
STATUTORY INSTRUMENTS

2014 No. 1711

**The Pensions Act 2011 (Transitional, Consequential
and Supplementary Provisions) Regulations 2014**

PART 9

Transfers

Amendment of the Transfer Values Regulations

32.—(1) The Transfer Values Regulations are amended as follows.

(2) In regulation 1(2) (citation, commencement and interpretation)(1)—

(a) after the definition of “base rate”, insert—

““cash balance benefit” has the meaning given by regulation 2 of the Pensions Act 2011 (Transitional, Consequential and Supplementary Provisions) Regulations 2014;” and

(b) after the definition of “effective date” insert—

““final salary”, in relation to a member to or in respect of whom benefits under a pension scheme are payable, means the member’s pensionable earnings, or highest, average or representative pensionable earnings, in a specified period ending at, or defined by reference to, the time when the member’s pensionable service in relation to that scheme ends;” and

(c) after the definition of “member” insert—

““pensionable earnings”, in relation to a member of a pension scheme, means earnings by reference to which benefits under the scheme are calculated;”.

(3) In regulation 7 (manner of calculation and verification of cash equivalents – general provisions)(2)—

(a) in paragraph (1)(a)(i), after “salary related benefits” insert “other than cash balance benefits in respect of which the available sum is not calculated by reference to final salary”;

(b) in paragraph (1)(a)(ii) after “money purchase benefits” insert “and cash balance benefits in respect of which the available sum is not calculated by reference to final salary”; and

(c) for paragraph (7) substitute—

“(7) Where a portion of the cash equivalent relates to a benefit specified in paragraph (1)(a)(i) and a portion relates to a benefit specified in paragraph (1)(a)(ii), the initial cash equivalent is to be calculated—

(a) for the portion falling within paragraph (1)(a)(i), in accordance with regulations 7A and 7B; and

(1) Regulation 1(2) was amended by S.I.s [1997/786](#), [1997/1613](#), [2003/1727](#), [2005/3377](#), [2007/60](#), [2008/1050](#), [2011/1246](#) and [2012/692](#).

(2) Regulations 7 to 7E were substituted for regulations 7 and 8 as originally enacted by [S.I. 2008/1050](#).

(b) for the portion falling within paragraph (1)(a)(ii), in accordance with regulation 7C.”.

(4) In regulation 7A (manner of calculation of initial cash equivalents for salary related benefits)

(a) in the heading, at the end insert “other than cash balance benefits not calculated by reference to final salary”; and

(b) in paragraph (1) after “salary related benefits” insert “other than cash balance benefits in respect of which the available sum is not calculated by reference to final salary”.

(5) In regulation 7B (initial cash equivalents for salary related benefits: assumptions and guidance)(3)—

(a) in the heading, after “salary related benefits” insert “other than cash balance benefits not calculated by reference to final salary”; and

(b) in paragraph (1), after “salary related benefits” insert “other than cash balance benefits in respect of which the available sum is not calculated by reference to final salary”.

(6) In regulation 7C (manner of calculation of initial cash equivalents for money purchase benefits)—

(a) in the heading, at the end insert “and cash balance benefits not calculated by reference to final salary”;

(b) in paragraph (1) after “For” insert “cash balance benefits in respect of which the available sum is not calculated by reference to final salary and”; and

(c) For paragraph (4) substitute—

“(4) The realisable value must include—

(a) for money purchase benefits, any increases to the benefits resulting from a payment of interest made in accordance with the scheme rules; or

(b) for cash balance benefits—

(i) any interest (including notional interest) which, in accordance with the scheme rules, applies to the available sum in respect of which the benefits are calculated;

(ii) any guarantee which, in accordance with the scheme rules, applies to the available sum in respect of the benefits or to the contributions made by the member or by another person in respect of the member;

(iii) any options the member has which would increase the value of the member’s benefits under the scheme (adjusted to reflect the proportion of members the trustees determine are likely to exercise those options); and

(iv) any discretionary benefits which the trustees determine should be taken into account, having regard to any established custom for awarding the benefits and any requirement for consent before they are awarded.”.

(7) In regulation 7D (reductions to initial cash equivalents)—

(a) in paragraph (1), at the beginning insert “For salary-related benefits”;

(b) for paragraphs (2) and (3) substitute—

“(2) For the purposes of paragraph (1) the trustees may—

(3) Regulation 7B was also amended by [S.I. 2008/2450](#).

- (a) request an insufficiency report from the actuary in accordance with Schedule 1B (insufficiency reports)⁽⁴⁾; or
 - (b) treat the actuary's last relevant GN11 report as an insufficiency report.
- (3) For money purchase benefits, an initial cash equivalent may, or as the case may be, must be reduced in accordance with paragraphs 7 to 11, 14 and 15 of Schedule 1A (reductions in initial cash equivalents)⁽⁵⁾.”

Commencement Information

- II** Reg. 32 comes into force in accordance with reg. 1(1)

(4) Schedule 1B was inserted by [S.I. 2008/1050](#).

(5) Schedule 1A was inserted by [S.I. 2008/1050](#). Paragraph 9 was revoked by [S.I. 2011/1246](#).

Changes to legislation:

There are currently no known outstanding effects for the The Pensions Act 2011 (Transitional, Consequential and Supplementary Provisions) Regulations 2014, Section 32.