

Schedules

Schedule 7

Regulation 35

Remediable Service for the Armed Forces Pension Scheme 2015

“Schedule

Regulation 2(2)

Remediable Service

Part 1

Introductory Provisions

Interpretation

1. In this Schedule—

“AFPS 1975” means the occupational pension scheme arrangements known as the Armed Forces Pension Scheme 1975 and set out in—

- (a) the Naval and Marine Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) Order 2010,
- (b) the Army Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) Warrant 2010, and
- (c) the Air Force (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) Order 2010 (“the AFPS 1975 instruments”);

“AFPS 2005” means the occupational pension scheme established by the Armed Forces Pension Scheme Order 2005;

“AFRS 2020” means the Armed Forces Redundancy Scheme 2020 established by the Armed Forces Redundancy Scheme Order 2020;

“EDP 2005” means the occupational pension scheme established by the Armed Forces Early Departure Payments Order 2005;

“EDP 2015” means the arrangements established by the Armed Forces Early Departure Payments Regulations 2014;

“FTRS 1997” means the occupational pension scheme established by the Reserve Forces (Full-Time Reserve Service Pension Scheme 1997) Regulations 2010;

“NRPS 2011” means the occupational pension scheme established by the Reserve Forces Non Regular Permanent Staff (Pension and Attributable Benefits Schemes) Regulations 2011;

“PSP Directions 2022” means the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022;

“PSPJOA 2022” means the Public Service Pensions and Judicial Offices Act 2022;

“RFPS 2005” means the occupational pension scheme established by the Reserve Forces Pension Scheme Regulations 2005;

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“armed forces pension scheme” means any Chapter 1 scheme under which service in the regular forces or the reserve forces is pensionable;

“Chapter 1 scheme” has the meaning given in section 33(1) of PSPJOA 2022;

“member” means an active, deferred, deceased or pensioner member of a pension scheme;

“relevant amount” has the meaning given in section 26(3) of PSPJOA 2022;

“remediable service”, in relation to a remedy member, means the member’s remediable service in an employment or office that is pensionable service under a Chapter 1 scheme for the armed forces and the reserve forces (whether or not by virtue of section 2(1) of PSPJOA 2022);

“remedy member” means a member with remediable service;

“section 6 election” means an election made in accordance with regulations made under section 6(1) of PSPJOA 2022 in relation to an armed forces pension scheme;

“section 10 election” means an election made in accordance with regulations made under section 10(1) of PSPJOA 2022 in relation to an armed forces pension scheme.

2.—(1) For the purposes of this Schedule, a reference in PSPJOA 2022 to section 2(1) of that Act coming into force is to be understood as a reference to that section coming into force in relation to the armed forces pension schemes.

(2) A term used in this Schedule which—

(a) is defined in, or for the purposes of, a provision in Chapter 1 of Part 1 of PSPJOA 2022, and

(b) is not defined differently in this Schedule,

has the meaning given in, or for the purposes of, that provision.

(3) A term used in this Schedule which—

(a) is defined in this scheme or an armed forces pension scheme (“the relevant schemes”), and

(b) is not defined differently—

(i) in this Schedule, or

(ii) in, or for the purposes of, a provision in Chapter 1 of Part 1 of PSPJOA 2022,

has, in relation to the relevant schemes, the meaning given in those schemes.

(4) In this Schedule, a reference to a provision of the PSP Directions 2022 is a reference to that provision as amended from time to time.

3. For the purposes of this scheme, section 14 of PSPJOA 2022 applies as if—

(a) in section 14(2) the words “immediately before the coming into force of section 2(1)” were omitted;

(b) in section 14(7)(b) the words “or section 10” were inserted after “section 6”.

Part 2

Added Pension

Chapter 1

Added Pension

Extinguishing rights to added pension

4.—(1) This paragraph applies in relation to a remediable added pension payment made by a remedy member (“M”).

(2) The scheme manager must, as soon as reasonably practicable after 1st October 2023, and having regard to the advice of the scheme actuary, determine the “compensatable amount”, being an amount by way of compensation which is equal to—

- (a) the aggregate of all of M’s remediable added pension payments, less
- (b) an amount in respect of the value of tax relief in accordance with directions 5(5) to (9) of the PSP Directions 2022.

(3) The scheme manager owes the compensatable amount to M or, where M is deceased, to M’s personal representatives.

(4) The rights to benefits under the scheme that would otherwise have been secured by the remediable added pension payment are extinguished.

(5) Where a person has received any pension benefits under this scheme by virtue of rights secured by a remediable added pension payment, that person owes to the scheme manager an amount equal to the aggregate of all such pension benefits.

(6) Where a determination is made in accordance with direction 5(8) of the PSP Directions 2022, the following apply—

- (a) direction 5(10) (provision of explanation);
- (b) directions 5(11) and (12) (appeals).

(7) In this regulation, “remediable added pension payment” means a periodical payment or lump sum payment for added pension made under an arrangement pursuant to Chapter 1 of Part 7 of this scheme (contributions to purchase added pension) which commenced during the period of M’s remediable service.

Member’s option to make additional lump sum contribution for added pension

5.—(1) This paragraph applies where a remedy member (“M”) is an active member of this scheme who, before 31st March 2025—

- (a) is entitled to receive a compensatable amount under paragraph 4, and
- (b) has exercised an option to purchase added pension under Chapter 1 of Part 7 in a relevant scheme year.

(2) M may opt to make a second lump sum contribution under regulation 92 to increase—

- (a) the benefits payable to the member under Part 5 (retirement benefits) of this scheme;
- (b) the benefits payable under Part 5 and Part 6 (death benefits).

(3) Where M exercises an option under this paragraph, the restrictions in regulations 91(9) and 92(4) are disregarded.

(4) The option under this paragraph may not be exercised after 31st March 2025.

(5) In this paragraph, a relevant scheme year is—

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- (a) the scheme year beginning with 1st April 2023;
- (b) the scheme year beginning with 1st April 2024.

Chapter 2

Secondment to NATO or the UN etc

Secondment to NATO, UN etc

- 6.—(1) This Chapter applies to a remedy member (“M”) who—
- (a) has remediable service in the AFPS 1975, the AFPS 2005 or the RFPS 2005 (whether or not by virtue of section 2(1) of PSPJOA 2022),
 - (b) has exercised an option under rule C.3 of the AFPS 1975, rule C.6 of the AFPS 2005, or rule C.9 of the RFPS 2005, and regulation 97 of this instrument, where—
 - (i) the options were exercised on or before 30th September 2023,
 - (ii) a lump sum has been paid by M in accordance with the relevant scheme rules, and
 - (iii) any contribution required by the relevant rules, calculated as at the date the option was exercised, has been paid.
- (2) The lump sum, and any contribution, referred to in paragraph (1)(b)—
- (a) is not, and is treated as never having been paid to this scheme, and
 - (b) is treated as being, and as always having been, paid to the relevant legacy scheme.
- (3) The earned pension benefits in relation to remediable service in this scheme which were preserved by the arrangement under regulation 97 are extinguished.

Part 3

Provision about divorce and dissolution arrangements

Chapter 1

Pension Credit and Debit members

Section 1

Application and Interpretation of Chapter 1

Application and Interpretation

- 7.—(1) This Chapter applies in relation to—
- (a) a pension credit member (“C”),
 - (b) the corresponding pension debit member (“D”), and
 - (c) the pension sharing order by virtue of which C became a pension credit member in relation to D’s remediable service (the “relevant pension sharing order”).
- (2) In this Chapter—
- “appropriate amount” means the amount calculated for the purposes of section 29(1) of WRPA 1999;
- “cash equivalent” means an amount calculated in accordance with regulations made under section 30 of WRPA 1999;

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“pension credit account” means a pension credit member account in this scheme or a relevant legacy pension scheme;

“pension credit member” means a member of this scheme who has rights under the scheme—

- (a) which are attributable (directly or indirectly) to a pension credit,
- (b) which arise by virtue of a pension sharing order with a transfer day on or after 1st April 2015, and
- (c) the value of which is determined (to any extent) by reference to the value of benefits payable in respect of the remediable service of another member;

“pension debit member” means a member of this scheme with remediable service (whether or not by virtue of section 2(1) of PSPJOA 2022) whose benefits, or future benefits, under the AFPS 2015 fall to be reduced under section 31 of WRPA 1999 (reduction of benefit);

“pension information” means information provided by the scheme manager under regulations 2, 3 or 4 of the Pensions on Divorce etc. (Provision of Information) Regulations 2000;

“pension sharing order” means the order or provision by virtue of which section 29 of WRPA 1999 applies in relation to a pension credit member and the corresponding pension debit member;

“relevant legacy pension scheme” means the AFPS 1975, the AFPS 2005, the RFPS 2005, the FTRS 1997 and the NRPS 2011 pension schemes;

“remediable relevant benefits” means the benefits or future benefits described in section 29(4) and (5) of WRPA 1999 to which D is entitled by virtue of remediable shareable rights;

“remediable shareable rights” means D’s shareable rights secured by virtue of D’s remediable service during the period beginning on 1st April 2015 and ending on the earlier of—

- (a) the day before the transfer day, or
- (b) the last day of D’s remediable service;

“shareable rights” has the meaning in section 27(2) of WRPA 1999;

“transfer day” means the day on which the relevant pension sharing order takes effect;

“valuation day” has the meaning given in section 29(7) of WRPA 1999.

(3) In this Chapter, where the scheme manager is required to determine an amount, this must be done—

- (a) as soon as reasonably practicable;
- (b) having regard to the advice of the scheme actuary.

(4) In this Chapter, a reference to benefits secured in “this scheme” or the “reformed scheme”, means benefits secured under the rules of this scheme, disregarding the provisions of this Schedule.

Section 2

Pension sharing orders: information provided before 1st October 2023

Application and Interpretation of Section 2

8.—(1) This Section applies where the most recent pension information in respect of a member’s remediable service was provided by the scheme manager before 1st October 2023.

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(2) In this Section—

“legacy remediable appropriate amount” means the appropriate amount in relation to D’s remediable relevant benefits determined as if those remediable relevant benefits had been secured in the relevant legacy scheme immediately before the transfer day;

“reformed remediable appropriate amount” means the appropriate amount in relation to D’s remediable relevant benefits determined as if those remediable relevant benefits had been secured in this scheme immediately before the transfer day;

“relevant request” means a request under—

- (a) paragraph 23 of Schedule 4 (Remediable Service) to the AFPS 1975 instruments;
- (b) paragraph 26 of Schedule 3 (Remediable Service) to the Armed Forces Pension Scheme Order 2005;
- (c) paragraph 23 of Schedule 3 (Remediable Service) to the Reserve Forces Pension Scheme Regulations 2005;
- (d) paragraph 24 of Schedule 3 (Remediable Service) to the Reserve Forces (Full-Time Reserve Service Pension Scheme 1997) Regulations 2010;
- (e) paragraph 24 of Schedule 4 (Remediable Service) to the Reserve Forces Non Regular Permanent Staff (Pension and Attributable Benefits Schemes) Regulations 2011.

Information before 1st October 2023: legacy scheme adjustment

9.—(1) This paragraph applies where, in relation to a relevant pension sharing order—

- (a) C has a pension credit account in this scheme and in a relevant legacy pension scheme, and
- (b) C has made a relevant request under the rules of the relevant legacy pension scheme.

(2) Where C makes a relevant request, the scheme manager must accept an amount in respect of D’s remediable relevant benefits (a “remediable credit adjustment”) from the scheme manager of the relevant legacy pension scheme and credit this to C’s pension credit account in this scheme.

(3) An adjustment under sub-paragraph (2) takes effect as if it had been made on the transfer day.

(4) The scheme manager must, as soon as reasonably practicable, send a notice in writing to C, specifying—

- (a) the amount of the remediable credit adjustment received;
- (b) details of the benefits credited to C’s pension credit account.

Information before 1st October 2023: AFPS 2015 only, transfer day before 1st October 2023

10.—(1) This paragraph applies, in relation to a relevant pension sharing order—

- (a) where the transfer day was on or before 30th September 2023,
- (b) whether or not the valuation day has occurred before 30th September 2023, and
- (c) where C does not have a pension credit account in the relevant legacy pension scheme.

(2) The scheme manager must determine—

- (a) the initial appropriate amount;
- (b) the remediable appropriate amount.

(3) The “initial appropriate amount” is the appropriate amount determined on the valuation day for the purposes of section 29(2) or (3) of WRPA 1999 in relation to D’s remediable shareable rights in this scheme immediately before the transfer day.

(4) The remediable appropriate amount is the greater of the following amounts—

- (a) the initial appropriate amount;
- (b) the legacy remediable appropriate amount.

(5) Where the remediable appropriate amount is greater than the initial appropriate amount, C’s pension credit account is subject to an adjustment (a “remediable credit adjustment”) equal to the difference.

(6) The scheme manager must, as soon as reasonably practicable, provide C with a statement setting out—

- (a) the initial appropriate amount;
- (b) the legacy remediable appropriate amount;
- (c) any remediable credit adjustment.

(7) In determining the legacy remediable appropriate amount for the purposes of subparagraph (4), the percentage value for the purposes of section 29(2) WRPA 1999 is the percentage specified in the relevant pension sharing order in relation to this scheme.

(8) Where the relevant pension sharing order specifies an amount to be transferred, the scheme manager must—

- (a) calculate the percentage (the “implied percentage”) that the amount to be transferred represented of the cash equivalent, on the valuation day, of all D’s shareable rights under this scheme immediately before the transfer day;
- (b) determine the legacy remediable appropriate amount for the purposes of section 29(3) of WRPA 1999 by applying the implied percentage to the cash equivalent of the remediable relevant benefits on the valuation day as if they had been secured in the relevant legacy scheme immediately before the transfer day.

Information provided before 1st October 2023: AFPS 2015 only, transfer day after 1st October 2023

11.—(1) This paragraph applies where, in relation to a relevant pension sharing order—

- (a) the transfer day is on or after 1st October 2023, and
- (b) C does not have a pension credit account in the relevant legacy pension scheme.

(2) The scheme manager must determine the appropriate amount under section 29(1)(b) of WRPA 1999 in relation to D’s remediable relevant benefits—

- (a) as if those remediable relevant benefits had been secured in this scheme immediately before the transfer day (“reformed remediable appropriate amount”);
- (b) as if those remediable relevant benefits had been secured in the relevant legacy pension scheme immediately before the transfer day (“legacy remediable appropriate amount”).

(3) The appropriate amount in relation to D’s remediable relevant benefits (“the remediable appropriate amount”) is the greater of the legacy remediable appropriate amount or the reformed remediable appropriate amount.

(4) The scheme manager must, as soon as reasonably practicable, provide C with a statement setting out—

- (a) the legacy remediable appropriate amount;
- (b) the reformed remediable appropriate amount.

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(5) In determining the legacy remediable appropriate amount for the purposes of sub-paragraph (4), the percentage value for the purposes of section 29(2) WRPA 1999 is the percentage specified in the relevant pension sharing order in relation to this scheme.

(6) Where the relevant pension sharing order specifies an amount to be transferred, the scheme manager must—

- (a) calculate the percentage (the “implied percentage”) that the amount to be transferred represented of the cash equivalent, on the valuation day, of all D’s shareable rights under this scheme immediately before the transfer day;
- (b) determine the legacy remediable appropriate amount for the purposes of section 29(3) of WRPA 1999 by applying the implied percentage to the cash equivalent of the remediable relevant benefits on the valuation day as if they had been secured in the relevant legacy scheme immediately before the transfer day.

Information provided before 1st October 2023: applying a remediable credit adjustment

12.—(1) This paragraph applies where C’s pension credit account is subject to a remediable credit adjustment.

(2) The scheme manager must adjust C’s pension credit account in this scheme by an amount equal to the remediable credit adjustment.

(3) An adjustment made under sub-paragraph (2) has effect as if it had been made on the transfer day.

(4) Section 14(3) to (6) of PSPJOA 2022 applies in relation to C as it applies in relation to a member described in section 14(1) as if—

- (a) a reference to D’s remediable service in an employment or office were a reference to C’s pension credit;
- (b) a reference to the effect, if any, of sections 2(1) and 6(4) were a reference to the effect, if any, of this paragraph;
- (c) the term “operative time” means the time at which the adjustment mentioned in sub-paragraph (2) is made (disregarding sub-paragraph (3)).

Part 4

Transfers

Chapter 1

General

Application and Interpretation

13.—(1) In this Part—

“receiving scheme”, in relation to a remediable value, means the scheme to which the remediable value was, or is to be, paid;

“reformed public service pension scheme” means—

- (a) a Chapter 1 scheme within the meaning of section 33 of PSPJOA 2022;
- (b) a judicial scheme within the meaning of section 70(1) of PSPJOA 2022;
- (c) a local government scheme within the meaning of section 86(1) of PSPJOA 2022;

“relevant legacy pension scheme” means, in relation to a remediable transfer value, the armed forces pension scheme under which M’s remediable service is pensionable by virtue of section 2(1) of PSPJOA 2022;

“remediable benefits” means the benefits payable to or in respect of a remedy member in relation to that member’s remediable service;

“remediable club transfer value”, in relation to a member, means the payment or acceptance by the scheme manager of a transfer value under Part 8 of the scheme in accordance with the club transfer arrangements, in so far as the transfer value relates to the member’s remediable rights;

“remediable rights”, in relation to a member, means the member’s rights to benefits under a reformed public service pension Scheme secured by virtue of the member’s remediable service;

“remediable transfer value”, in relation to a member, means the payment or acceptance by the scheme manager of a transfer value payment under Part 8 during the period 1st April 2015 to 31st March 2022, other than a remediable club transfer value;

“remediable value” means a remediable club transfer value or a remediable transfer value;

“sending scheme”, in relation to a remediable value, means the scheme which paid, or is to pay, the remediable value.

(2) Where a provision of this Part requires the scheme manager to calculate a club transfer value or a transfer value (including a remediable club transfer value or a remediable transfer value) in relation to rights secured in a pension scheme, that value is to be calculated in accordance with—

- (a) the provisions of the pension scheme which apply to the calculation of values of that type, and
- (b) the guidance and tables for the purpose of calculating such values that were, or are, in use on the date used for the original calculation.

(3) For the purposes of this Part, any rule or condition in Part 8 of the scheme or the club transfer arrangements relating to the time within which a transfer value payment must be made or accepted that would otherwise prevent any payments being made or accepted under this Part, that rule or condition is treated as complied with or met.

Chapter 2

Transfers on a cash equivalent basis

Transfers out before 1st October 2023

14.—(1) This paragraph applies in relation to a member (“M”) in respect of whom the scheme manager paid a remediable transfer value before 1st October 2023.

(2) The remediable transfer value payment—

- (a) is not, and is treated as never having been, paid by this scheme, and
- (b) is treated as being, and as always having been, paid by the relevant legacy pension scheme.

(3) The scheme manager must notify the scheme manager of the relevant legacy scheme of the remediable transfer value paid before 1st October 2023.

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Transfers in before 1st April 2022

15.—(1) This paragraph applies in relation to each remediable transfer value in respect of a remedy member (“M”) which was accepted by the scheme manager before 1st April 2022.

- (2) The remediable transfer value—
 - (a) is not, and is treated as never having been, accepted into this scheme, and
 - (b) is treated as being, and as always having been, accepted into the relevant legacy pension scheme.
- (3) M’s pension account under Part 4 of this scheme is adjusted accordingly.
- (4) The scheme manager must, as soon as reasonably practicable, provide M with a statement setting out—
 - (a) the remediable transfer value treated as having been paid to M’s relevant legacy pension scheme;
 - (b) the corresponding adjustment to M’s pension account.

Chapter 3

Transfers on a Club basis

Section 3

Club transfers before 1st October 2023

Club transfers out before 1st October 2023

16.—(1) This paragraph applies in relation to each remedy member (“M”) in respect of whom the scheme manager paid a remediable club transfer value before 1st October 2023.

- (2) The remediable club transfer value—
 - (a) is not, and is treated as never having been, paid by this scheme, and
 - (b) is treated as being, and as always having been, paid by the relevant legacy pension scheme.

Club transfers in before 1st October 2023

17.—(1) This paragraph applies in relation to each remediable club transfer value in respect of a remedy member (“M”) which was accepted by the scheme manager before 1st October 2023.

- (2) The remediable club transfer value—
 - (a) is not, and is treated as never having been, accepted into this scheme, and
 - (b) is treated as being, and as always having been, accepted into the relevant legacy pension scheme.
- (3) The rights to benefits in this scheme which would otherwise have been secured by the remediable club transfer value are extinguished.
- (4) The scheme manager must, as soon as reasonably practicable, provide M with a statement setting out—
 - (a) the remediable club transfer value payments now treated as having been made to M’s relevant legacy pension scheme;
 - (b) the corresponding adjustment to M’s pension account in this scheme.

Chapter 4

Variation of the club transfer application period

Variation of the club transfer application period

18. Regulation 107(2) of this scheme applies in relation to—

- (a) a remedy member (“M”) who was not a full protection member of a connected scheme before 1st April 2022, and
- (b) a transfer payment request for a club transfer value payment in respect of such a member,

as if for “the day on which the member becomes an active member of this scheme” there were substituted “1st October 2023”.

Part 5

Pension Accounts

Modification of Pension Accounts

19.—(1) This paragraph applies where—

- (a) a section 6 election or section 10 election is made in respect of a remedy member’s (“M”) remediable service in a connected scheme,
- (b) M has pensionable service under this scheme, and
- (c) M’s pensionable service and M’s remediable service in the connected scheme would be treated as a continuous period of pensionable service if M’s remediable service was pensionable under this scheme.

(2) In such a case, for the purpose of calculating the index adjustment, the scheme manager must treat—

- (a) the amount of accrued earned pension under regulation 25(2), and
- (b) the amount of the accrued club transfer earned pension under regulation 25(5),

as though they included any corresponding amounts payable as new scheme benefits by the connected scheme.

Part 6

Liabilities and payment

Chapter 1

General

Application of Chapters 1, 2 and 3

20. Chapters 1, 2 and 3 apply in relation to a relevant amount owed in respect of the remediable service of a remedy member.

Chapter 2

Interest and netting off

Interest

21.—(1) The scheme manager must calculate interest on a relevant amount described in direction 15 of the PSP Directions 2022 in accordance with the provisions of directions 14 and 15 which apply to that description of relevant amount.

(2) In relation to a relevant amount not described in direction 15 of the PSP Directions 2022, the scheme manager must determine whether interest is paid and, if so, what rate of interest applies and how it is calculated.

(3) The following provisions of the PSP Directions 2022 apply in relation to a determination under sub-paragraph (2) as if it were a determination under direction 16(1) of those Directions—

- (a) direction 16(2) (provision of explanation);
- (b) direction 16(3) and (4) (appeals).

Netting off

22.—(1) This paragraph applies where—

- (a) relevant amounts owed by and to a person (“P”) fall to be paid at the same time or similar times, and
- (b) the scheme manager has determined the interest (if any) that is to be paid on the relevant amounts in accordance with paragraph 21.

(2) The scheme manager may determine, in accordance with direction 19(2) to (5) of the PSP Directions 2022, that the relevant amounts (and any interest on them) must be aggregated and that the difference must be paid by P to the Scheme or (as the case may be) by the scheme to P.

(3) For the purposes of this paragraph, any amounts owed by P under the rules of a relevant injury and compensation scheme are treated as a relevant amount owed by P to this scheme, where those amounts arose by virtue of the operation of the provisions of Chapter 1 of Part 1 of PSPJOA 2022.

(4) The following provisions of the PSP Directions 2022 apply in relation to a determination under sub-paragraph (2) as if it were a determination under direction 19(1) of those Directions—

- (a) direction 19(6) (provision of explanation);
- (b) direction 19(7) and (8) (appeals).

Chapter 3

Reduction and waiver of liabilities

Power to reduce or waive amounts owed by a person to the Scheme manager

23.—(1) The scheme manager may reduce or waive an amount owed by a person to the scheme under—

- (a) section 14 of PSPJOA 2022, or
- (b) this Schedule.

(2) When reducing or waiving an amount under sub-paragraph (1), the scheme manager must comply with the requirements set out in direction 4(1)(a) to (c) of the PSP Directions 2022 (and the reference in direction 4(1)(c) to “any scheme regulations made by virtue of section 26(1)(b) of PSPJOA 2022” is to be read as a reference to paragraph 25).

Chapter 4

Payment of net liabilities

Application of Chapter 4

24. This Chapter applies in respect of a relevant amount (together with any interest on that relevant amount) owed after taking into account the effect, if any, of paragraphs 21 to 23 (a “net liability”).

Payment of amounts owed to the Scheme manager

25.—(1) This paragraph applies where a person (“P”) owes a net liability to the scheme manager.

- (2) The scheme manager must send a notice in writing to P setting out—
- (a) how the net liability has been calculated,
 - (b) an explanation of the circumstances in which the net liability may be reduced or waived under paragraph 23,
 - (c) when and how the net liability must be paid, and
 - (d) the consequences of not paying the net liability.

(3) Where—

- (a) the scheme manager has sent a notice under sub-paragraph (2), and
- (b) the amount of the net liability is subsequently adjusted,

the scheme manager must send another notice in writing to P under sub-paragraph (2).

- (4) P must pay the amount of the net liability to the scheme manager—
- (a) before the end of the period of 6 months beginning with the day after the day on which P receives the most recent notice under sub-paragraph (2), or
 - (b) in accordance with an agreement under sub-paragraph (5).
- (5) P and the scheme manager may agree that the net liability is to be paid in part or in full—
- (a) by way of instalments, or
 - (b) by way of deductions from any benefits (including a lump sum benefit) to which P is entitled under an armed forces pension scheme.
- (6) P and the scheme manager may agree to vary an agreement under sub-paragraph (5).

(7) Where P does not pay any amount that falls due by virtue of sub-paragraph (4)(a) or an agreement under sub-paragraph (5), the scheme manager may deduct such sums from benefits payable to P under an armed forces pension scheme as seem reasonable to the scheme manager for the purpose of discharging P’s liability.

Payment of amounts owed to a person

26.—(1) This paragraph applies where the scheme manager owes a net liability to a person (“P”).

- (2) The scheme manager must pay the amount of the net liability to P—
- (a) as soon as reasonably practicable after the Scheme manager determines the amount of the net liability, or
 - (b) where the scheme manager requires P to provide information in accordance with sub-paragraph (3), as soon as reasonably practicable after receipt of that information.

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(3) Before paying the amount of a net liability owed to P, the scheme manager may, by written notice given as soon as reasonably practicable after the scheme manager determines the amount of the net liability, require P to provide information in relation to the payment of the net liability which is—

- (a) information within P's possession, or
- (b) information which P may reasonably be expected to obtain.”