

## SCHEDULE 2

### Scheme flexibilities

## PART 4

### Election to buy out the standard reduction

#### CHAPTER 1

##### Making a buy-out election

##### **Eligible to make buy-out election**

**29.**—(1) A member (P) who has a normal pension age over 65 may elect to pay contributions to buy out the standard reduction (“buy-out election”) for a period of up to 3 years.

(2) A buy-out election has effect from the day on which the scheme manager accepts the election.

(3) A buy-out election ceases to have effect when the earliest of the following occurs—

- (a) P reaches normal pension age;
- (b) a retirement pension other than a phased retirement pension becomes payable to P;
- (c) P revokes the election or is taken to revoke the election.

(4) A buy-out election may only be made within 6 months after P enters pensionable service under this scheme.

(5) When making a buy-out election, P must be—

- (a) in pensionable service; and
- (b) under normal pension age.

(6) P may by written notice to the scheme manager vary a buy-out election if P's normal pension age changes before a retirement pension becomes payable to P.

##### **Making a buy-out election**

**30.**—(1) A buy-out election made by a member (P) must state the number of years in respect of which the standard reduction is to be bought out.

(2) A buy-out election must be made by written notice to the scheme manager.

(3) The notice of election must specify—

- (a) if P is in more than one eligible employment, the name of the employer who is to deduct the contributions;
- (b) P's name;
- (c) P's date of birth;
- (d) P's normal pension age;
- (e) the date on which P entered pensionable service;
- (f) P's annual rate of pensionable earnings for that employment.

(4) The scheme manager may ask P to provide further information.

*Status: Point in time view as at 01/04/2014.*

*Changes to legislation: There are currently no known outstanding effects for the The Teachers' Pension Scheme Regulations 2014, PART 4. (See end of Document for details)*

### **Accepting a buy-out election**

**31.**—(1) The scheme manager may accept a buy-out election by giving written notice to the person who made the election (P).

(2) The notice must state the buy-out value.

(3) A buy-out election is accepted when P receives notice that the scheme manager has accepted the election.

### **Determination of the buy-out value**

**32.**—(1) The buy-out value is an amount determined by the scheme manager.

(2) If an additional pension election or a faster accrual election is subsequently made in respect of a person (P), the scheme manager may—

(a) re-determine the buy-out value; and

(b) send a written notice to P stating the re-determined buy-out value.

## **CHAPTER 2**

### **Payment of buy-out contributions**

#### **Determination of contributions payable**

**33.**—(1) The scheme manager must determine the amount of the monthly payments to be paid in respect of a buy-out election.

(2) The scheme manager—

(a) may determine the amount of the monthly payments by reference to the number of years stated in the buy-out election and the length of the contributions payment period; and

(b) may exercise the functions under this paragraph so as to re-determine the amount of the monthly payments during the contributions payment period.

(3) Unless the scheme manager re-determines the amount, monthly payments following a gap in service not exceeding 5 years are the same as before the gap.

#### **Payment of buy-out contributions**

**34.**—(1) A member (P) must—

(a) make the first monthly payment within 2 months after the end of the month in which a buy-out election is accepted; and

(b) continue to make the monthly payments until the end of the contributions payment period.

(2) The final monthly payment is due in the month before the buy-out election has effect.

(3) If the scheme manager re-determines the amount of the monthly payment during the contributions payment period, P must pay the re-determined amount from the beginning of the next financial year.

(4) P is taken to revoke a buy-out election if—

(a) a monthly payment is missed; and

(b) the payment is not made within 3 months after P receives a written demand from the scheme manager.

### **Monthly payments during gap in service**

**35.**—(1) A member (P) who has a gap in service during the contributions payment period may choose to resume monthly payments on re-entering pensionable service.

(2) P is taken to revoke a buy-out election if P's gap in service exceeds 5 years.

## **CHAPTER 3**

### **Revocation and refund**

#### **Revoking a buy-out election**

**36.**—(1) A member (P) may revoke a buy-out election at any time before the end of the contributions payment period.

(2) If P revokes a buy-out election or is taken to revoke a buy-out election—

- (a) P's monthly payments cease to be payable on the date of revocation; and
- (b) when a retirement pension becomes payable to P, the standard reduction applies to such proportion of the maximum three year period referred to in regulation 73 as is determined by the scheme manager.

(3) In determining the proportion, the scheme manager must take into account—

- (a) the number of monthly payments made; and
- (b) the number of years stated in the buy-out election.

(4) If P revokes the election or is taken to revoke a buy-out election, P may not make a subsequent buy-out election.

(5) A revocation must be by written notice to the scheme manager.

(6) A revocation has effect from the date it is received by the scheme manager (“date of revocation”).

#### **Member leaves all pensionable service before qualifying for retirement benefits**

**37.**—(1) This paragraph applies if a member (P) leaves all pensionable service under this scheme before P is qualified for retirement benefits in respect of that service.

(2) On an application by P for a repayment of the balance of contributions, any monthly payments made by P before the last day of pensionable service must be refunded to P.

**Status:**

Point in time view as at 01/04/2014.

**Changes to legislation:**

There are currently no known outstanding effects for the The Teachers' Pension Scheme Regulations 2014, PART 4.