

## SCHEDULE 2

### MAXIMUM PENSIONS

1. In this Schedule, unless the context otherwise requires—

“index” at any time, means the index of retail prices published by the Office for National Statistics of the Chancellor of the Exchequer, or any successor agreed as appropriate by the Board of Inland Revenue, for the calendar month three months prior to that time;

“pensionable service” means actual service as a participant;

“retained benefits” means benefits for a participant derived from—

- (a) retirement benefits schemes approved or seeking approval under Chapter I of Part XIV of the Taxes Act 1988 or relevant statutory schemes as defined in section 611A of that Act<sup>(1)</sup>, excluding benefits in respect of service;
- (b) funds to which section 608 of the Taxes Act 1988 applies, excluding benefits in respect of service;
- (c) retirement benefit schemes which have been accepted by the Board of Inland Revenue as “corresponding” for the purposes of section 596(2)(b) of the Taxes Act 1988<sup>(2)</sup>, excluding benefits in respect of service;
- (d) retirement annuity contracts or trust schemes approved under section 620 of the Taxes Act 1988, or personal pension schemes (other than arrangements to which only minimum contributions are paid) which related to relevant earnings from the current employment or previous employments (including periods of self employment whether alone or in partnership);
- (e) transfer payments from overseas schemes held in a type of arrangement defined in (a) or (d) above excluding those in respect of service,

including such benefits which have been transferred to another scheme, whether or not in the United Kingdom, but excluding such benefits which relate to service with an unassociated employer which is concurrent with service:

Provided that—

- (i) if the total of the retained benefits is less than a pension of £260 those retained benefits may be disregarded; and
- (ii) if the participant’s earnings in the 12 months after entry to the Scheme do not exceed one quarter of the permitted maximum, benefits from those sources, other than those transferred into the Scheme, shall not be classed as retained benefits;

“service” means service as a member of the Parliament or as an office holder, and includes, where appropriate, any increase in reckonable service attributable to sums received by way of transfer value or to the purchase of added years.

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(1) Section 611A was inserted by the Finance Act 1989 (c. 26), Schedule 6, paragraphs 15 and 18(1).

(2) Section 596(2) was amended by the Finance Act 1989, Schedule 9, paragraphs 8(1), (2)(b) and 18(1).