

SCHEDULE 1

ARRANGEMENT OF RULES

PART F

TRANSFERS

Transfers Out

F.1 Right to transfer value payment

(1) This Part supplements the rights conferred under Chapter 4 of Part 4 of the Pension Schemes Act 1993 (transfer values).

(2) This Part is without prejudice to that Chapter or Chapter 5 of that Part⁽¹⁾ (early leavers: cash transfer sums and contribution refunds).

(3) Accordingly—

(a) a member to whom Chapter 4 of that Part applies (see section 93(1)(a) of that Act) is entitled to require the payment of a transfer value in respect of the rights to benefit that have accrued to or in respect of him under the Scheme, and

(b) a member to whom Chapter 5 of that Part applies (see section 101AA(1) of that Act) is entitled to a cash transfer sum or a contribution refund in accordance with that Chapter.

(4) Subject to the provisions of this Part, any other former active member, other than a pensioner member, is entitled to require such a payment as if rights under Chapter 4 of Part 4 of the Pension Schemes Act 1993 had accrued to or in respect of him by reference to the reckonable service he is entitled to count under the Scheme (and references in this Part to his accrued rights or benefits are to be read accordingly).

(5) Paragraph (4) does not apply if the former member is entitled under rule C.7 to repayment of the contributions he has paid during the period of service ending with his ceasing to be an active member or acquires a right to a contribution refund under Chapter 5 of Part 4 of the Pension Schemes Act 1993.

(6) Paragraphs (3) and (4) do not apply to rights that are directly attributable to a pension credit.

F.2 Applications for statements of entitlement

(1) A member who requires a transfer value payment to be made must apply in writing to the Scheme administrator for a statement of the amount of the cash equivalent of the member's accrued benefits under the Scheme at the guarantee date ("a statement of entitlement").

(2) In these Rules, "the guarantee date" means any date that—

(a) falls within the required period,

(b) is chosen by the Scheme administrator,

(c) is specified in the statement of entitlement, and

(d) is within the period of 10 days ending with the date on which the member is provided with the statement of entitlement.

(1) Chapter 5 (sections 101AA to 101AI) is inserted by section 264 of the Pensions Act 2004 (c. 35).

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In counting the period of 10 days referred to in sub-paragraph (d), Saturdays, Sundays, Christmas Day, New Year's Day and Good Friday are excluded.

(3) In paragraph (2) "the required period" means—

- (a) the period of 3 months beginning with the date of the member's application for a statement of entitlement, or
- (b) such longer period (not exceeding six months beginning with that date) as may reasonably be required if, for reasons beyond the control of the Scheme administrator, the requisite information cannot be obtained to calculate the amount of the cash equivalent.

(4) The member may withdraw the application for a statement of entitlement by notice in writing at any time before the statement is provided.

(5) A member who—

- (a) has made an application for a statement of entitlement under this rule, and
- (b) has not withdrawn it,

may make only one other such application in the period of twelve months beginning with the date of the first application.

F.3 Applications for transfer value payments

(1) A member who has applied for and received a statement of entitlement under rule F.2 may apply in writing to the Scheme administrator for a transfer value payment to be made.

(2) On making such an application a member becomes entitled to a payment of an amount equal, or amounts equal in aggregate, to the amount specified in the statement of entitlement (or such other amount as may be payable by virtue of paragraph (10)).

In these Rules such a payment is referred to as "the guaranteed cash equivalent transfer value payment".

(3) An application under paragraph (1) must be made before the end of the period of 3 months beginning with the guarantee date, and the payment must be made no later than—

- (a) six months after that date, or
- (b) if it is earlier, the date on which the member reaches pension benefit age.

(4) The application must specify the pension scheme or other arrangement to which the payment or payments should be applied.

(5) An application by a person who is entitled to apply for a guaranteed cash equivalent transfer value payment under Chapter 4 of Part 4 of the Pension Schemes Act 1993 may only be made before—

- (a) the beginning of the period of one year ending with the date on which the member reaches pension benefit age, or
- (b) the end of the period of 6 months beginning with the day after that on which the member's pensionable service ends,

whichever is the later.

This is subject to paragraph (7).

(6) An application by a person who is not entitled to apply for a guaranteed cash equivalent transfer value payment under Chapter 4 of Part 4 of the Pension Schemes Act 1993 may only be made before the expiry of the period of one year beginning with the day on which the applicant ceases to be an active member of the Scheme.

This does not apply if paragraph (7) applies to the application.

(7) An application for a transfer value payment to be made under the public sector transfer arrangements may only be made—

- (a) before the first anniversary of the day on which the member becomes eligible to be an active member of the scheme to which the transfer is to be made, and
- (b) before the member reaches pension benefit age.

(8) The Secretary of State may direct that any time limit applying to an application under paragraph (1) should be extended if he considers it reasonable to do so in the circumstances.

(9) An application under this rule may be withdrawn by notice in writing, unless an agreement for the application of the whole or part of the guaranteed cash equivalent transfer value payment has been entered into with a third party before the notice is given.

(10) If the payment is made later than six months after the guarantee date, the amount of the payment to which the member is entitled must be increased by—

- (a) the amount by which the amount specified in the statement of entitlement falls short of the amount it would have been if the guarantee date had been the date on which the payment is made, or
- (b) if it is greater and there was no reasonable excuse for the delay in payment, interest on the amount specified in the statement of entitlement, calculated on a daily basis over the period from the guarantee date to the date when the payment is made at an annual rate of one per cent. above the sterling 3 month London interbank offered rate.

F.4 Ways in which transfer value payments may be applied

(1) A member may only require the Secretary of State to apply the guaranteed cash equivalent transfer value payment in one or more of the ways permitted under section 95 of the Pension Schemes Act 1993 (whether or not he is entitled to a guaranteed cash equivalent transfer value payment under that Act).

(2) The whole of the guaranteed cash equivalent transfer value payment must be applied, unless paragraph (3) applies.

(3) The benefits attributable to—

- (a) the member's accrued rights to a guaranteed minimum pension, or
- (b) the member's accrued rights attributable to service in contracted-out employment on or after 6th April 1997,

may be excluded from the guaranteed cash equivalent transfer value payment if section 96(2) of the Pension Schemes Act 1993 applies (trustees or managers of certain receiving schemes or arrangements able and willing to accept a transfer payment only in respect of the member's other rights).

F.5 Calculating amounts of transfer value payments

(1) The amount of the guaranteed cash equivalent transfer value payment is to be calculated in accordance with guidance and tables provided by the Scheme actuary to the Secretary of State for use at the guarantee date.

This is subject to paragraphs (3) and (6).

(2) In preparing those tables the Scheme actuary must use such factors as he considers appropriate, having regard to section 97 of the Pension Schemes Act 1993 and regulations made under that Act (whether or not the payment is in respect of a person entitled to a guaranteed cash equivalent transfer value payment under that Act).

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(3) If the amount calculated in accordance with paragraph (1) is less than the minimum transfer value, the amount of the guaranteed cash equivalent transfer value payment is to be equal to that value instead.

This is subject to paragraph (6).

(4) In paragraph (3) “the minimum transfer value”, in relation to any person, means the sum of any of such payments as are mentioned in paragraph (5) as a result of which he is entitled to count any reckonable service under the Scheme by reference to which the accrued rights subject to the transfer are calculated.

(5) The payments are—

- (a) any transfer value payments that have been made to the Scheme in respect of him,
- (b) any contributions paid by him under Part C, and
- (c) in the case of an AFPS 1975 transferee, any payments made before 6th April 2006 for the purchase of added years under the AFPS 1975.

(6) If the transfer value payment is made under the public sector transfer arrangements, the amount of the transfer value payment is calculated—

- (a) in accordance with those arrangements rather than paragraphs (1) and (3), and
- (b) by reference to the guidance and tables provided by the Government Actuary for the purposes of this paragraph that are in use on the date used for the calculation.

F.6 Effect of transfers-out

F.6. Where a transfer value payment is made under this Part in respect of a person’s rights under the Scheme, those rights are extinguished.

Transfers In

F.7 Right to apply for acceptance of transfer value payment from another scheme

(1) Subject to the provisions of this Part, an active member may apply for a transfer value payment in respect of some or all of the rights that have accrued to or in respect of him under any of the following kinds of scheme or arrangement to be accepted by the Scheme.

(2) They are—

- (a) another occupational pension scheme,
- (b) a personal pension scheme,
- (c) a retirement annuity contract, or
- (d) the Armed Forces Additional Voluntary Contributions Scheme.

(3) Paragraph (1) does not apply to rights that are directly attributable to a pension credit.

(4) Paragraph (1) only applies in the case of a transfer from the Armed Forces Additional Voluntary Contributions Scheme if the Secretary of State considers that the amount to which the member is entitled under that Scheme is insufficient for the purchase of an annuity for the member.

(5) Paragraph (1) does not apply if the member is on unpaid leave that does not count as reckonable service.

F.8 Procedure for applications under rule F.7

(1) An application under rule F.7—

- (a) must be made in writing,

- (b) must specify the scheme or arrangement from which the transfer value payment is to be made and the anticipated amount of the payment, and
- (c) must be made before the beginning of the period of one year ending with the date on which the member reaches pension benefit age.

But sub-paragraph (c) is subject to paragraph (2).

(2) In the case of a transfer value payment to be made under the public sector transfer arrangements, the application under rule F.7—

- (a) must be made during the period of one year beginning with the day on which the member becomes eligible to be an active member, and
- (b) must be received by the Scheme administrator before the applicant reaches the age which is the normal pension age under the scheme by which the transfer value payment is to be made.

F.9 Acceptance of transfer value payments

(1) Where an application is duly made by a member under rule F.7, the Scheme administrator may accept the transfer value payment if such conditions as the Secretary of State may require are met, unless paragraph (4) applies.

(2) If the Scheme administrator accepts the payment, the member is entitled to count the appropriate period of reckonable service for the purposes of the Scheme.

(3) In paragraph (2) “the appropriate period” means the period calculated in accordance with rule F.10.

(4) The Scheme administrator may not accept a transfer value payment if—

- (a) it would be applied in whole or in part in respect of the member’s or the member’s spouse’s entitlement to a guaranteed minimum pension, and
- (b) it is less than the amount required for that purpose, as calculated in accordance with guidance and tables prepared by the Scheme actuary for the purposes of this paragraph.

(5) Paragraph (4) does not apply if the payment is made under the public sector transfer arrangements.

F.10 Calculation of transferred-in reckonable service

(1) The period of reckonable service that a member is entitled to count under rule F.9(2) is calculated as at the date on which the transfer payment is received by the Scheme and in accordance with guidance and tables provided by the Scheme actuary for the purpose.

This is subject to paragraph (3).

(2) For the purposes of that calculation the member’s pensionable earnings are to be taken to be the amount of those earnings as at—

- (a) two months after the application under rule F.7 is received, or
- (b) the date on which the transfer value payment is received,

whichever is the later, and, in a case where the transfer value payment is received earlier than two months after that application is received, any necessary adjustment is to be made to that calculation to reflect any change in the amount of those earnings.

(3) If the transfer value payment is accepted under the public sector transfer arrangements, the period the member is entitled to count is calculated—

- (a) in accordance with those arrangements, and

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- (b) by reference to the guidance and tables provided by the Government Actuary for the purposes of this paragraph, that are in use on the date that is used by the transferring scheme for calculating the transfer value payment.

Miscellaneous Provisions

F.11 Public sector transfer arrangements

F.11. This Part applies in the case of a transfer to which the public sector transfer arrangements apply as it applies in other cases, except to the extent that—

- (a) any provision in this Part provides otherwise, or
- (b) the arrangements themselves make different provision.