
STATUTORY INSTRUMENTS

1995 No. 1019

The Local Government Pension Scheme Regulations 1995

PART K

INTERCHANGE ETC

Transfers in

Inward transfers of accrued rights from non-local government schemes etc.

K13.—(1) Where a person who becomes a member has accrued rights to benefit under—

- (a) an occupational pension scheme.
- (b) a personal pension scheme,
- (c) a retirement annuity contract approved by the Commissioners of Inland Revenue under section 620 or 621 of the Income and Corporation Taxes Act 1988, or
- (d) a self-employed pension arrangement,

he may within 12 months of becoming a member (or such longer period as the local government employer may allow) give written notice to his fund authority that he wishes them to accept a transfer value in respect of some or all of those accrued rights from the relevant transferor.

(2) In paragraph (1) the reference to accrued rights to benefit—

- (a) includes rights to preserve benefits and rights appropriately under section 19 of the Pension Schemes Act 1993⁽¹⁾, but
- (b) excludes rights to benefits arising out of—
 - (i) an additional voluntary contributions provision or an additional voluntary contributions scheme (except where the payments securing such rights began before 8th April 1987), or
 - (ii) service as respects which there is an obligation to pay a sum by way of interfund adjustment under regulation K20).

(3) In paragraph (1) “the relevant transferor”, in relation to a member, means—

- (a) the trustees or managers of the scheme, contract or arrangement under which his accrued rights arise, or
- (b) in the case of such rights as mentioned in paragraph (2)(a), the trustees or managers of the scheme, contract or arrangement, or the insurance company, to which a payment in respect of his accrued rights has been made.

(4) Subject to paragraphs (5) and (6), where notice is given in accordance with paragraph (1), the transfer value shall be accepted by the fund authority and be credited to their pension fund, together with the amount of any limited revaluation premium under section 55(4) of the Pension Schemes Act 1993 repaid to the fund authority by the Secretary of State.

(1) 1993 c. 48.

- (5) Paragraph (4) only applies if—
- (a) the transfer value is offered on conditions which are consistent with the provisions of these regulations;
 - (b) in the case of a person who—
 - (i) became employed in his local government employment before 1st January 1980, or
 - (ii) ceased to be employed in his non-local government employment before 31st March 1972,
 his local government employer has consented to the transfer value being accepted; and
 - (c) in the case of a person who became employed in his local government employment before 31st March 1972, he was employed in local government employment on that date.
- (6) Subject to regulation K16, the fund authority only need to accept a transfer value if it exceeds the annual amount of the guaranteed minimum pension to which the person would have become entitled under these regulations at the request date as a result of the transfer value being accepted, multiplied by the appropriate factor.
- (7) In paragraph (6)—
- “the request date” means the date when the fund authority are requested to accept the transfer value; and
- “the appropriate factor”, in relation to a person, means—
- (a) in the case of a person under 30 on the request date, 8;
 - (b) in the case of a person at least 30 but under 40 on that date, 9;
 - (c) in the case of a person at least 40 but under 50 on that date, 10; and
 - (d) otherwise, 12.

Right to count service

- K14.**—(1) Where a transfer value has been accepted under regulation K13 in relation to a person, he shall be entitled—
- (a) subject to regulation K17(4), and (6), to count a period calculated as mentioned in regulation K15 or, as the case may be, regulation K16 as period of membership for all purposes of these regulations (except that of determining whether there is any entitlement to benefit (other than any benefit under regulation D19)), and
 - (b) to count as a period to which Part II of Schedule B6 applies all the service in respect of which he has accrued rights to benefits under his previous occupational pension scheme or appropriate policy, as certified by the trustees of that scheme or issuers of that policy, whether the transfer value relates to some or all of those accrued rights.
- (2) For the purposes of making any collocation under these regulations a period of membership which may be counted under paragraph (1)(a) shall be treated—
- (a) where the person is a man, as a period after 5th April 1978, and
 - (b) where the person is a woman, as a period after 5th April 1988.
- (3) A period which may be counted under paragraph (1)(b) shall count as its actual length.
- (4) The fund authority shall provide the person with a written notice stating—
- (a) the periods of membership which he is entitled to count under paragraph (1)(a) and (b), and
 - (b) in the case of a person who became employed in his local government employment before 1st April 1980, whether or not his retirement pension is subject to reduction under regulation K18 or K19.

(5) A notice under paragraph (4) shall contain a statement of the kind required by regulation J4(2)(c).

Calculation of period of membership allowed under regulation K14(1)(a): non club schemes

K15.—(1) Subject to regulation K16—

- (a) the period mentioned in regulation K14(1)(a) shall be calculated in a manner consistent with the methods adopted and assumptions made by the fund authority in determining the amount of transfer values to be paid to occupational pension schemes (other than club schemes) under regulations K5, K7, K8 and K21; and
 - (b) due allowance shall be given for the expected increase in the pensionable remuneration of a local government employee between—
 - (i) the appropriate date, and
 - (ii) the NRD of the person in respect of whom the transfer value was paid.
- (2) In paragraph (1)(b)(i) “the appropriate date” means—
- (a) the date on which the person in respect of whom the transfer value is paid became a member, or
 - (b) if more than twelve months later, the date on which the transfer value is received.

Special provision where transfer is from a club scheme

K16.—(1) Regulation K13(6) does not apply where the transfer value is offered by the trustees or managers of a club scheme.

(2) Where the transfer value—

- (a) is paid by the trustees or managers of a club scheme,
- (b) represents all the rights relating to the person in that scheme,
- (c) has been calculated in a manner consistent with the methods adopted and assumptions made by the fund authority in determining the amount of transfer values to be paid to club schemes, and
- (d) is paid following an application made to the fund authority before the expiry of the period of twelve months beginning with the date on which the person becomes a member,

regulation K15 does not apply and the period mentioned in regulation K14(1)(a) shall be equal to the period which, if used to calculate a transfer value to be paid to a club scheme, would produce an amount equal to the transfer value received by the fund authority.

(3) In making the calculation referred to in paragraph (2), regard shall be had—

- (a) to the person’s age,
- (b) to the rate of remuneration used by the trustees or managers of the scheme making the payment in determining its amount,
- (c) to his normal retirement age,
- (d) to his marital status, and
- (e) to any other factor notified to the fund authority by the trustees or managers of the scheme making the payment as having been taken into account in determining its amount.

Increase in return of contributions

K17.—(1) Where—

- (a) a person to whom regulation K14 applies ceases to be employed in employment in which he is a member in circumstances in which a return of contributions is payable to him under regulation C21(1),
- (b) if a transfer value had not been payable, he would have been entitled on the termination of his non-local government employment to a return of contribution under his non-local government scheme in respect of service to which the transfer value accepted under regulation K13 relates, and
- (c) no previous increase has been made under this regulation in relation to that service,

the sum due to him under regulation C21(1) shall be increased by an amount equal to the return of contributions (including any interest), which would have been paid to him under his non-local government scheme in respect of that service in the circumstances specified in sub-paragraph (b), if it had been paid when the transfer value was received by his fund authority.

(2) Where compound interest is payable on the contributions due to be so returned, compounded interest calculated at the same rate and in the same manner shall also be payable on the amount of the increase under paragraph (1) for the period beginning with the date on which the transfer value was received by the fund authority and ending with the date on which he ceased to be employed in the employment in which he was a member.

(3) Nothing in paragraphs (1) and (2) confers any entitlement to an increase on account of contributions which were returned to, and were not subsequently repaid by, the person who paid them.

(4) Where—

- (a) a sum due under regulation C21(1) is increased under paragraph (1) by an amount equal to the whole of the person's contributions in connection with the service to which the transfer value relates, and
- (b) that is the only service to which the transfer value relates,

his right to count a period of membership under regulation K14(1)(a) on account of the transfer value shall be extinguished when the increased payment is made.

(5) Where—

- (a) a sum due under regulation C21(1) is increased under paragraph (1), and
- (b) paragraph (4) does not apply,

then, when the increased payment is made, the period of membership the person is entitled to count under regulation K14(1)(a) on account of the transfer value is reduced to the appropriate fraction of the period of membership which he was entitled so to count before the payment was made.

(6) In paragraph (5) “the appropriate fraction” means the fraction of which—

- (a) the numerator is the period he is entitled to count under regulation K14(1)(b) (“the K14(1)(b) period”) reduced by the period of service on account of which the increase under paragraph (1) is made, and
- (b) the denominator is the K14(1)(b) period.

(7) For the purpose of calculating the reduction under paragraph (5)—

- (a) the period of service mentioned in paragraph (6)(a) shall count at its actual length; and
- (b) all periods are to be expressed in years and fractions of a year.

National insurance modification for flat-rate retirement pension

K18.—(1) Where—

- (a) a person to whom regulation K14 applies became employed in his local government employment before 1st April 1980;
- (b) on becoming so employed he did not enjoy unmodified status for the purposes of Part F of the 1974 regulations; and
- (c) his retirement pension is calculated by reference to a period of membership which includes the period which he is entitled to count under regulation K14(1)(a),

then his retirement pension shall be reduced in accordance with paragraph (2).

(2) Regulation F7 of the 1974 regulations shall be taken to have applied in relation to the period which he is entitled to reckon under regulation K14(1)(a) as if—

- (a) during that period he had been a person within Case B of Part F of the 1974 regulations;
- (b) that period were service after 31st August 1947; and
- (c) he had been a person who was not immediately before the appointed day entitled to the optant's rate for the purposes of the National Insurance (Modification of Local Government Superannuation Schemes) Regulations 1969(2).

National insurance modification for graduated retirement pension

K19.—(1) Where—

- (a) a person to whom regulation K14 applies became employed in his local government employment before 1st April 1980,
- (b) his non-local government scheme was a statutory scheme,
- (c) in calculating the amount of the transfer value accepted under regulation K13 a deduction was made in connection with graduated retirement benefit under section 36 of the National Insurance Act 1965(3), and
- (d) his retirement pension is calculated by reference to a period of membership which includes the period which he is entitled to count under regulation K14(1)(a),

then his pension shall be reduced by the amount specified in paragraph (2).

(2) The amount mentioned in paragraph (1) is the reduction in connection with graduated retirement benefit under section 36 of the National Insurance Act 1965 which would have been made to the person's pension under his non-local government scheme in relation to the service to which the transfer value relates if on ceasing to be employed in his non-local government employment he had—

- (a) reached state pensionable age, and
 - (b) become entitled to the immediate payment of a pension under that scheme instead of the payment of a transfer value.
- (3) The reduction under this regulation—
- (a) shall take effect on—
 - (i) the date on which the person's pension becomes payable, or
 - (ii) if later, the date on which he reaches state pensionable age, and
 - (b) shall be additional to any reduction required by regulation K18.

(4) The reduction under this regulation shall be treated for the purposes of regulations K5, K7, K8 and K21 as a reduction made in connection with graduated retirement benefit under section 36 of the National Insurance Act 1965.

(2) [S.I. 1969/793](#).

(3) [1965 c. 51](#); section 36 was repealed with savings by the Social Security Act [1973 \(c. 38\)](#), section 100(2)(b), Schedule 28.

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