

SCHEDULE 6

Regulation 31, 35 and 36

Transfer values

PART 1

Outward Transfers

1. For the purposes of this Part—
 - (a) a transfer value is calculated on the cash equivalent basis if it is calculated in the manner prescribed under section 97 of PSA 1993 for the calculation of cash equivalents, and
 - (b) “occupational pension scheme” has the same meaning as in section 150(5) of FA 2004.
2. Paragraphs 3 to 6 are subject to paragraphs 7 to 10.
3. Where—
 - (a) a transfer value is payable to the scheme managers of a club scheme or a personal pension scheme, or
 - (b) a transfer value is payable to the scheme managers of a registered pension scheme which is not a club scheme and none of the service to which it relates is service before 1st September 1988,

and no right to a cash equivalent was acquired, the transfer value is to be calculated on the cash equivalent basis.

4. Where—
 - (a) a transfer value is payable to the scheme managers of a registered pension scheme which is an occupational pension scheme and not a club scheme, and
 - (b) the service to which it relates includes service before 1st September 1988, and
 - (c) no right to a cash equivalent was acquired,

the amount of the transfer value is the total of A and the greater of B and C, where—

A is a notional transfer value, calculated on the cash equivalent basis, in respect of the person’s service after 31st August 1988,

B is a notional transfer value, calculated on the cash equivalent basis, in respect of the person’s service before 1st September 1988, and

C is a notional transfer value, calculated as if Schedule 7 to TSR 1976, as in force on 31st August 1988, had continued in force, in respect of the person’s service before 1st September 1988.

5. Where—
 - (a) a transfer value is payable to the scheme managers of a registered pension scheme which is an occupational pension scheme and not a club scheme, and
 - (b) the service to which it relates includes service before 1st September 1988, and
 - (c) a right to a cash equivalent was acquired,

the amount of the transfer value is D - E where—

D is the transfer value that would have been payable if paragraph 4 had applied, and

E is the amount of the cash equivalent.

6. Where—

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- (a) a transfer value is payable to the scheme managers of a personal pension scheme, and
- (b) a right to a part cash equivalent was acquired,

the transfer value is to be calculated on the cash equivalent basis but as if the person's pensionable employment had ended on 5th April 1988.

7. Unless the receiving scheme is a club scheme, where—

- (a) the person in respect of whom a transfer value is payable had become entitled to count reckonable service under regulation 35(6) (acceptance of transfer value), or 36(3) (acceptance of bulk transfer values), and
- (b) the amount determined in accordance with paragraph 3, 4, 5 or 6 (as appropriate) together with that of any cash equivalent paid on the transfer, is less than the appropriate amount,

a transfer value of the appropriate amount is to be paid.

(2) The appropriate amount is $A+B-C$, where—

A is the transfer value accepted under regulation 35 or the relevant part of the transfer value accepted under regulation 36,

B is the total of the contributions paid by the person under Part C, except any that fell to be treated for the purposes of regulation 126 as employers' contributions, and

C is any cash equivalent paid on the transfer.

8. Where a person has elected to receive phased retirement benefits the transfer value is calculated by reference to benefits other than those phased retirement benefits.

9.—(1) This paragraph applies where—

- (a) a transfer value falls to be calculated in accordance with paragraph 3 or 4, and
- (b) for the purposes of paragraph 4 C is greater than B.

(2) Subject to sub-paragraphs (3) and (4), if the transfer value is not paid within 6 months after the person ceased to be in pensionable employment the amount calculated in accordance with paragraph 3 or 4 is increased by adding to it interest on C at 9% per year, compounded with 3-monthly rests, for each complete period of 3 months after the end of the employment and before the date of payment.

(3) If the employment ended before 1st April 1977 the amount calculated in accordance with paragraph 3 is increased by adding to it—

- (a) interest on C at 6% per annum, compounded with yearly rests, for each complete period of a year after the end of the employment and before 1st April 1977, and
- (b) interest on C at 9% per annum, compounded with 3-monthly rests, for the period of 3 months beginning on 1st April 1977 and for each subsequent complete period of 3 months before the date of payment.

(4) If the employment ended after 5th April 1978 and before 1st April 1979 the amount calculated in accordance with paragraph 3 is increased by adding to it interest on C at 6% per year compounded with yearly rests, for each complete period of a year after the end of the employment and before the date of payment.

10. Where a transfer value is paid to the scheme managers of an occupational pension scheme which is not a contracted-out scheme, or of a personal pension scheme, there may be deducted from it the amount of any contributions equivalent premium paid by the Secretary of State.

PART 2

Inward Transfers

11. If the employment in which the person (P) was subject to the previous scheme was comparable British service, P is entitled to count as reckonable service the period of service certified by the scheme managers as having stood to P's credit under the scheme when P ceased to be subject to it.

12.—(1) If —

- (a) the previous scheme is a club scheme service under which is not comparable British service, or
- (b) the previous scheme is a registered pension scheme which is not a club scheme and the person has entered pensionable employment after 31st December 1985.

the person is entitled, unless paragraph 13 applies, to count as reckonable service the period specified in sub-paragraph (2).

(2) The period is one equal to the period of reckonable service that would enable the Secretary of State to pay a transfer value, calculated on an actuarial basis, of the same amount as the one accepted.

(3) In calculating the period specified in sub-paragraph (2)—

- (a) if sub-paragraph (1)(a) applies and the request for the transfer value to be accepted was made within 12 months after the date on which the person entered pensionable employment the calculation is to be made by reference to the age and salary notified by the scheme managers of the previous scheme as those by reference to which the transfer value accepted was calculated,
- (b) if sub-paragraph (1)(b) applies and the transfer value was received within 12 months after the date on which the person entered pensionable employment, the calculation is to be made by reference to the person's age, and the annual rate of the person's contributable salary, on that date,
- (c) in any other case, the calculation is to be made by reference to the person's age, and the annual rate of the person's contributable salary, on the date on which the transfer value was received,
- (d) if sub-paragraph (1)(a) applies any sum representing interest that is included in the transfer value is not to be taken into account, and
- (e) if sub-paragraph (1)(b) applies any such sum is to be taken into account.

13.—(1) This paragraph applies where—

- (a) the condition specified in paragraph 12(1)(b) applies,
- (b) the person (P) has made an election under regulation 10 (election for employment to be pensionable) and falls within regulation 10(2)(a),
- (c) the previous election under regulation B6 of TSR 1988 (election not to be pensionable) was made before 30th June 1994,
- (d) P has been in excluded employment between the date of the election under regulation B6 of TSR 1988 and the date of the election under regulation 10 of these Regulations,
- (e) a cash equivalent or a transfer value under regulation F1 of TSR 1988 (or both) was paid in respect of P in consequence of P ceasing to be in pensionable employment by virtue of the election under regulation B6 of the TSR 1988,
- (f) P is an individual as is mentioned in section 172(1) of PA 1995, and

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- (g) the Secretary of State accepts a transfer value under regulation 35 of the amount specified in sub-paragraph (3).
- (2) In this paragraph —
 - (a) “the period of original pensionable employment” means the period during which P was in pensionable employment before P made the election under regulation B6 of TSR 1988; and
 - (b) “the transfer out payment” means the payment referred to in sub-paragraph (1)(e).
- (3) The amount referred to in sub-paragraph (1)(g) is A+B where—

A is the transfer value which, calculated on the basis specified in paragraph 12(2), would enable the person to count the period of excluded employment as reckonable service as if it had been pensionable employment; and

B is the greater of—

 - (a) the transfer out payment together with—
 - (i) in a case where the transfer value was paid to the Secretary of State pursuant to regulation 35 within four weeks of the request under regulation 35(2) an amount, determined actuarially, which represents the income which would have been received had such sum been invested during the period starting at the end of the month in which the transfer out payment was made and ending at the end of the month in which the request under regulation 35(2) was made; and
 - (ii) in any other case the amount referred to in paragraph (i) above together with a further amount, determined actuarially, which represents the income which would have been received compounded with monthly rests, had such sum been invested during the period starting at the end of the month in which the request under regulation 35(2) was made and ending at the end of the month in which the transfer value was paid to the Secretary of State; and
 - (b) the amount which would be paid as a cash equivalent or transfer value (or both) by the Secretary of State in respect of the person if at the date on which P made the election under regulation 10—
 - (i) P was in pensionable employment and made an election under regulation 9 (election not to be pensionable); and
 - (ii) P had been in pensionable employment for a period equal to the period of original pensionable employment.
- (4) Where this paragraph applies P is entitled to count as reckonable service—
 - (a) the reckonable service arising from the period of original pensionable employment; and
 - (b) such service arising from the period of excluded employment as if it had been pensionable employment.

PART 3

Inward transfers: bulk transfers

14. In this Part “bulk transfer” has the same meaning as in regulation 36.

15. The person is entitled to count as reckonable service a period of service determined in accordance with the terms of the bulk transfer as agreed between the Secretary of State and the scheme of managers of the previous scheme, the Secretary of State having taken advice from the scheme actuary as to those terms.