

## SCHEDULE 2

### Consequential Amendments

5. In the Pension Sharing (Valuation) Regulations 2000<sup>(1)</sup>—
- (a) in regulation 1(2) (interpretation)—
- (i) in the appropriate alphabetical places, insert—
- ““initial cash equivalent” means the amount calculated in accordance with regulation 7(1)(a) of the Transfer Values Regulations;”;
- ““the Transfer Values Regulations” means the Occupational Pension Schemes (Transfer Values) Regulations 1996;”;
- (ii) omit the definitions of “the Board for Actuarial Standards”, “effective date” and “scheme actuary”;
- (b) for regulations 4 to 6, substitute—

#### **“Manner of calculation and verification of cash equivalents: occupational pension schemes**

4.—(1) Subject to this regulation, cash equivalents for members of occupational pension schemes are to be calculated and verified in accordance with regulations 7 to 7E of the Transfer Values Regulations.

(2) Reductions to initial cash equivalents can only be made in accordance with regulation 7D of, and paragraphs 1 to 6 and 12 to 14 of Schedule 1A to, those Regulations.

(3) The reduction referred to in paragraph 2 of Schedule 1A to the Transfer Values Regulations must not be applied to a case where liability in respect of a pension credit is to be discharged in accordance with—

- (a) paragraph 1(2) of Schedule 5 to the 1999 Act (pension credits: mode of discharge - funded pension schemes); or
- (b) paragraph 1(3) of that Schedule, in a case where regulation 7(2) of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000 (funded pension schemes)<sup>(2)</sup> applies.

(4) When calculating and verifying the cash equivalent, the Transfer Values Regulations are to be read as if—

- (a) in regulation 1(2) (interpretation), there were inserted at the appropriate alphabetical places—
- ““normal pension age” has the meaning given by section 180 of the 1993 Act (normal pension age);”;
- ““occupational pension scheme” has the meaning given by section 1 of the 1993 Act (categories of pension schemes)<sup>(3)</sup>;”;
- ““transfer day” has the meaning given by section 29(8) of the Welfare Reform and Pensions Act 1999 (creation of pension debits and credits);”;
- ““valuation day” has the meaning given by section 29(7) of the Welfare Reform and Pensions Act 1999;”;

(1) [S.I. 2000/1052](#). Relevant amending instruments are [S.I.s 2000/2691](#), [2003/1727](#), [2005/706](#) and [3377](#), [2006/34](#) and [2007/60](#).

(2) Regulation 7(2) was amended by [S.I. 2000/2691](#).

(3) The definition of “occupational pension scheme” was substituted by section 239 of the Pensions Act 2004 and amended by [S.I. 2007/3014](#).

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- (b) in regulation 7(1) (manner of calculation and verification of cash equivalents – general provisions), for “paragraphs (4) and (7)” there were substituted “paragraphs (4), (7) and (8) to (11)”;
- (c) after regulation 7(7), there were inserted—
  - “(8) Where the person with pension rights is a deferred member of an occupational pension scheme on the transfer day, the value of the benefits which he has accrued under that scheme must be taken to be—
    - (a) in the case of an occupational pension scheme other than a salary related scheme, the cash equivalent to which he acquired a right under section 94(1)(a) of the 1993 Act (right to cash equivalent) on the termination of his pensionable service, calculated and verified on the assumption that he has made an application under section 95(1) of that Act (ways of taking right to cash equivalent)(4); or
    - (b) in the case of a salary related occupational pension scheme, the guaranteed cash equivalent to which he would have acquired a right under section 94(1)(aa) of the 1993 Act if he had made an application under section 95(1) of that Act.
  - (9) Where the person with pension rights is an active member of an occupational pension scheme on the transfer day, the value of the benefits which he has accrued under that scheme must be calculated and verified on the assumption that the member had made a request for an estimate of the cash equivalent that would be available to him were his pensionable service to terminate on the transfer day.
  - (10) Where the person with pension rights is a pensioner member of an occupational pension scheme on the transfer day, the value of his pension must be calculated and verified in accordance with this regulation and regulations 7A to 7C and 7E(1) to (3) as appropriate.
  - (11) Where the person with pension rights attains, or is over, normal pension age and is not in receipt of a pension—
    - (a) the pension must be calculated and verified in accordance with this regulation and regulations 7A to 7C and 7E(1) to (3) as appropriate; and
    - (b) the trustees must assume that the member’s pension comes into payment on the transfer day.”;
- (d) in regulation 7A(2), the reference to “guarantee date” was a reference to “valuation day”; and
- (e) in paragraph 12 of Schedule 1A, the reference to “guarantee date” was a reference to “valuation day”.

**Manner of calculation and verification of cash equivalents: other relevant arrangements**

5.—(1) Subject to this regulation, cash equivalents for members of a relevant arrangement other than an occupational pension scheme are to be calculated and verified in accordance with regulations 7 to 7E of the Transfer Values Regulations.

(2) When calculating and verifying the cash equivalent, the Transfer Value Regulations are to be read as if—

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(4) Section 95(1) was amended by paragraph 3 of Schedule 6 to the Pensions Act 1995.

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- (a) in regulation 1(2)—
  - (i) for the definition of “trustees” there were substituted—

““trustees” means the person responsible for the relevant arrangement;”; and
  - (ii) there were inserted at the appropriate alphabetical places—

““personal pension scheme” has the meaning given by section 1 of the 1993 Act (categories of pension scheme);”;  
““transfer day” has the meaning given by section 29(8) of the Welfare Reform and Pensions Act 1999 (creation of pension debits and credits);”;
- (b) in regulation 7(1) (manner of calculation and verification of cash equivalents – general provisions), for “paragraphs (4) and (7)” there were substituted “paragraphs (4), (7) and (8)”; and
- (c) after regulation 7(7), there were inserted—

“(8) Where the person with pension rights is a member of a personal pension scheme, or those rights are contained in a retirement annuity contract, the value of the benefits which he has accrued under that scheme or contract on the transfer day must be taken to be the cash equivalent to which he would have acquired a right under section 94(1)(b) of the 1993 Act (right to cash equivalent), if he had made an application under section 95(1) of that Act (ways of taking right to cash equivalent) on the date on which the request for the valuation was received.”.
- (3) In relation to a personal pension scheme which is comprised in a retirement annuity contract made before 4th January 1988, this regulation applies as if such a scheme were not excluded from the scope of Chapter IV of Part IV of the 1993 Act by section 93(1) (b) of that Act (scope of Chapter IV).”;
  - (c) regulation 7 (other relevant arrangements: reduction of cash equivalents) becomes paragraph (1) of regulation 7; and
  - (d) in regulation 7, after paragraph (1) insert—

“(2) This regulation does not apply to occupational pension schemes.”.