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STATUTORY INSTRUMENTS

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**1996 No. 1493**

**EUROPEAN PARLIAMENT**

**The European Parliamentary (United Kingdom  
Representatives) Pensions (Amendment) Order 1996**

<i>Made</i>	- - - -	<i>10th June 1996</i>
<i>Laid before Parliament</i>		<i>12th June 1996</i>
<i>Coming into force</i>	- -	<i>4th July 1996</i>

The Lord President of the Council, in exercise of the powers conferred by section 4(1), (3) and (4) of the European Parliament (Pay and Pensions) Act 1979<sup>(1)</sup> and now vested in him<sup>(2)</sup>, hereby makes the following Order:

**Title and commencement**

1. This Order may be cited as the European Parliamentary (United Kingdom Representatives) Pensions (Amendment) Order 1996 and shall come into force on 4th July 1996, but shall have effect from 1st April 1995.

**Interpretation**

2.—(1) In this Order—

“the principal Order” means the European Parliamentary (United Kingdom Representatives) Pensions (Consolidation and Amendment) Order 1994<sup>(3)</sup>;

and other expressions shall have the same meaning as in the principal Order.

(2) In this Order, except where the context otherwise requires—

- (a) a reference to a numbered article is a reference to the article of this Order so numbered; and
- (b) a reference in an article or in the Schedule to a numbered paragraph is a reference to the paragraph of that article or of the Schedule so numbered; and
- (c) a reference in a paragraph to a numbered sub-paragraph is a reference to the sub-paragraph of that paragraph so numbered.

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<sup>(1)</sup> 1979 c. 50.

<sup>(2)</sup> See the Transfer of Functions (European Parliamentary Pay and Pensions) Order 1995 (S.I.1995/2995). (Section 3 of the European Communities (Amendment) Act 1986 (c. 58) substituted references to the European Parliament for references to the Assembly of the European Communities in Acts and other instruments.)

<sup>(3)</sup> S.I. 1994/1662.

### Adjustment in reckonable service

3. For article 6 of the principal Order there shall be substituted the following—

“6.—(1) Subject to paragraph (2), to articles 22, 25(7) and 27, and to Schedule 7, any period during which a person was or is a participant is a period of reckonable service.

(2) In the case of a participant in service on 1st April 1995, the following adjustments shall where relevant be made to his aggregate period of reckonable service—

(a) where his aggregate period of reckonable service includes service—

(i) an application to purchase which, under the provisions of Schedule 7 (Purchase of added years), was accepted by the Managers before 31st August 1985; or

(ii) attributable to a direction under article 24(2)(b) (Transfers from other pension schemes) made before that date,

the period of such service shall be multiplied by five-sixths;

(b) where he applied to purchase added years pursuant to paragraph 14 of Schedule 3 to the European Parliament (United Kingdom Representatives) Pensions Order 1980(4), the number purchased shall be multiplied by two-fifths.”

### Increase in accrual rate

4. Article 7 of the principal Order shall be amended by inserting in paragraph (11), after “means”, the words “, subject to paragraph (11A) below” and by inserting after that paragraph the following paragraph—

“(11A) In the case of a participant in service on 1st April 1995, in paragraph (2) of this article “the appropriate fraction” means one-fiftieth or, in the case of part of a year, the fraction which bears to one-fiftieth the same proportion as the number of days in that part of a year bears to three hundred and sixty-five.”

### Increased accrual rate: consequential provisions

5. The Schedule to this Order shall have effect in relation to a participant in service on 1st April 1995 whose aggregate period of reckonable service includes service before 20th July 1983 or service which falls to be adjusted under article 6(2).

### Gratuity on death in service

6. In article 16 of the principal Order—

(a) in paragraph (2)(a) for the words “the individual”, there shall be substituted the words “the person or persons”;

(b) in paragraph (2)(b), after the words “at that time”, there shall be inserted the words “or, pursuant to paragraph (3) below, to the extent that a nomination is treated as not being in force,”;

(c) after paragraph (2), there shall be inserted the following paragraph—

“(2A) Where a participant nominates more than one person for the purposes of this article, he may also specify the proportion of the gratuity to be granted to each such person.”;

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(4) S.I. 1980/1450, which was revoked with savings by S.I. 1994/1662. Paragraph 14 of Schedule 3 was inserted by S.I. 1985/1116, article 27.

- (d) in paragraph (3), immediately after the words “at the time of the nominator’s death”, there shall be inserted the words “to the extent that”;
- (e) in paragraphs (3)(a) and (b), the word “if” at the beginning shall in each case be deleted and for the words “the individual”, wherever they appear, there shall be substituted the words “any person”;
- (f) in paragraphs (5)(a) and (6) for the word “twice” there shall be substituted the words “three times”.

#### **Gratuity on death after retirement**

7. In relation to any person in respect of whom the Treasury may pay a gratuity under article 16 of the principal Order and who has not been a participant at any time on or after 1st April 1995, the amount of the gratuity referred to in article 17(3)(a) shall be calculated as if the substitution effected by article 6(f) above had not been effected.

10th June 1996

*Tony Newton*  
Lord President of the Council

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

## SCHEDULE

### 1. In this Schedule—

“participant” means a person to whom this Schedule applies; and

“the appointed date” means, in the case of each participant, such date on or after 1st April 1995 as the Managers may appoint.

2. The Managers shall apply the provisions of this Schedule to a participant as at the appointed date.

### Calculation of reckonable service

3. The Managers shall calculate such of the participant’s aggregate period of reckonable service as has accrued, making such of the following adjustments as may apply to him—

(a) where he is paying periodical contributions for the purchase of added years, the number of such years purchased as at the appointed date shall be calculated in accordance with the formula

$$\frac{A \times B}{C}$$

where—

A is the number of added years he applied to purchase by periodical contributions (after making any relevant adjustment under article 6(2)(a) or (b) of the principal Order); and

B is the period (expressed to the nearest day) during which periodical contributions have been paid); and

C is the total period during which periodical contributions are payable under the contract,

and where the Managers have accepted more than one application from him to purchase added years by the payment of periodical contributions, each contract shall be apportioned accordingly;

(b) the amount (if any) of his actual period of reckonable service as fell after he attained the age of sixty-five years shall be disregarded.

### Refunds

4.—(1) If the participant’s accrued aggregate period of reckonable service exceeds that which would provide him with such maximum pension as would be calculated in respect of him at his normal retirement date under Schedule 2 to the principal Order, the Managers shall, in accordance with the provisions of this paragraph, refund to him the contributions he has paid in respect of the excess.

(2) Subject to sub-paragraph (3), when making a refund under sub-paragraph (1), the Managers shall refund contributions in the following order—

(i) contributions paid in respect of any added years included in the participant’s accrued aggregate period of reckonable service; and

(ii) contributions paid in respect of the balance of the excess, the most recent contributions first.

(3) Where the number of added years included in the participant’s accrued aggregate period of reckonable service is greater than the excess, the Managers shall calculate the amount of all his contributions paid in respect of added years and the amount refunded shall be that proportion of

the total amount of contributions paid for added years as the excess bears to the number of added years accrued.

(4) When calculating a refund of contributions as at the appointed date, the Managers shall add interest from the dates on which the contributions were paid respectively.

(5) The Managers shall pay any refund with interest from the appointed date when the participant so requests or, if no such request has then been made, when a pension comes into payment to or in respect of him under the principal Order.

### **Deduction of tax from refunds of contributions**

5. Regulation N5(2) of the Parliamentary Pensions (Consolidation and Amendment) Regulations(5) shall apply in the case of any refund made under paragraph 4 as if it were a refund made under regulation N3 or N4 of those Regulations.

### **Reduction in added years being purchased**

6.—(1) In the case of a participant who is purchasing added years by paying periodical contributions, the Managers shall calculate, in accordance with paragraph 8(5) of Schedule 7 to the principal Order, the maximum added years he may purchase by way of future contributions.

(2) For the purposes of the calculation under sub-paragraph (1), the Managers shall—

- (a) take as his accrued aggregate period of reckonable service the period calculated under paragraph 3; and
- (b) disregard his future added years.

(3) If the number of future added years which the participant has contracted to purchase by paying periodical contributions exceeds the maximum calculated under sub-paragraph (1), the number of future added years which he has contracted to purchase shall be reduced to that maximum.

(4) Subject to sub-paragraph (5), if a reduction in a participant's future added years is made under sub-paragraph (3), the annual amount of any periodical contributions which (apart from the provisions of this paragraph) would be payable by him on or after the appointed date shall be reduced by the proportion (up to and including 100%) which the amount of the reduction bears to the number of future added years referred to in sub-paragraph (3).

(5) If the future added years referred to in paragraph (3) are being purchased by the participant under more than one application, a reduction under paragraph (3) shall be effected taking those applications in such order as the Managers shall consider appropriate, having regard to any preferences expressed to them in writing by the participant.

(6) In this paragraph, "future added year" means, as at the appointed date, and after taking into account any relevant adjustment under article 6(2)(a) and (b) of the principal Order, an added year in respect of which the participant's application to purchase has been accepted by the Managers but which is not included in his accrued aggregate period of reckonable service.

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(5) S.I. 1993/3253.

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## EXPLANATORY NOTE

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

1. This Order amends the European Parliamentary (United Kingdom Representatives) Pensions (Consolidation and Amendment) Order 1994, improving the accrual rate for service as a Representative before 20th July 1983 from sixtieths to fiftieths for Representatives in service on 1st April 1995 and changing the provisions relating to gratuities payable in respect of Representatives who die in service on or after that date.

2. There are a number of consequential amendments arising from the improvement in the accrual rate. By virtue of article 3, dual-mandate service, added years purchased and transfer values brought into the scheme which have been treated as service before 20th July 1983 are revalued. Added years purchased at 40% of cost pursuant to provisions introduced in 1984 when the accrual rate was first improved from 60ths to 50ths are reduced to reflect the value of the contributions paid. The Schedule provides for refunds of contributions and for the adjustment of current contracts to buy added years where these are necessary to prevent a Representative's pension from exceeding Inland Revenue limits.

3. Regulation 6 provides for the amount of the death in service gratuity which may be paid under the scheme in respect of any participant in service on or after 1st April 1995 to be increased to three times his pensionable salary at the time of death.

4. A participant in the scheme may nominate more than one person to receive the gratuity, and the persons nominated may include any institution or trust. If a nomination lapses in part because, for example, the person nominated was the participant's spouse but the marriage has subsequently ended in death or divorce, the share which would have been payable under the part which has lapsed is payable to the deceased's personal representatives.

5. Where a gratuity may be payable to the personal representatives of a person who has died in retirement without leaving any dependants, where the deceased was a participant in the scheme at any time on or after 1st April 1995 the amount of the gratuity is calculated by reference to the increased death in service gratuity.

6. Section 4(3)(g) of the European Parliament (Pay and Pensions) Act 1979 confers express power to make an Order retrospective in effect. This Order has effect from 1st April 1995.