EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make a number of amendments to the Local Government Superannuation (Scotland) Regulations 1987 (the "principal Regulations").

The Regulations make a number of minor technical amendments to the principal Regulations. However, they also make a number of more substantial amendments, the effect of which is broadly as follows:–

(1) A married female employee may, if she is entitled to reckon a period of reckonable service before 6th April 1988 elect to have additional periods of service counted as reckonable service for the purpose of calculating a widower's pension. Time limits are imposed for making an election and a limit is placed on the length of the period which may be so reckoned. Separate provision is made for those employees who have been in pensionable employment continuously since 27th July 1989 and for those who have not. (Regulations 5 and 14)

(2) In certain circumstances the retiring allowance payable to a married woman will be subject to reduction in respect of (a) service before 1st April 1972 and (b) service after 31st March 1972 but before 6th April 1988. The principal Regulations already contain similar provision for married men (regulation E3(7)). Provision is now made to enable female employees to avoid such reduction and amendment is also made to the provision in the principal Regulations which allows male employees to make payments to avoid such a -reduction (regulation C8). (Regulations 4 and 11)

(3) Amendment is made to the provisions relating to payment of benefits to children or to a widow or widower who has care of one or more children. A short-term pension under regulation E5(1) and a special short-term pension under regulation E7 will be payable for a period of 6 months, rather than 3 months, where the widow or widower, as appropriate, has care of one or more eligible children. A child's short-term pension will be payable for 6 months and will be payable at the rate of the widow's or widower's short-term pension, disregarding, if reference to a widower's short-term pension is appropriate, the provisions of regulation E6(3)(a). In certain circumstances, where it would be financially advantageous to the beneficiaries to do so, a children's long-term pension and a widow's or widower's long-term pension will be payable in preference to the short-term pensions. (Regulations 15, 16 and 18)

(4) Benefits may be payable where a transfer value has been accepted from a personal pension scheme although the employee has less than 2 years' reckonable service. (Regulations 13 and 16)

(5) There is one exception to the requirement that before benefits are payable an employee must have 2 years' reckonable service. That is in relation to entitlement to children's short-term and long-term pensions under regulation E8. For a child to be eligible there is now no requirement that his parent should have completed any particular period of service. All that is required is that the parent should be a "pensionable employee". (Regulation 16)

(6) Amendment is made to the provisions in the principal Regulations relating to payment of transfer values to and from the Fund. Payment into the Fund of a transfer value in respect of benefits under a retirement annuity contract will be accepted. It will no longer be competent for the fund authority to decline to accept a transfer value in accordance with regulation J8(6) where the transfer value is offered by the Scheme Manager of a Club Scheme. (Regulation 27)

(7) Where a widow and a widower who are both in receipt of benefits under the Scheme marry or co-habit they shall only be entitled to benefits payable to one of them while the marriage or period of cohabitation subsists. They will be entitled to choose which party's benefits will continue. The other

party's benefits will only revive on dissolution of the marriage, termination of the co-habitation or death of the party whose benefits have continued. (Regulations 13 and 29)

(8) The powers of investment under the principal Regulations are widened. Up to 25% of the value of funds may be invested in a single managed fund with an insurance company. There may also be greater concentration of investment by allowing up to 10% of the fund to be invested in a single holding and 25% of the fund to be invested in unit trusts managed by a single body. The 10% restriction does not apply where the investment is made by an independent fund manager and is made in one trust unit scheme. (Regulation 30)

Certain of the provisions in the Regulations, which are listed in regulation 1(2), have retrospective effect as authorised by section 12 of the Superannuation Act 1972. The revocation of regul ation E10 by regulation 18 of these Regulations has effect from 6th April 1988. However that retrospective revocation will not affect any benefits paid since 6th April 1988 although any benefits paid will be set off against benefits which are payable as a result of amendments to regulations E8 and E9 and the insertion of regulation E9A. (Regulation 37)

Where a person in receipt of benefit before these Regulations come into force is, as a result of the changes effected by these Regulations, placed in a worse position he may, within the time limit specified, elect that the principal Regulations shall continue to apply to him as if these Regulations had not been made. (Regulation 38)