

2002 No. 1807

PARLIAMENT

**The Parliamentary Pensions (Amendment) Regulations
2002**

Made - - - - - *15th July 2002*

Laid before Parliament *15th July 2002*

Coming into force - - *5th August 2002*

The Leader of the House of Commons in exercise of the powers conferred on him by section 2(1) and (4) of the Parliamentary and other Pensions Act 1987(a) with the consent of the Minister for the Civil Service(b) and after consultation with the Trustees of the Parliamentary Contributory Pension Fund and with such persons as appeared to him to represent persons likely to be affected by the Regulations, hereby makes the following Regulations:

Title, commencement and interpretation

1.—(1) These Regulations may be cited as the Parliamentary Pensions (Amendment) Regulations 2002 and shall come into force on 5th August 2002, but regulations 4 to 7 shall have effect from 1st April 2001.

(2) In these Regulations, the “Principal Regulations” means the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993(c).

Amendments to the Principal Regulations

Contributions

2.—(1) For paragraph (3) of regulation D1 in the Principal Regulations, there shall be substituted:—

“(3) Subject to paragraph (3A) below, for the purposes of paragraph (1) above the appropriate percentage—

- (a) in relation to a payment of salary made in respect of a period beginning on or after 1st April 1992 and ending before 15th July 2002, is 6 per cent; or
- (b) in relation to a period beginning on or after 15th July 2002,
 - (i) is 9 per cent; or
 - (ii) where a participating Member opts to contribute to the Fund at a reduced rate, is 6 per cent.”

(2) After paragraph (3) of regulation D1 there shall be inserted:

(a) 1987 c. 45.
(b) See the Transfer of Functions (Treasury and Minister for the Civil Service) Order 1995 (S.I. 1995/269), Article 3 and the Schedule.
(c) S.I. 1993/3253, amended by S.I. 1995/2867, S.I. 1996/2406, S.I. 1999/2100, S.I. 2001/835 and S.I. 2001/2649.

“(3A) Where a person who is a Member of the House of Commons on 15th July 2002 so opts, the appropriate percentage—

- (a) in relation to a payment of salary made in respect of a period beginning on or after 1st April 1992 and ending before 5th July 2001, is 6 per cent; and
- (b) in relation to a period beginning on or after 5th July 2001 is 9 per cent.

(3B) A participating Member shall make the options referred to in paragraphs (3) and (3A) above by giving notice in writing to the Trustees—

- (a) in the case of a participating Member who is a Member of the House of Commons on 15th July 2002, no later than 31st December 2002; or
- (b) in the case of a person who has been a Member of the House of Commons but who is not a Member of that House on 15th July 2002, not more than three months after the date of the General Election or by-election at which he is next re-elected to membership of the House of Commons; and
- (c) otherwise not more than three months after the date of the General Election or by-election at which he is elected for the first time to membership of the House of Commons.

(3C) Where the option referred to in paragraph (3) is exercised in accordance with sub-paragraph (a) of paragraph (3B), the effective date of the option is 15th July 2002; and there shall be repaid to the participating Member the difference between any contributions deducted from his salary at the rate of 9 per cent since the effective date and the contributions which would have been deducted from it at the rate of 6 per cent.

(3D) Where the option referred to in paragraph (3) is exercised in accordance with sub-paragraph (b) or (c) of paragraph (3B), the effective date of the option is the date of the election referred to in sub-paragraph (b) or (c); and there shall be repaid to the participating Member the difference between any contributions deducted from his salary at the rate of 9 per cent since the effective date and the contributions which would have been deducted from it at the rate of 6 per cent.

(3E) Where the option referred to in paragraph (3A) is exercised, the effective date of the option is 5th July 2001; and the participating Member shall pay to the Trustees within twenty-eight days of his exercise of the option, or within such longer period as the Trustees may in their discretion determine, the sum certified by the Trustees as being the additional amount which would have been deducted from his salary had contributions been deducted from it at the rate of 9 per cent from the effective date.”

(3) For paragraph (3) of regulation D2 in the Principal Regulations, there shall be substituted—

“(3) Subject to paragraph (3A) below, for the purposes of paragraph (1) above the appropriate percentage—

- (a) in relation to a payment of salary made in respect of a period beginning on or after 1st April 1992 and ending before 15th July 2002, is 6 per cent; or
- (b) in relation to a period beginning on or after 15th July 2002,
 - (i) is 9 per cent; or
 - (ii) where a participating office holder opts to contribute to the Fund at a reduced rate, is 6 per cent.”

(4) After paragraph (3) of regulation D2 there shall be inserted—

“(3A) Where a person who is an office holder on 15th July 2002 so opts, the appropriate percentage—

- (a) in relation to a payment of salary made in respect of a period beginning on or after 1st April 1992 and ending before 5th July 2001, is 6 per cent; and
- (b) in relation to a period beginning on or after 5th July 2001 is 9 per cent.

(3B) Subject to paragraph (3C), a participating office holder shall make the options referred to in paragraphs (3) and (3A) above by giving notice in writing to the Trustees—

- (a) in the case of a participating office holder who is an office holder on 15th July 2002, no later than 31st December 2002; or
- (b) in the case of a person who has been an office holder but who is not an office holder on 15th July 2002, not more than three months after the date on which he is next appointed as an office holder; and

- (c) otherwise not more than three months after the date on which he is appointed as an office holder for the first time.
- (3C) Where a participating office holder is also a participating Member—
- (a) if he exercises or has exercised the option referred to in regulation D1(3), he shall also exercise the option referred to in paragraph (3) above; and
 - (b) if he exercises the option referred to in regulation D1(3A), he shall also exercise the option referred to in paragraph (3A) above.

(3D) Where the option referred to in paragraph (3) is exercised in accordance with sub-paragraph (a) of paragraph (3B), the effective date of the option is 15th July 2002; and there shall be repaid to the participating office holder the difference between any contributions deducted from his salary at the rate of 9 per cent since the effective date and the contributions which would have been deducted from it at the rate of 6 per cent.

(3E) Where the option referred to in paragraph (3) is exercised in accordance with sub-paragraph (b) or (c) of paragraph (3B), the effective date of the option is the date of the election referred to in sub-paragraph (b) or (c); and there shall be repaid to the participating officer holder the difference between any contributions deducted from his salary at the rate of 9 per cent since the effective date and the contributions which would have been deducted from it at the rate of 6 per cent.

(3F) Where the option referred to in paragraph (3A) is exercised, the effective date of the option is 5th July 2001; and the participating office holder shall pay to the Trustees within twenty-eight days of his exercise of the option, or within such longer period as the Trustees may in their discretion determine, the sum certified by the Trustees as being the additional amount which would have been deducted from his salary had contributions been deducted from it at the rate of 9 per cent from the effective date.”

Accrual rate

3.—(1) For paragraph (3A) of regulation F2, there shall be substituted—

“(3A) In paragraph (1) of this regulation “the appropriate fraction” means—

- (a) in the case of a participating Member in service on or after 1st April 1995 who has not exercised an option under regulation D1(3),
 - (i) in the case of a year or part of a year ending before 15th July 2002, one-fiftieth, or,
 - (ii) in the case of a year or part of a year commencing on or after 15th July 2002, one-fortieth; or
- (b) in the case of a participating Member who has exercised an option under regulation D1(3A),
 - (i) in the case of a year or part of a year ending before 5th July 2001, one-fiftieth, and,
 - (ii) in the case of a year or part of a year commencing on or after 5th July 2001, one-fortieth; or
- (c) in the case of a participating Member who has exercised an option under regulation D1(3), one-fiftieth.”

(2) In paragraph (4) of regulation F2, there shall be substituted for the reference to “paragraph (4)” a reference to “paragraph (3)”.

(3) After paragraph (4) of regulation F2, there shall be inserted—

“(4A) For the purposes of paragraph (3A) of this regulation, in the case of a participating Member to whom sub-paragraph (a) applies,

- (a) so much of the period commencing on 1st April 2002 and ended with 14th July 2002 as fell within his aggregate period of reckonable service shall be treated as a part of a year in relation to which sub-paragraph (i) of that paragraph applies; and
- (b) so much of the period commencing on 15th July 2002 and ended with 31st March 2003 as fell within his aggregate period of reckonable service shall be treated as a part of a year in relation to which sub-paragraph (ii) of that paragraph applies.

“(4B) For the purposes of paragraph (3A) of this regulation, in the case of a participating Member to whom sub-paragraph (b) applies,

- (a) so much of the period commencing on 1st April 2001 and ended with 4th July 2001 as fell within his aggregate period of reckonable service shall be treated as a part of a year in relation to which sub-paragraph (i) of that paragraph applies; and
- (b) so much of the period commencing on 5th July 2001 and ended with 31st March 2002 as fell within his aggregate period of reckonable service shall be treated as a part of a year in relation to which sub-paragraph (ii) of that paragraph applies.”

(4) For paragraph (2)(b) of regulation F4 there shall be substituted—

“(b) an amount equal to the appropriate percentage of a Member’s ordinary salary in respect of that year, the appropriate percentage being that at which deductions were made from his salary as a participating office holder by virtue of regulation D2(3) or D2(3A) or section 3(2) of the 1972 Act”.

(5) Paragraph (3) of regulation F4 shall be amended by substituting for the word “For”, at the beginning, the words “Subject to paragraph (3A), for”.

(6) After paragraph (3) of regulation F4 there shall be inserted—

“(3A)(a) Where a person who was a participating office holder on 15th July 2002 has not made the option referred to in regulation D2(3), the calculation of his contribution credit for the year beginning 1st April 2002 shall be made by calculating separately credits for the two parts of the year from 1st April 2002 to 14th July and from 15th July 2002 to 31st March 2003 applying respectively the appropriate percentages in regulation D2(3)(a) and (b) and the appropriate fractions in regulation F4(5A)(a) and by adding the two credits together.

(b) Where a person who was a participating office holder on 15th July 2002 has made the option referred to in regulation D2(3A), the calculation of his contribution credit for the year beginning 1st April 2001 shall be made by calculating separately credits for the two parts of the year from 1st April 2001 to 4th July 2001 and from 5th July 2001 to 31st March 2002 applying respectively the appropriate percentages in regulation D2(3A)(a) and (b) and the appropriate fractions in regulation F4(5A)(b) and by adding the two credits together.”

(7) For paragraph (5A) of regulation F4, there shall be substituted—

“(5A) In paragraph (3) of this regulation “the appropriate fraction” means—

- (a) in the case of a participating office holder in service on or after 1st April 1995 who has not exercised an option under regulation D2(3),
 - (i) in the case of a year or part of a year ending before 15th July 2002, one-fiftieth, or,
 - (ii) in the case of a year or part of a year commencing on or after 15th July 2002, one-fortieth; or
- (b) in the case of a participating office holder who has exercised an option under regulation D2(3A),—
 - (i) in the case of a year or part of a year ending before 5th July 2001, one-fiftieth, and,
 - (ii) in the case of a year or part of a year commencing on or after 5th July 2001, one-fortieth; or
- (c) in the case of a participating office holder who has exercised an option under regulation D2(3), one-fiftieth.”

Abatement of Pensions

4. For paragraph (3)(b) of regulation F8 in the Principal Regulations there shall be substituted:—

“(b) the amount payable to him in right of a pension under regulation F3 for any part of that period shall not exceed the amount, if any, by which the total salary payable to him for that period falls short of the amount of a Member’s ordinary salary for that period.”

Qualifying period of reckonable service

5. In paragraph (2) of regulation H1 in the Principal Regulations there shall be inserted after “1991,” the words “or service as a member of the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, whenever rendered.”

Pensions for children

6.—(1) In paragraph (1) of regulation K3 in the Principal Regulations after “1998” there shall be inserted “and before 1st April 2001”.

(2) After paragraph (1) of regulation K3 in the Principal Regulations there shall be added:—

“(1A) Subject to the provisions of this regulation, a pension shall be payable for the benefit of any relevant child or children of a person who has died on or after 1st April 2001, if at the time of his death the conditions specified in regulation K2(1)(b) are fulfilled in his case.”

(3) In paragraph (3) of regulation K3 in the Principal Regulations for the word “left” there shall be substituted the words “died before 1st April 2001 leaving”.

(4) Schedule 5 to the Principal Regulations shall be amended as follows:—

(a) after paragraph 1 there shall be added:—

“(1A) Paragraphs 3 to 6 of this Schedule apply where the deceased died on or after 6th April 1988 and before 1st April 2001 and paragraphs 7 to 8 apply where the deceased died on or after 1st April 2001.”

(b) before paragraph 3 there shall be inserted the heading:—

“Where the deceased died on or after 6th April 1988 and before 1st April 2001”

(c) at the end of the Schedule there shall be added:—

“Where the deceased died on or after 1st April 2001

7.—(1) A child of a former husband or wife, as the case may be, of the deceased shall not be treated as a relevant child for the purposes of regulation K3 if he was born or became his or her adopted child after the termination of the marriage.

(2) Notwithstanding sub-paragraph (1) above, the Trustees may direct that the adopted child shall be treated as a relevant child if they are satisfied that the deceased and his or her husband or wife before the termination of their marriage already formed the intention of adopting the child and the child was at the time of the deceased’s death wholly dependant on the deceased.

8. Paragraph 4 above shall apply with the insertion after the word “wife” of the words “or husband.”

Increase in death in service gratuity

7. In paragraphs 5(a) and (6) of regulation L1 in the Principal Regulations for the word “three” there shall be substituted the word “four”.

15th July 2002

Robin Cook
Leader of the House of Commons

I consent on behalf of the Minister for the Civil Service

15th July 2002

Macdonald of Tradeston

EXPLANATORY NOTE

(This note is not part of the Regulations)

1. These Regulations make various amendments to the Parliamentary Pension Scheme.
2. Regulations 2 and 3 increase the accrual rate from fiftieths to fortieths and the contribution rate from 6 per cent to 9 per cent of salary. The changes have effect from 15th July 2002, but Members and office holders in service on 15th July 2002 have an option to backdate their increased contributions and accrual rate to 5th July 2001. Members and office holders are also given the option to continue to contribute at the rate of 6 per cent and to accrue their pension in fiftieths.
3. Regulation 4 amends regulation F8 in the Principal Regulations to provide an exception to the abatement requirements in respect of pension. Former Members of the House of Commons who become paid office holders in the House of Lords will not have their pension abated. However abatement will still be applicable to any part of the pension earned as a paid office holder in the House of Commons.
4. Regulation 5 amends regulation H1 in the Principal Regulations to provide that service in the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly counts towards the qualifying period for an early retirement pension, except where the service is concurrent with membership of the House of Commons.
5. Regulation 6 amends regulation K3 and Schedule 5 in the Principal Regulations so that, in the case of members dying on or after 1st April 2001, all dependant children will receive equal treatment in respect of benefits.
6. Regulation 7 amends regulation L1 in the Principal Regulations to increase the lump sum death in service payment from three times annual basic salary to four times annual basic salary.
7. Section 2(4) of the Parliamentary and other Pensions Act 1987 confers express power to make regulations retrospective in effect. Regulations 4 to 7 take effect from 1st April 2001.

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