
STATUTORY INSTRUMENTS

1995 No. 1019

The Local Government Pension Scheme Regulations 1995

PART K

INTERCHANGE ETC

Interfund adjustments on changes of local government employment

Change of local government employment and fund authority: “interfund adjustments”

K20.—(1) Subject to regulation K22, this regulation applies where—

- (a) a person who has ceased to be employed in a local government employment (“the previous employment”) subsequently becomes employed in another local government employment (“the new employment”),
- (b) the body maintaining the pension fund to which he became a contributor in the new employment (“the new fund authority”) is different from the body maintaining the pension fund to which he was a contributor immediately before he ceased to be employed in his previous employment (“the previous fund authority”),
- (c) he is a member of the Scheme in his new employment and is entitled to count in relation to that employment any period of membership which he was entitled to count in his previous employment.

(2) Where this regulation applies the previous fund authority shall, subject to the following provisions of these regulations, pay out of their pension fund to the new fund authority for the credit of their pension fund a sum (“the interfund adjustment”) of an amount calculated in accordance with regulation K21.

(3) Where the pension fund referred to in paragraph (1)(b) has been closed, references in this regulation and in regulations K21 and K22 to the body maintaining that fund shall be taken—

- (a) in the case of the previous fund authority, as references to the body which would be liable to pay the person’s pension in respect of the previous employment if it had been payable when the employment ceased; and
- (b) in the case of the new fund authority—
 - (i) if when the fund was closed the person was not employed in local government employment, as references to the body which would be liable to pay his pension in respect of the new employment if he had been payable when the employment ceased; and
 - (ii) otherwise, as references to the body maintaining the pension fund to which he became a contributor when the fund was closed.

Calculation of interfund adjustment payable under regulation K20

K21.—(1) The interfund adjustment payable under regulation K20(2) in respect of a person—

- (a) if the total period of membership he is entitled to count in his new local government employment which he was also entitled to count in his previous local government employment exceeds 182 days, is to be calculated in accordance with paragraph (2); and
 - (b) otherwise—
 - (i) if the person became employed in his new local government employment on or after 1st October 1981, is zero; and
 - (ii) in any other case, is twice the amount of the employer’s primary contributions in relation to the period of membership.
- (2) The amount of the interfund adjustment referred to in paragraph (1)(a) is the product of—
- (a) the appropriate amount for a person of his age in years when he ceased to be employed in his previous local government employment,
 - (b) the annual rate of his remuneration in that employment at that time, and
 - (c) the length of the total period of membership in complete years (ignoring any residual period of 182 days or less and taking any residual period which exceeds 182 days as a complete year),
- less the amount of any additional contributory payments remaining outstanding at that time.
- (3) The appropriate amount mentioned in paragraph (2)(a) is—
- (a) if his age was under 30, 11 pence;
 - (b) if his age was at least 30 but under 40, 12 pence;
 - (c) if his age was at least 40 but under 50, 13 pence; and
 - (d) otherwise, 14 pence.
- (4) In ascertaining for the purposes of this regulation the length of the period of membership which a person is or was entitled to count, the period of membership is to be counted at the length at which it would be counted in calculating the amount of a retirement pension under regulation D5 except that—
- (a) any period which was reckonable as reckonable service under section 17 of the Act of 1937 (which related to teachers) is to be ignored,
 - (b) it is to be assumed that he had completed the payment of any additional contributory payments, and
 - (c) if some additional contributions under regulation D10 of the 1974 regulations (or any earlier corresponding provision), regulation C6 of the 1986 regulations or regulation C9 of these regulations, have been paid, but not all those for which he was originally liable, the appropriate proportion (within the meaning of regulation C19(8)) may be counted.
- (5) Subject to paragraph (6), in ascertaining for the purposes of this regulation the annual rate of a person’s remuneration at the date on which he ceased to be employed in his previous local government employment (“the relevant date”)—
- (a) the annual rate of any fluctuating element is to be estimated by reference to an average taken over a representative period,
 - (b) the annual rate of any benefit in kind is to be its estimated annual value at the relevant date,
 - (c) suspension or reduction of his remuneration because of absence from duty is to be disregarded,
 - (d) regard is to be had to any retrospective alteration of the annual rate resulting from a pay award promulgated by a national joint council or other negotiating body on or before the relevant date,

- (e) if his remuneration is not calculated by reference to an annual rate but by reference to some other rate, the annual rate is to be derived from the applicable rate at the relevant date,
- (f) if his previous employment was part-time, the annual rate of remuneration of a single comparable whole-time employment is to be used, and
- (g) if the annual rate of his remuneration exceeds £100, it is to be rounded down to the nearest £100.

(6) If—

- (a) during the 13 years ending on the relevant date his remuneration was reduced,
- (b) his employing authority certified under paragraph 4 of Schedule DI that the reduction was material, and
- (c) his annual rate of remuneration immediately before the reduction (ascertained on similar principles to those in paragraph (5)) was greater than the annual rate of remuneration on the relevant date,

it is to be assumed for the purposes of this regulation that he was earning at the higher rate at that date.

(7) Where the person—

- (a) has made a payment to his new fund authority under regulation D1(2) of the 1974 regulations, or
- (b) has made them a payment which by virtue of regulation K28(4) of or paragraph 8 of Schedule M2 to these Regulations (modification in certain cases where person returns to local government employment) has the same effect,

the interfund adjustment payable under regulation K20 is to be reduced by an amount equal to that payment.

(8) If the period beginning with the relevant date and ending on the date of payment of the interfund adjustment is or exceeds 6 months, compound interest is payable on the amount of that adjustment (after any reduction falling to be made under paragraph (7))—

- (a) at the rate of 6 per cent. with yearly rests for each complete period of a year ending before 1st April 1977, and
- (b) at the rate of 2.25 per cent. with three-monthly rests for each complete period of 3 months beginning after 31st March 1977.

Forfeitures

K22.—(1) Regulation K20 does not apply if a direction has been made at any time under regulation H4 (forfeiture of rights) or any corresponding provision of any earlier enactment in relation to the member's membership in his previous employment.

(2) Where—

- (a) apart from paragraph (1), regulation K20 would apply, and
- (b) a right to benefit under these regulations is retained,

the previous fund authority shall pay out of their pension fund an interfund adjustment to the new fund authority for the credit of their pension fund of an amount equal to the actuarial value of the remaining benefits.

(3) In this regulation “previous fund authority”, “new fund authority” and “previous employment” have the meaning given in regulation K20.