

SCHEDULE 1

ARRANGEMENT OF RULES

PART C

CONTRIBUTIONS

Buying Added Years

C.1 Member's option to pay contributions to increase service

(1) An active member may opt to make periodical contributions to the Scheme during the contractual option period to increase his reckonable service by an additional period.

This is subject to rule C.5 (restriction on pension debit members making contributions).

(2) The option may only be exercised by notice in writing to the Scheme administrator in such form as the Secretary of State requires.

(3) A member may exercise the option under paragraph (1) more than once.

(4) If a member exercises the option under paragraph (1), the contributions are payable by deduction from his earnings—

(a) for so much of the member's next relevant pay period as begins with the member's birthday, and

(b) for all subsequent pay periods beginning during the contractual option period.

This is subject to rules C.2 (cancellation of options) and C.4(1) (absence from work).

(5) If a member exercises the option under paragraph (1)—

(a) the contributions payable are expressed as a percentage of his pensionable earnings for the time being, and

(b) the additional period of reckonable service that may be counted as a result of opting to pay contributions at that rate is such period as is indicated in tables issued by the Secretary of State, after consultation with the Scheme actuary, for a person of the member's age at the date on which he makes his first payment.

(6) A member may not make periodical contributions of less than 0.01%, or more than 15%, of his pensionable earnings for the time being.

(7) In this rule—

“the contractual option period”, in relation to an option under paragraph (1), means the period whilst the member remains an active member or such shorter period as may be specified in the option; and

“the member's next relevant pay period” means the pay period in which the member's next birthday after the Scheme administrator receives the member's application to exercise the option under paragraph (1) falls.

C.2 Cancellation of options

(1) A member who has exercised an option under rule C.1(1) may cancel it by giving the Scheme administrator notice in writing.

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(2) If a member cancels such an option, the periodical contributions cease to be payable in respect of his pensionable earnings for the first pay period the Scheme administrator considers appropriate that begins on or after the date on which the Scheme administrator receives the notice.

C.3 Effect of making contributions

(1) If a member who has exercised an option under rule C.1(1) pays all the contributions required under the option, his reckonable service is increased by the whole of the additional period covered by the option (“the contractual added years”).

(2) If—

- (a) a member pays some but not all of those contributions,
- (b) because of rule C.1(6) the rate at which a member pays contributions under the option is reduced below the rate at which they would otherwise be payable,
- (c) during any part of the period while he is paying contributions the member is on unpaid leave for a period which does not count as reckonable service, or
- (d) more than one of sub-paragraphs (a) to (c) apply,

his reckonable service is increased as follows.

(3) For each contribution paid at the rate originally required under the contract the increase is—

$$\frac{CAY}{N}$$

where—

CAY is the contractual added years, and

N is the total number of contributions the member was originally required to pay.

This is subject to paragraph (5).

(4) For each contribution paid at a reduced rate the increase is—

$$\frac{CAY \times RR}{N \times CR}$$

where—

CAY is the contractual added years,

N is the total number of contributions the member was originally required to pay,

RR is the reduced rate, and

CR is the rate at which the contribution would be payable under the contract apart from the reduction.

This is subject to paragraph (5).

(5) Where, during any pay period (“**PP**”) that is part of the period taken into account for the calculation under paragraph (3) or (4), the member is on unpaid leave for a period which does not count as reckonable service (“**NRS**”), then for that pay period the period of increase is the period of increase as calculated under that paragraph, multiplied by—

$$\frac{PP - NRS}{PP}$$

where

PP and **NRS** are the number of days in the periods in question.

C.4 Absence from work

(1) If a member who has exercised an option under rule C.1(1) has a period of absence from work, the member may—

- (a) cease to pay the contributions payable under the option, or
- (b) pay the same amounts of contributions as would be payable if he were receiving pensionable earnings at the full rate.

This is subject to paragraphs (2) and (3).

(2) Paragraph (1)(b) does not apply during—

- (a) any period of paid maternity absence (as defined in paragraph 5(3) of Schedule 5 to the Social Security Act 1989⁽¹⁾),
- (b) any period of paid paternity leave (as defined in paragraph 5A(4) of that Schedule),
- (c) any period of paid adoption leave (as defined in paragraph 5B(4) of that Schedule), or
- (d) any period of paid family leave (as defined in paragraph 6(4) of that Schedule);

and accordingly the member may pay contributions on the member's actual pay in respect of that period.

(3) If contributions are payable under paragraph (1)(b), the member may opt to pay the contributions after absence or leave has ended—

- (a) by such instalments as the member may agree with the Scheme administrator, or
- (b) by lump sum.

C.5 Restriction on pension debit members making contributions

C.5. A pension debit member may not opt under rule C.1 to make contributions to the Scheme so as to replace any rights debited to him as a consequence of a pension sharing order with any rights which he would not have been able to acquire (in addition to the debited rights) had the order not been made.

C.6 Purchase of added years for members seconded to NATO or the UNetc

(1) This rule applies if an active member is seconded during any period—

- (a) to the United Nations or the North Atlantic Treaty Organisation, or
- (b) under arrangements with any other organisation or person under which persons who are in service as a result of which they are eligible to belong to the Scheme are seconded into other service.

(2) If at the end of that period the member resumes service in the armed forces in which he is an active member of the Scheme, he may opt to make a single lump sum contribution to the Scheme to increase his reckonable service by an additional period equal to the length of his secondment.

(3) The option may only be exercised by notice in writing to the Scheme administrator in such form as the Secretary of State requires.

(4) If a member exercises the option under paragraph (2) and pays a contribution equal to the aggregate amount of—

- (a) any contributions returned to him by the pension arrangement to which he belonged in respect of his service during the secondment, and

(1) 1989 c. 24. Paragraphs 5A and 5B are inserted in Schedule 5 by section 265(1) of the Pensions Act 2004 (c. 35).

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- (b) any lump sum paid to him on leaving the organisation or to the person to whom he was seconded as a severance payment,

the member is entitled to count the period of his secondment as reckonable service.

(5) If the aggregate amount mentioned in paragraph (4) is less than the amount determined by the Scheme actuary to be the amount required to be paid in order to increase the member's reckonable service by the period of his secondment, the Secretary of State must make a contribution to the Scheme equal to the difference.