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SCHEDULES

[^{F1}SCHEDULE 4B E+W+S

Section 45

ADDITIONAL PENSION: ACCRUAL RATES FOR PURPOSES OF SECTION 45(2)(D)

Textual Amendments

F1 Sch. 4B inserted (26.9.2007) by [Pensions Act 2007 \(c. 22\)](#), s. 30(3), [Sch. 2 para. 1](#)

PART 1 E+W+S

AMOUNT FOR PURPOSES OF SECTION 45(2)(D)

- 1 (1) The amount referred to in section 45(2)(d) is to be calculated as follows—
- (a) calculate the appropriate amount for each of the relevant years within section 45(2)(d) to which Part 2 of this Schedule applies;
 - (b) calculate the appropriate amount for each of the relevant years within section 45(2)(d) to which Part 3 of this Schedule applies; and
 - (c) add those amounts together.
- (2) But if the resulting amount is a negative one, the amount referred to in section 45(2)(d) is nil.

PART 2 E+W+S

NORMAL RULES: EMPLOYMENT NOT CONTRACTED-OUT

Application

- 2 This Part applies to a relevant year if [^{F2}—
- (a)] the contracted-out condition is not satisfied in respect of any tax week in the year; [^{F3}and
 - (b) there is a surplus in the pensioner's earnings factor for the year.]

Textual Amendments

F2 Words in Sch. 4B para. 2 inserted (3.1.2012) by [Pensions Act 2008 \(c. 30\)](#), s. 149(1), [Sch. 4 para. 12\(2\)\(a\)](#); [S.I. 2011/3033](#), art. 2(c)(xii)

F3 Sch. 4B para. 2(b) and preceding word inserted (3.1.2012) by [Pensions Act 2008 \(c. 30\)](#), s. 149(1), [Sch. 4 para. 12\(2\)\(b\)](#); [S.I. 2011/3033](#), art. 2(c)(xii)

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Appropriate amount for year

- 3 The appropriate amount for the year for the purposes of paragraph 1 is either—
- (a) the flat rate amount for the year (if [^{F4}the pensioner's earnings factor for the year] does not exceed the LET), or
 - (b) the sum of the flat rate amount and the earnings-related amount for the year (if [^{F5}that earnings factor] exceeds the LET).

Textual Amendments

- F4** Words in Sch. 4B para. 3(a) substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(3\)\(a\)](#); S.I. 2011/3033, art. 2(c)(xii)
- F5** Words in Sch. 4B para. 3(b) substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(3\)\(b\)](#); S.I. 2011/3033, art. 2(c)(xii)

- 4 The flat rate amount for the year is calculated by multiplying the FRAA in accordance with the last order under section 148AA of the Administration Act to come into force before the end of the final relevant year.

- 5 The earnings-related amount for the year is calculated as follows—
- (a) take the part of the [^{F6}earnings factor] for the year which exceeds the LET
^{F7} ...;
 - (b) multiply that amount in accordance with the last order under section 148 of the Administration Act to come into force before the end of the final relevant year;
 - (c) multiply the amount found under paragraph (b) by 10%;
 - (d) divide the amount found under paragraph (c) by 44.

Textual Amendments

- F6** Words in Sch. 4B para. 5(a) substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(4\)](#); S.I. 2011/3033, art. 2(c)(xii)
- F7** Words in Sch. 4B para. 5(a) repealed (21.9.2008) by [National Insurance Contributions Act 2008 \(c. 16\), s. 6\(1\), Sch. 2](#)

PART 3 **E+W+S**

CONTRACTED-OUT EMPLOYMENT

Application

- 6 This Part applies to a relevant year if [^{F8}—
- (a)] the contracted-out condition is satisfied in respect of each tax week in the year; [^{F9}and
 - (b) there would be a surplus in the pensioner's earnings factor for the year if section 48A of the Pension Schemes Act 1993 did not apply in relation to any tax week falling in the year.]

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Textual Amendments

- F8** Words in Sch. 4B para. 6 inserted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(5\)\(a\)](#); [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)
- F9** Sch. 4B para. 6(b) and preceding word inserted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(5\)\(b\)](#); [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)

Appropriate amount for year

- 7 The appropriate amount for the year for the purposes of paragraph 1 is calculated as follows—
- calculate amounts A and B in accordance with paragraphs 8 to 10;
 - subtract amount B from amount A.

Amount A: assumed [^{F10}earnings factor] not exceeding LET

Textual Amendments

- F10** Words in Sch. 4B para. 8 cross-heading substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(6\)](#); [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)

- 8 (1) Amount A is calculated in accordance with this paragraph if [^{F11}the pensioner's assumed earnings factor for the year] does not exceed the LET.
- (2) In such a case, amount A is the flat rate amount for the year.
- (3) The flat rate amount for the year is calculated by multiplying the FRAA in accordance with the last order under section 148AA of the Administration Act to come into force before the end of the final relevant year.

Textual Amendments

- F11** Words in Sch. 4B para. 8(1) substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(6\)](#); [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)

Amount A: assumed [^{F12}earnings factor] exceeding LET

Textual Amendments

- F12** Words in Sch. 4B para. 9 cross-heading substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(7\)](#); [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)

- 9 (1) Amount A is calculated in accordance with this paragraph if [^{F13}the pensioner's assumed earnings factor for the year] exceeds the LET.
- (2) In such a case, amount A is calculated as follows—
- take the part of the [^{F14}assumed earnings factor] for the year which exceeds the LET ^{F15}...;

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- (b) multiply that amount in accordance with the last order under section 148 of the Administration Act to come into force before the end of the final relevant year;
 - (c) multiply the amount found under paragraph (b) by 10%;
 - (d) divide the amount found under paragraph (c) by 44;
 - (e) add the amount found under paragraph (d) to the flat rate amount for the year.
- (3) The flat rate amount for the year is calculated by multiplying the FRAA in accordance with the last order under section 148AA of the Administration Act to come into force before the end of the final relevant year.

Textual Amendments

- F13** Words in Sch. 4B para. 9(1) substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\)](#), **Sch. 4 para. 12(7)(a)**; [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)
- F14** Words in Sch. 4B para. 9(2)(a) substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\)](#), **Sch. 4 para. 12(7)(b)**; [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)
- F15** Words in Sch. 4B para. 9(2)(a) repealed (21.9.2008) by [National Insurance Contributions Act 2008 \(c. 16\), s. 6\(1\)](#), **Sch. 2**

Amount B

- 10 (1) Amount B is calculated as follows—
- (a) take the part of the [^{F16}pensioner's assumed earnings factor] for the year which exceeds the QEF ^{F17}...;
 - (b) multiply that amount in accordance with the last order under section 148 of the Administration Act to come into force before the end of the final relevant year;
 - (c) multiply the amount found under paragraph (b) by 20%;
 - (d) divide the amount found under paragraph (c) by the number of relevant years in the pensioner's working life.
- (2) Section 44B is to be ignored in applying section 44(6) for the purposes of this paragraph.

Textual Amendments

- F16** Words in Sch. 4B para. 10(1)(a) substituted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\)](#), **Sch. 4 para. 12(8)**; [S.I. 2011/3033, art. 2\(c\)\(xii\)](#)
- F17** Words in Sch. 4B para. 10(1)(a) repealed (21.9.2008) by [National Insurance Contributions Act 2008 \(c. 16\), s. 6\(1\)](#), **Sch. 2**

PART 4 E+W+S

OTHER CASES

- 11 The Secretary of State may make regulations containing provision for finding for a tax year the amount referred to in section 45(2)(d)—

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- (a) in cases where the circumstances relating to the pensioner change in the course of the year, and
- (b) in such other cases as the Secretary of State thinks fit.

PART 5 E+W+S

INTERPRETATION

12 In this Schedule—

F18

.....
“the contracted-out condition”, in relation to a tax week, means the condition that any earnings paid to or for the benefit of the pensioner in that week in respect of employment were in respect of employment qualifying him for a pension provided by a salary related contracted-out scheme (within the meaning of the Pension Schemes Act 1993);

“the FRAA” has the meaning given by paragraph 13;

“the LET”, in relation to a tax year, means the low earnings threshold for the year as specified in section 44A above;

“the QEF”, in relation to a tax year, means the qualifying earnings factor for the year;

[^{F19}“the pensioner's assumed earnings factor”, in relation to a year, means the earnings factor that the pensioner would have for the year if section 48A(1) of the Pension Schemes Act 1993 did not apply in relation to any tax week falling in the year;]

“relevant year” and “final relevant year” have the same meanings as in section 44 above;

F20

Textual Amendments

F18 Words in Sch. 4B para. 12 repealed (6.4.2009) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(9\)\(a\), Sch. 11 Pt. 2; S.I. 2009/82, art. 2\(2\)\(g\)](#)

F19 Words in Sch. 4B para. 12 inserted (3.1.2012) by [Pensions Act 2008 \(c. 30\), s. 149\(1\), Sch. 4 para. 12\(9\)\(b\); S.I. 2011/3033, art. 2\(c\)\(xii\)](#)

F20 Words in Sch. 4B para. 12 repealed (21.9.2008) by [National Insurance Contributions Act 2008 \(c. 16\), s. 6\(1\), Sch. 2](#)

- 13 (1) “The FRAA” means the flat rate accrual amount.
- (2) That amount is £72.80 for the flat rate introduction year and subsequent tax years (but subject to section 148AA of the Administration Act).]

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