

SCHEDULE 2

Consequential Amendments

1. In the Personal Pension Schemes (Transfer Values) Regulations 1987⁽¹⁾,

(a) in regulation 1(2) (interpretation)—

(i) in the appropriate alphabetical place, insert—

““initial cash equivalent” means the amount calculated in accordance with regulation 3(2) to (4);”;

(ii) for the definition of “personal pension scheme”, substitute—

““personal pension scheme” has the same meaning as in section 181(1) of the Act;”;

(iii) omit the definitions of “the Board for Actuarial Standards” and “money purchase benefits”;

(b) for regulation 3 (manner of calculation and verification of cash equivalents), substitute—

“Manner of calculation and verification of cash equivalents

3.—(1) Cash equivalents are to be calculated and verified by calculating the initial cash equivalent in accordance with this regulation and then making any increases or reductions in accordance with regulation 4.

(2) The initial cash equivalent is the realisable value of any benefits to which the member is entitled.

(3) The trustees must calculate that realisable value—

(a) in accordance with the scheme rules; and

(b) in a manner which is—

(i) approved by the trustees; and

(ii) consistent with Chapter IV of Part IV of the Act.

(4) The realisable value must include any increases to the benefits resulting from a payment of interest made in accordance with the scheme rules.”;

(c) for regulation 4 (increases and reductions of cash equivalents), substitute—

“Increases and reductions of cash equivalents

4.—(1) Initial cash equivalents may, or as the case may be must, be increased or reduced in accordance with this regulation.

(2) If the whole or any part of the benefits referred to in section 94(1)(b) of the Act (right to cash equivalent)⁽²⁾ is or has been surrendered, commuted or forfeited before the trustees of the personal pension scheme do what is needed to comply with what the member requires, the initial cash equivalent must be reduced in proportion to the reduction in the total value of the benefits.

(3) If the trustees of a personal pension scheme fail without reasonable excuse to do what is needed to carry out what a member of the scheme requires within 6 months of the relevant date, that member’s initial cash equivalent must be increased by—

⁽¹⁾ S.I. 1987/1112. Relevant amending instruments are S.I.s 1994/1062 and 2007/60.

⁽²⁾ Section 94 was amended by section 154 of the Pensions Act 1995, paragraph 35 of Schedule 12 to the Welfare Reform and Pensions Act 1999 and paragraph 13 of Schedule 12 to the Pensions Act 2004.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) the interest on that initial cash equivalent, calculated on a daily basis over the period from the relevant date to the date on which the trustees carry out what the member requires, at the same rate as that payable for the time being on judgment debts by virtue of section 17 of the Judgment Act 1838 (judgment debts to carry interest)⁽³⁾; or if it is greater,
 - (b) the amount, if any, by which that initial cash equivalent falls short of what it would have been if the relevant date had been the date on which the trustees carry out what the member requires.
- (4) In a case where both paragraphs (2) and (3) fall to be applied to a calculation, paragraph (2) must be applied first.”

⁽³⁾ 1 & 2 Vic. c.110. The rate of interest was amended by [S.I. 1993/564](#).