
STATUTORY INSTRUMENTS

1993 No. 3252

PARLIAMENT

The Parliamentary Pensions (Additional Voluntary Contributions Scheme) Regulations 1993

Made - - - - 24th December 1993
Laid before Parliament 31st December 1993
Coming into force - - 21st January 1994

The Leader of the House of Commons, in exercise of the powers conferred on him by section 2(1), (3) and (4) of the Parliamentary and other Pensions Act 1987⁽¹⁾ with the consent of the Treasury and after consultation with the Trustees of the Parliamentary Contributory Pension Fund and with such persons as appeared to him to represent persons likely to be affected by the Regulations, hereby makes the following Regulations:

Title and commencement

1. These Regulations may be cited as the Parliamentary Pension Scheme (Additional Voluntary Contributions) Regulations 1993 and shall come into force on 21st January 1994.

Interpretation

2.—(1) In these Regulations—

“the Pensions Act 1975” means the Social Security Pensions Act 1975⁽²⁾;

“the Taxes Act 1988” means the Income and Corporation Taxes Act 1988⁽³⁾;

“the principal Regulations” means the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993⁽⁴⁾;

“approved scheme” means a retirement benefits scheme approved under Chapter I, Part XIV of the Taxes Act 1988, or such other legislation as may be in force from time to time in respect of such approval;

“the AVC scheme” means the Parliamentary Pensions Additional Voluntary Contributions Scheme set out in these Regulations;

(1) 1987 c. 45; section 2 was amended by the Ministerial and other Pensions and Salaries Act 1991(c. 5), section 2.

(2) 1975 c. 60.

(3) 1988 c. 1.

(4) S.I.1993/3253.

“Class A contributor” means any contributor who joined the principal scheme on or after 1st June 1989 or any other contributor who has elected to become a Class A contributor (however termed) under the rules of the principal scheme;

“Class B contributor” means any contributor who joined the principal scheme on or after 17th March 1987 and before 1st June 1989 and has not elected to become a Class A contributor;

“Class C contributor” means any contributor who joined the principal scheme before 17th March 1987 and has not elected to become a Class A contributor;

“contributor” means a person admitted to participation in the AVC scheme in accordance with regulation 4(1);

“dependant” of a contributor means the contributor’s spouse, and any relevant child or children of the contributor as defined by regulation K3(5) of and Schedule 6 to the principal Regulations;

“final remuneration” is defined in Schedule 1;

“free-standing additional voluntary contribution scheme” means an additional voluntary contribution scheme which is an approved scheme to which an employer does not contribute;

“index” at any time, means the index of retail prices published by the Central Statistical Office 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;

“maximum pension” has the meaning assigned to it by regulation 11(2) and Schedule 2;

“pensionable service” means actual service as a participant in the principal scheme;

“permitted maximum” for any tax year means the figure specified for that tax year in an order made under section 590C of the Taxes Act 1988⁽⁵⁾;

“personal pension scheme” means a scheme approved under Chapter IV Part XIV of the Taxes Act 1988;

“the principal scheme” means the scheme set out in the principal Regulations;

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

- (a) retirement benefits schemes approved or seeking approval under Chapter I Part XIV or relevant statutory schemes as defined in section 611A of the Taxes Act 1988⁽⁶⁾, 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 benefits schemes which have been accepted by the Board of Inland Revenue as “corresponding” for the purposes of section 596(2)(b)(7) of the Taxes Act 1988, 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 relate or 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;

⁽⁵⁾ Section 590C was inserted into the Taxes Act 1988 by the Finance Act 1989 (c. 26), Schedule 6, paragraphs 4 and 18(2).

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

⁽⁷⁾ Section 596(2) was amended by the Finance Act 1989 (c. 26) Schedule 6, paragraphs 8(1), (3), and 18(5).

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 contributor's earnings in the 12 months after entry to the principal scheme do not exceed one quarter of the permitted maximum, benefits from these sources, other than those transferred into the principal scheme, shall not be classed as retained benefits;

“retained death benefits” shall mean any lump sum benefits payable on the contributor's death derived from the sources set out in the definition of retained benefits above, but if the total of retained death benefit is less than £2,500 it may be disregarded; provided that benefits representing a return of the contributor's own contributions plus interest thereon and benefits derived from a return of funds under retirement annuity contracts approved under section 620 of the Taxes Act 1988 or personal pension schemes may be ignored for this purpose;

“retirement benefits scheme” means a scheme within the meaning of section 611 of the Taxes Act 1988;

“service” means service as a Member of the House of Commons or as an office holder or as both a Member of the House of Commons and 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;

“the Trustees” are the Trustees for the time being of the Parliamentary Contributory Pension Fund;

and other expressions shall have the same meaning as in the principal Regulations.

(2) In these Regulations, except where the context otherwise requires:—

- (a) a reference to a numbered regulation or Schedule is a reference to the regulation of, or the Schedule to, these Regulations so numbered; and
- (b) a reference in a regulation or Schedule to a numbered paragraph is a reference to the paragraph of that regulation or Schedule so numbered.

(3) The interpretation and application of the definitions set out above and of any other expressions in these Regulations shall be consistent with the AVC scheme being approved as an exempt approved scheme under Chapter I of Part XIV of the Taxes Act 1988.

Trustees and administration

3.—(1) The provisions of Schedule 1 to the principal Regulations shall have effect for the purposes of the AVC scheme.

(2) These Regulations set out arrangements for an AVC scheme whereby participants in the principal scheme may, subject to the approval of the Trustees, make contributions for the purpose of securing benefits additional to those which would otherwise be payable to or in respect of such participants pursuant to the principal Regulations.

(3) Subject to regulation 9(3) below, benefits under the AVC scheme shall be paid by the Trustees in accordance with the provisions of these Regulations.

(4) The Trustees shall be responsible for the discharge of all the duties imposed on the administrator of an AVC scheme under Chapter I of Part XIV of the Taxes Act 1988.

(5) Any sums received by the Trustees by virtue of the AVC scheme shall be paid into a suspense account or accounts used for the purposes of the AVC scheme.

Membership and closing the scheme to new members

4.—(1) Subject to the provisions of this regulation, any participant in the principal scheme may become a contributor to the AVC scheme by making written application in such form as the Trustees shall require and by having such application accepted.

(2) A contributor may not make any contributions to the AVC scheme after he has ceased to be a participant in the principal scheme, but may make a further application under paragraph (1) above if he again becomes a participant.

(3) The Trustees may with effect from such date as they may determine close the AVC scheme to participants in the principal scheme who are not contributors to the AVC scheme at that date.

Contributions

5.—(1) A contributor may make contributions to the AVC scheme of such amount within limits imposed by the Board of Inland Revenue, at such times and in such manner as may be specified by the Trustees, with the approval of the institution with which the contributions are to be invested.

(2) A contributor's contributions to the AVC scheme in any tax year must not exceed whichever is the smaller of—

- (a) (i) in the case of a single contribution (if permitted by the Trustees), such amount determined by the Trustees on a basis acceptable to the Board of Inland Revenue which, if the contributor were to leave service immediately after payment, is likely to provide benefits equal to the limits set out in regulation 11; or
- (ii) in the case of an annual contribution, such amount determined by the Trustees on a basis acceptable to the Board of Inland Revenue which, if maintained at that level until the contributor's normal retirement date, is likely to provide benefits equal to the limits set out in regulation 11; and
- (b) that percentage of the contributor's total salary which, together with any contributions made by the contributor to any other schemes providing benefits in respect of service, will bring the total of contributions to 15 per cent of that salary, or, in the case of a Class A contributor, where his annual salary exceeds the permitted maximum, to 15 per cent of that permitted maximum.

(3) In sub-paragraph (2)(b) above, a contributor's total salary means—

- (a) in respect of a contributor who is a participating Member who holds or has held the office of Prime Minister and First Lord of the Treasury or Speaker of the House of Commons, his salary as defined by regulation D1(2)(a) of the principal Regulations; or
- (b) in respect of any other contributor who is a participating Member and not a participating office holder, a Member's ordinary salary; or
- (c) in respect of a contributor who is both a participating Member and a participating office holder, a Member's ordinary salary and the amount defined by regulation D2(2)(a) of the principal Regulations; or
- (d) in respect of a contributor who is a participating office holder and not a Member of the House of Commons, the amount defined by regulation D2(2)(b) of the principal Regulations.

(4) A transfer value to the AVC scheme shall only be accepted by the Trustees if it is from either—

- (a) a free-standing additional voluntary contributions scheme, which is not an appropriate personal pension scheme which satisfies the requirements prescribed under Schedule 1 to the Social Security Act 1986⁽⁸⁾; or
 - (b) an additional voluntary contributions scheme which is an approved scheme,
- provided that, in either case—
- (i) it is certified by the administrator of that scheme to represent only the realisable value of the contributor's own contributions to that scheme; and
 - (ii) acceptance will not cause the contributor's benefits to exceed the limits set out in regulation 11.

Investment of contributions

6.—(1) Each contributor's contributions shall be invested in such investments as the Trustees may from time to time determine, save that such contributions may not be used for the purpose of making any loan whatsoever.

(2) Without prejudice to the generality of (1) above, the Trustees, in accordance with a contributor's instructions, may invest the contributor's contributions—

- (a) in an insurance policy or policies taken out with an insurance company, being a United Kingdom office or branch of an insurance company to which Part II of the Insurance Companies Act 1982⁽⁹⁾ applies and which is authorised under section 3 or 4 of that Act to carry on ordinary long-term insurance business; or
- (b) in a deposit account or accounts with a building society authorised by virtue of Part II of the Building Societies Act 1986⁽¹⁰⁾.

(3) The Trustees shall, as soon as practicable, invest the contributions, with the institution and in the manner chosen by the contributor, in order to provide benefits which fall within the scope of regulation 7.

(4) The investments made in respect of a contributor with an institution may be realised and reinvested at the request of the contributor with that or any other institution determined by the Trustees, in such amounts, at such times and in such manner as may be specified by the Trustees, with the approval of the institutions concerned.

Benefits which may be provided

7.—(1) Subject to the limits set out in regulation 11, a contributor will be entitled to whatever benefits are secured by the contributions paid by the contributor, and by any transfer value accepted under regulation 5(4).

(2) The benefits normally permitted are—

- (a) a lump sum payable on the death of the contributor;
- (b) a return of the contributor's contributions in respect of retirement benefits to the extent of the total realisable value of the investments made by the Trustees with the contributions made by the contributor, payable either on the death of the contributor before retirement or in the circumstances referred to in regulation 10;
- (c) on the death of the contributor before retirement, a pension payable to the contributor's spouse throughout the remainder of his or her lifetime;

⁽⁸⁾ 1986 c. 33; Schedule 1 was amended by the Social Security Act 1989 (c. 24), Schedule 6, paragraphs 19(1) and (2) and 20(1), (2) and (3) and Schedule 9.

⁽⁹⁾ 1982 c. 50.

⁽¹⁰⁾ 1986 c. 60.

- (d) on the death of the contributor after retirement, a pension payable to one or more dependants throughout the remainder of their lifetime (save that, in the case of a child who is not incapable within the meaning of regulation K3(5)(c) of the principal Regulations, the pension shall only be payable until the child reaches the age of 17 or, if later, until the child ceases to be within his period of full-time education as defined by Schedule 6 to the principal Regulations); and
 - (e) a pension payable to the contributor from the contributor's retirement throughout the remainder of his or her lifetime, under which—
 - (i) payments may be guaranteed to be payable for up to 10 years after retirement in any event; or
 - (ii) payments may be guaranteed to be payable for up to 5 years after retirement with any balance in respect of any period between death and the expiry of the period of 5 years being paid in one lump sum on death.
- (3) Pensions may be level in payment, increase at a fixed rate, vary in line with the index or with the value of units in a unit trust, managed fund or insurance company fund or be provided on a with-profits basis.
- (4) In the case of benefits payable at or after a contributor's retirement, the choice of which of the above types of benefit shall be payable shall be made by the contributor at retirement.

Payment of lump sums on death

- 8.—**(1) Any lump sum payable on a contributor's death shall be paid or applied (by way of settlement or otherwise) within 2 years of the contributor's death by the Trustees to or for the benefit of any one or more of—
- (a) any individual nominated by the contributor in writing;
 - (b) the contributor's dependants, children, parents, grandparents and descendants of such persons; and
 - (c) the contributor's personal representative.
- (2) The decision as to which individual or individuals should receive part or all of the lump sum and how much each shall receive shall be at the absolute discretion of the Trustees.
- (3) Any part of the lump sum which has not been so paid or applied within 2 years of the contributor's death shall be paid to the contributor's personal representative.
- (4) For the purposes of this regulation, a lump sum includes a refund of contributions.

Purchase of pensions

- 9.—**(1) On or before the date of his retirement, the contributor shall specify in writing to the Trustees the pension or pensions which are to be purchased on his behalf or on behalf of his dependants.
- (2) The Trustees shall purchase the pension or pensions specified under paragraph (1) above from such insurer or friendly society as the Trustees may determine from time to time or as the contributor may in writing specify, being either—
- (a) a company which is a United Kingdom branch or office of an insurance company to which Part II of the Insurance Companies Act 1982 applies and which is authorised under section 3 or 4 of that Act to carry on ordinary long-term insurance business; or
 - (b) a friendly society authorised to carry on business under Part IV of the Friendly Societies Act 1992⁽¹¹⁾.

(11) 1992 c. 40.

(3) Where a contributor elects for the purchase of pensions to be provided by such insurer or friendly society as he may specify under sub-paragraph (2) above, (not being an insurer or friendly society determined by the Trustees), the making of that election will have the effect of discharging any liability of the Trustees to pay those pensions to or in respect of that contributor.

Leaving the AVC scheme

10. A contributor may cease to participate in the AVC scheme at any time before benefits provided under regulation 7 are taken by requiring the Trustees (in such manner as may, subject to Schedule 1A to the Pensions Act 1975, be specified by the Trustees) to do one or more of the following as appropriate—

- (a) to transfer the value of the contributor's accrued benefits to an approved scheme of a subsequent employer, or to a personal pension scheme subject, in each case, to the scheme being willing to accept the transfer value and meeting the prescribed requirements referred to in paragraph 13(2)(a)(**12**) of Schedule 1A to the Pensions Act 1975 (and in each case the Trustees will certify to the receiving scheme that the whole of the transfer value represents the realisable value of the contributor's contributions and that all of it must be used to secure a non-commutable pension) and after they have made such a transfer the Trustees will be discharged from any obligation to provide any benefits to which the transfer value relates;
- (b) to use the value of the contributor's accrued benefits to purchase one or more insurance policies of the type described in paragraph 13(2)(b)(**13**) of Schedule 1A to the Pensions Act 1975;
- (c) if the contributor's aggregate period of reckonable service as a participant, including any service whilst a member of a previous employer's pension scheme from which a transfer value has been paid to the AVC scheme or the principal scheme, totals less than 2 years, to pay the contributor the value of his or her accrued benefits after deduction of any tax payable by the Trustees.

For the purposes of this paragraph, the value of a contributor's accrued benefits shall be the total realisable value of the investments made by the Trustees with the contributions paid by the contributor.

Maximum benefits

11.—(1) The lump sum benefit (exclusive of any refund of the contributor's own contributions and any transfer value received by the AVC scheme in respect of the contributor plus interest if any) payable under the AVC scheme on the death of a contributor while in service or (having left service with a deferred pension) before the commencement of the contributor's pension shall not, when aggregated with all like benefits under the principal scheme, personal pension schemes, free-standing additional voluntary contribution schemes and retained death benefits exceed whichever is appropriate of—

- (a) 4 times final remuneration at the date of death; or
- (b) 4 times final remuneration at the date of leaving service;

and in the case of a Class A contributor, any remuneration in excess of the permitted maximum shall be disregarded.

(12) Paragraph 13(2)(a) and (b) were amended by the Personal and Occupational Pension Schemes (Modification of Enactments) Regulations 1987, S.I. [1987/116](#), Schedule 6; and sub-paragraph (2A) was inserted by the Social Security Act [1986 \(c. 50\)](#), Schedule 10, paragraph 30.

(13) Paragraph 13(2)(a) and (b) were amended by the Personal and Occupational Pension Schemes (Modification of Enactments) Regulations 1987, S.I. [1987/116](#), Schedule 6; and sub-paragraph (2A) was inserted by the Social Security Act [1986 \(c. 50\)](#), Schedule 10, paragraph 30.

(2) “Final remuneration” has the meaning assigned to it by Schedule 1.

(3) A contributor’s pension when aggregated with any pensions and the pension equivalent of any lump sums under the principal scheme and any pension under a free-standing additional voluntary contribution scheme in respect of service shall not exceed such maximum pension as is calculated in respect of that contributor in accordance with Schedule 2.

(4) Any pensions for dependants, when aggregated with any pension payable to dependants under the principal scheme or under a free-standing additional voluntary contribution scheme, shall not exceed an amount equal to two-thirds of the maximum pension—

- (a) payable to the contributor at the date of the contributor’s death (including any pension increases given under paragraph (5) below), or
- (b) being a deferred benefit, payable to the contributor at normal retirement date, or
- (c) prospectively payable to the contributor who dies in service had the contributor remained in service up to normal retirement date at the rate of pay in force immediately before the contributor’s death, or
- (d) prospectively payable to the contributor who dies in service after normal retirement date before taking any benefit under the principal scheme on the basis that the contributor had retired on the day before he or she died,

and, in whichever case applies, the maximum pension shall be calculated as if the contributor had no retained benefits.

(5) Where a contributor chooses as a benefit an index-linked pension, the maximum amount of the pension ascertained in accordance with paragraphs (3) or (4) above may be increased by up to 3 per cent for each complete year, or, if greater, in proportion to any increase in the index which has occurred since payment of the pension commenced.

Surplus monies

12.—(1) To the extent that any benefit otherwise payable exceeds the maximum allowed by whichever of paragraph (1), (3), (4) or (5) of regulation 11 applies, the Trustees shall notify the contributor (or his personal representative) that he may elect within the period of three months following the date of notification to use the excess—

- (a) within limits imposed by the Board of Inland Revenue to enhance other benefits or to have additional benefits provided to him; or
- (b) in the case of a benefit consisting of a pension, to have the pension increased annually in proportion to any increase in the index or at a rate not exceeding the rate of 3 per cent per annum with yearly rests; or
- (c) to have the amount of the excess, less an appropriate tax charge, repaid to him; or
- (d) to have any combination of those courses followed.

(2) If, at the end of the period of three months referred to in paragraph (1), the contributor or his personal representative has not notified the Trustees that he has elected to use the excess in one of the ways described in sub-paragraphs (a) to (d) of that paragraph, the Trustees shall assume that he has elected to use it in the way described in sub-paragraph (c) of that paragraph.

Surrender at the request of the Trustees

13.—(1) The Trustees may require an institution with which contributions have been invested under the AVC scheme to surrender the whole or part of the value of such contributions.

(2) If, pursuant to paragraph (1) above, the Trustees require a surrender of the whole or part of the value of contributions, they shall reinvest such contributions in accordance with regulation 6.

(3) If, on or before the date when the Trustees exercise their right under paragraph (1) above, a request has been received from a contributor under regulation 6(4), the Trustees may give effect to such request.

Taxation

14. Whenever the Trustees as administrators of the AVC scheme are liable for any tax in respect of any payment made to any person under these Regulations, they may deduct sums equal in total to such tax from any payments made to such person in such manner as they consider proper.

Costs

15. The expenses of establishing and administering the AVC scheme will be borne by the Fund.

Prohibition on assignment or charge on benefits

16. Any assignment (or, in Scotland, assignation) of, or charge on, or any agreement to assign or charge, any benefits payable under the AVC scheme shall be void.

22nd December 1993

Tony Newton
Leader of the House of Commons

We consent

24th December 1993

T. J. R. Wood
Andrew MacKay
Two of the Lords Commissioners of Her
Majesty's Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

SCHEDULE 1

Regulation 11(2)

FINAL REMUNERATION

1. In these Regulations, “final remuneration” means the greater of—
- (a) the highest emoluments of a person as a Member of the House of Commons and/or as an office holder which are assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined for any period of 12 months in the 5 years preceding the relevant date,
 - and
 - (b) the yearly average of the total emoluments of a person as a Member of the House of Commons and/or as an office holder which are assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined for any 3 or more consecutive years ending not earlier than 10 years before the relevant date.

Provided that—

- (i) where final remuneration is computed by reference to any year other than the last complete year ending on the relevant date, the contributor’s remuneration (as calculated in (a) above) or total emoluments (for the purposes of (b) above) of any year may be increased in proportion to any increase in the index from the last day of that year up to the relevant date;
- (ii) an early retirement pension in payment under the principal Regulations may not be included in final remuneration;
- (iii) a contributor in receipt of a much reduced remuneration by reason of incapacity for more than 10 years up to the relevant date may calculate final remuneration under (a) or (b) above with the final remuneration calculated at the cessation of normal pay and increased in accordance with the index;

and in relation to a Class A contributor

- (iv) final remuneration shall not exceed the permitted maximum.

For the purposes of providing immediate benefits at the relevant date it will be permitted to calculate final remuneration on the appropriate basis above using remuneration assessable to tax under Case I or II of Schedule E and upon which tax liability has not been determined. On determination of this liability final remuneration must be recalculated. Should this result in a lower final remuneration then benefits in payment should be reduced as necessary. Where final remuneration is greater it will be possible to augment the benefits in payment. Such augmentation, however, must take the form of an annuity.

Where immediate benefits are not being provided or where a transfer payment is to be made in respect of accrued pension benefits then final remuneration may only be calculated using remuneration assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined.

SCHEDULE 2

Regulation 11(3)

1. This Schedule sets out the maximum pension payable to a person at the relevant date.

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Class A contributor

2.—(1) On retirement at any time after age 50 except before normal retirement date on grounds of incapacity, a pension of 1/60th of final remuneration for each year of service (not exceeding 40 years) or, if greater,

the lesser of—

- (a) 1/30th of final remuneration for each year of service (not exceeding 20 years); and
- (b) 2/3rds of final remuneration minus the pension value of all retained benefits.

(2) On retirement before normal retirement date on grounds of incapacity an immediate pension in accordance with sub-paragraph (1) above on the basis of the number of years which would have counted as service had the contributor remained in service to the normal retirement date.

(3) On leaving pensionable service before the normal retirement date a deferred pension—

- (a) for contributors who remain in service, of that proportion of the amount calculated in accordance with sub-paragraph (2) above that the number (not exceeding 40) of years of service completed before leaving pensionable service bears to the potential number (not exceeding 40) of years of service had the contributor remained in service to the normal retirement date; or
- (b) for other contributors, of the amount calculated in accordance with sub-paragraph (1) above,

increased by up to 3 per cent for each complete year, or, if greater, in proportion to any increase in the index which has occurred during the period of deferment.

(4) Benefits for a Class A contributor are further restricted as necessary to ensure that the contributor's total retirement benefit from the AVC scheme, from the principal scheme and from any free-standing additional voluntary contribution scheme does not exceed 1/30th of the permitted maximum for each year of service. For the purpose of this limit service is the aggregate of service provided that the total shall not exceed 20 years. The permitted maximum in this context is that for the year of assessment in which the benefits commence to be paid or, if earlier, are transferred out of the principal scheme. For the purpose of calculating the total retirement benefit the pension equivalent of benefit in any form other than pension is one twelfth of its cash value.

Class B and Class C contributors

3.—(1) On retirement at the normal retirement date a pension of 1/60th of final remuneration for each year of service (not exceeding 40 years) or, if greater,

the lesser of—

- (a) (i) for Class C contributors the fraction of final remuneration ascertained from the following table—

Years of Service	Appropriate fraction
6	8/60
7	16/60
8	24/60
9	32/60
10 or more	40/60

or

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- (ii) for Class B contributors $\frac{1}{30}$ th of final remuneration for each year of service (not exceeding 20 years);
and
 - (b) $\frac{2}{3}$ rd of final remuneration minus the pension value of all retained benefits.
- (2) On retirement before normal retirement date—
- (a) on grounds of incapacity, the amount calculated in accordance with sub-paragraph (1) above on the basis that service is taken as the potential number of years of service had the contributor remained in service to the normal retirement date; or
 - (b) other than on grounds of incapacity the greater of—
 - (i) $\frac{1}{60}$ th of final remuneration for each year of service (not exceeding 40 years);
and
 - (ii) that proportion of the amount calculated in accordance with paragraph (a) above that the number (not exceeding 40) of years of service completed before leaving service bears to the potential number (not exceeding 40) of years of service had the contributor remained in service to normal retirement date.
- (3) On retirement after normal retirement date a pension of the greatest of—
- (a) the amount calculated in accordance with sub-paragraph (1) above on the basis that the actual date of retirement was the contributor's normal retirement date; or
 - (b) the amount which could have been provided at normal retirement date in accordance with sub-paragraph (1) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the index during that period; or
 - (c) where the contributor's total service has exceeded 40 years, the aggregate of $\frac{1}{60}$ th of final remuneration for each year of service before normal retirement date (not exceeding 40 such years) and of a further $\frac{1}{60}$ th of final remuneration for each year of service after normal retirement date, with an overall maximum 45 reckonable years.

Final remuneration being computed in respect of (a) and (c) above as at the actual date of retirement, provided that if a contributor elects to take any part of his benefits under the AVC scheme in advance of actual retirement, the limits set out above shall apply as if he had retired at the date that election takes effect, no account being taken of subsequent service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the index during that period.

Contributors with deferred pensions

4. On leaving pensionable service before normal retirement date a deferred pension calculated in accordance with paragraph 2(3) or 3(2)(b) above but increased by up to 3 per cent for each complete year, or, if greater, in proportion to any increase in the index which has occurred during the period of deferment.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for participants in the Parliamentary Pension Scheme (constituted by the provisions of regulations made under section 2 of the Parliamentary and other Pensions Act 1987) to pay additional voluntary contributions, in order to secure additional benefits within limits determined by the Board of Inland Revenue. Regulation 3 provides for the AVC scheme to be administered by the Trustees of the Parliamentary Contributory Pension Fund.

Regulation 5 deals with the payment of regular and lump sum contributions and imposes a limit on their total amount. A transfer value to the AVC scheme may be accepted by the Trustees only if it represents the realisable value of the contributor's own voluntary contributions. Regulation 6 provides for the Trustees to invest contributions in accordance with any instructions given by the contributor, which may include instructions to pay all or part of the contributions to secure a lump sum death benefit in the event of death while paying such contributions.

Regulation 7 sets out what benefits are available and when. On retirement, regulation 9 provides that investments (except those made with death benefit contributions) are to be realised and retirement or dependants' pensions, or both, purchased with the proceeds from an insurance company or friendly society in accordance with the contributor's instructions. Regulation 10 sets out the circumstances in which, before retirement, the realisable value of a contributor's investments may be transferred to another pension scheme, used to purchase an annuity, or returned to him.

Regulation 11, with Schedule 2, set out the limits imposed by the Board of Inland Revenue on all kinds of benefits payable under the Regulations; to the extent that any limit would otherwise be exceeded, regulation 12 provides that the contributor may choose to use the excess to increase or to provide another permitted benefit, to link to the Index of Retail Prices a pension which would otherwise be payable at a flat rate or to have the amount of the excess repaid, after deduction of tax.

Regulation 13 permits the Trustees to require an institution to surrender the whole or part of the value of contributions invested with it; the Trustees must then re-invest the amount surrendered in accordance with regulation 6. Where the Trustees are liable for tax in respect of any payment they may make, regulation 14 permits them to deduct tax before making the payment. Regulation 15 specifies that the costs of establishing and administering the AVC scheme are to be borne by the Parliamentary Contributory Pension Fund and regulation 16 prohibits the assignment or charge of any benefits payable under the AVC scheme.