

SCHEDULE 5

CONTINUITY OPTION 1: TRANSFER OUT AND WINDING UP

Trustees' powers

3.—(1) The trustees of a scheme that is pursuing continuity option 1 may, without members' consent, provide—

(a) for either—

(i) a member's accrued rights and benefits (including any transfer credits allowed under the scheme) to be transferred, or

(ii) a transfer payment in respect of a member's rights to be made, to a trustee default scheme or an employer default scheme in accordance with this Schedule, with a view to acquiring transfer credits for the member under that scheme, or

(b) for arrangements to be made in accordance with paragraph 12 (trustees' power to transfer otherwise than to a scheme).

(2) A transfer payment made under sub-paragraph (1)(a)(ii) must be of an amount at least equal to the cash equivalent of the member's rights under the scheme, calculated in accordance with paragraph 2.

(3) The trustees of a scheme that is pursuing continuity option 1 may, where appropriate, decline a member's request for a drawdown pension (as defined in paragraph 4 of Schedule 28 to the Finance Act 2004⁽¹⁾) (drawdown pension) in the transferring scheme.

(4) A transfer, transfer payment or alternative arrangement under this paragraph is prescribed for the purposes of section 69(4)(b) of the Pension Schemes Act (form of short service benefit and its alternatives).

(1) 2004 c. 12; paragraph 4 was amended by paragraph 3 of Schedule 16 to the Finance Act 2011 (c. 11)