written notice to the administering authority requesting postponement of such payment.
- (9) On making any repayment of contributions (with or without interest) under this regulation, the administering authority shall deduct from the repayment any tax to which they may become



chargeable under paragraph 2 of Part II of Schedule 5 to the Finance Act 1970<sup>(3)</sup> (which relates to charge to tax on repayment of employee's contributions).

- (10) For the purposes of this regulation a pensionable employee who—
- (a) ceases to be employed in the circumstances mentioned in regulation E2(1)(c) (other than a person who elects under regulation E2(6) to receive benefits from the date on which he so ceased or to whom, on so ceasing, regulation E2(6)(c) applies), or
  - (b) satisfies the requirements of regulation E2(1)(d) (other than a person who elects under regulation E2(8)(a)),

shall be treated as not being entitled to any benefit under these Regulations.

(11) Subject to paragraph (13) references in this regulation to the aggregate amount of an employee's contributions to a superannuation fund include references to—

- (a) any contributions paid by him to any superannuation fund—
  - (i) under regulation C2 or C3, or
  - (ii) under regulation C£1 or C2 of the 1974 Regulations, or
  - (iii) under Part I of the Act of 1937, or
  - (iv) under the Act of 1922, or
  - (v) under a local Act scheme;
- (b) any contributions which, if the former Regulations had not been revoked by the 1974 Regulations and he had immediately before ceasing to be employed as mentioned in paragraph (1)(a) been a contributory employee, he would, by virtue of interchange rules, have been deemed to have made to the appropriate superannuation fund within the meaning of the Act of 1937;
- (c) any amount—
  - (i) which, if the former Regulations had not been revoked as aforesaid and he had immediately before so ceasing been a contributory employee, would, by virtue of interchange rules, have been included in any amount which would, on his so ceasing, have become payable to him by way of a return of contributions under section 10 of the Act of 1937; or
  - (ii) by which, if the former Regulations had not been revoked as aforesaid and he had, immediately before so ceasing, been a contributory employee, the last-mentioned amount would, by virtue of interchange rules, have been deemed to have been increased;
- (d) any sum paid by him into a superannuation fund under an old modification scheme made in accordance with section 28(3) of the Widows', Orphans' and Old Age Contributory Pensions Act 1936<sup>(4)</sup>;
- (e) any sum paid by him by way of additional contributory payments or under regulation C4;
- (f) any amount paid by him by way of added period payments; and
- (g) any amount paid by him under regulation C8, but only in so far as any such contribution, sum or amount—
  - (i) has not been returned to the person or, if it has been returned, has subsequently been repaid by him;
  - (ii) is attributable to service which might have been reckoned under Part D in relation to the employment he has ceased to hold; and

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<sup>(3)</sup> 1970 c. 24; paragraph 2 was substituted by the Finance Act 1971 (c. 68), Schedule 3, paragraph 7.

<sup>(4)</sup> 1936 c. 33

(iii) is not attributable to any earlier period or service in respect of which a benefit under Part E has been paid.

(12) The foregoing paragraphs shall apply to a person who is entitled to reckon an aggregate of not less than 5 years reckonable service and qualifying service, where—

- (a) part of the service of that person is attributable to a period prior to 6th April 1975,
- (b) the person elects that this regulation applies in his case by notice in writing given to the appropriate authority not earlier than one month after the date he ceases to be employed but within 12 months of that date, and
- (c) the person has not, before giving the notice referred to in paragraph (b), again become a pensionable employee and given notice under regulation E2(10),

subject to the modification that he shall only be entitled to receive a refund of contributions for any service prior to 6th April 1975.

(13) Where paragraph (12) applies paragraph (11) shall have effect as if sub-paragraphs (e) and (f) were omitted.

#### **Effect of return to local government on right to a return of contributions**

**C13.** A person's right to a payment under regulation C12 is extinguished if—

- (a) he returns to local government employment after leaving previous local government employment with a right to such a payment, and
- (b) on the date on which he returns to local government employment he has not received the payment, and
- (c) he has not given, within 3 months after that date or such longer period as his previous fund authority and, if different, his new fund authority may allow, written notice to his previous fund authority that he wishes to receive an immediate payment.

#### **Restoration of right to reckon service in transitional cases where there has been a return of contributions**

**C14.—**(1) Notwithstanding regulation D3, service for which a return of contributions has been received shall be reckonable as reckonable service if the conditions in paragraph (2) are satisfied and the person makes the payment required by paragraph (3).

(2) The conditions are that—

- (a) the person ceased to be employed in local government employment on or after 16th May 1974 and before 6th April 1978; and
- (b) on the cessation of that employment the aggregate of his reckonable and qualifying service amounted to less than 5 years; and
- (c) the return of contributions was made in relation to that employment; and
- (d) he subsequently returns to local government employment.

(3) Within six months, or such longer period as may be provided in paragraph (4), of his return to local government employment the person must pay to his previous fund authority for the credit of their superannuation fund—

- (a) a sum equal to the contributions returned to him (together with any increase under regulation J11 and any interest he was paid); and
- (b) compound interest on that sum calculated in accordance with regulation J7 for the period beginning with the date on which he received the return of contributions and ending on the date of the payment of that sum.

(4) The previous fund authority may in any particular case extend the period mentioned in paragraph (3).

### **Reduction of returned contributions following payment in lieu of contributions**

**C15.—(1)** Subject to the provisions of this regulation, where a pensionable employee leaves employment in circumstances—

- (a) to which regulation 6 of the Transitional Provisions Regulations does not apply, and
- (b) in which returned contributions are due and a payment in lieu of contributions has previously been made in respect of him in circumstances in which returned contributions were not due,

those returned contributions shall be reduced by a sum equal to the amount, or the aggregate of the amounts, by which under section 60(5) of the Insurance Act (which defines an employer's rights against an insured person in respect of payments in lieu of contributions) they could have been reduced if returned at the time when the previous payment in lieu of contributions was made.

(2) Paragraph (1) shall also apply for the reduction of returned contributions where a payment in lieu of contributions has been made under any insurance code in respect of any period of former employment which is reckonable as service as a pensionable employee if—

- (a) that payment in lieu was made in circumstances not involving the return of any superannuation contributions made by him in that employment; and
- (b) the transfer value payable in respect of that employment has been adjusted to take account of that payment in lieu;

and where no superannuation contributions were payable in that employment, any amount returnable in respect of contributions deemed to have been made therein shall be reduced by a sum equal to one half of that payment in lieu.

(3) No payment in lieu of contributions shall be taken into account for the purposes of paragraphs (1) and (2)—

- (a) on more than one occasion; or
- (b) if the payment is one which has been reduced under regulation 13 of the National Insurance (Non-participation—Assurance of Equivalent Pension Benefits) Regulations 1960(5) or any corresponding enactment in force in Northern Ireland or the Isle of Man.

(4) Where the employment of a pensionable employee comes to an end in circumstances to which regulation 6 of the Transitional Provisions Regulations applies, the amount of returned contributions to which he is entitled shall be reduced by any amount which, under section 60 of the Insurance Act as modified by the said regulation 6, the person who has made or is liable to make a payment in lieu of contributions in respect of such employee, or would be so liable had the employee not been assured of equivalent pension benefits, is entitled either to recover from the person liable for the returned contributions or to retain out of the returned contributions.

(5) Where returned contributions are due in the circumstances mentioned in paragraph (1) or paragraph (4) on the cessation of two or more concurrently held employments, the reduction required by that paragraph shall be made by such one of the authorities paying the returned contributions as they may agree or, in default of agreement, as is determined by the Secretary of State, and where those employments were held under the same employing authority, the reduction shall be made in relation only to such one of the employments as is determined by the authority.

(6) Where returned contributions are reduced under paragraph (1) or under section 60(5) of the Insurance Act or the said section 60(5) as modified by regulation 6 of the Transitional Provisions Regulations or under any corresponding provision of the Northern Ireland Act or the Isle of Man

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Act, any sum so deducted shall not form part of any amount payable to or in respect of him, either as returned contributions or as a benefit ascertained by reference to the amount of the contributions paid by him on the occasion of any later cessation of his employment.

(7) In this regulation “returned contributions” means an amount payable under regulation C12 to or in respect of a pensionable employee by way of a return of contributions.

### **Limitation of payments**

**C16.** Schedule 8 has effect for the limitation of payments under this Part.