STATUTORY INSTRUMENTS

1973 No. 1470

PENSIONS

The Occupational Pension Schemes (Recognition of Schemes) Regulations 1973

Made - - - -	20*th August* 1973
Laid before Parliament	30*th August* 1973
Coming into Operation	6*th April* 1975

The Secretary of State for Social Services, in exercise of his powers under sections 51(4)(*b*) and (*e*), 53(2)(*d*)(ii), (5), (6) and (8), 54(4) and (6), 55(3) and (8), 56(2)(*b*), (4), (6) and (7), 57(1), 59(9), 60(2)(*b*) and (3) of, and paragraphs 9 and 10(2) of Schedule 15 to, the Social Security Act 1973**(a)**, and of all other powers enabling him in that behalf, hereby makes the following regulations:—

Citation, commencement and interpretation

1.—(1) These regulations may be cited as the Occupational Pension Schemes (Recognition of Schemes) Regulations 1973 and shall come into operation on 6th April 1975.

(2) In these regulations, unless the context otherwise requires—

"the Act" means the Social Security Act 1973;

"the Board" means the Occupational Pensions Board;

"employer" shall be construed in accordance with paragraph (3) below;

"scheme" means an occupational pension scheme;

and other expressions have the same meanings as in the Act.

(3) Any person, government department, public authority or body of persons who, under Part I of the Act is, or is to be treated as, the secondary Class 1 contributor shall be treated as the employer for the purposes of these regulations.

(4) Except in so far as the context otherwise requires any reference in these regulations to any enactment or regulation shall be construed as a reference to that enactment or regulation as amended, extended or re-enacted by any other enactment or regulation.

(5) The rules for the construction of Acts of Parliament contained in the Interpretation Act 1889**(b)** shall apply for the purposes of the interpretation of these regulations as they apply for the purposes of the interpretation of an Act of Parliament.

Means of securing minimum benefits

2.—(1) Subject to the provisions of this regulation, for the purposes of section 51(4)(*e*) of the Act (means by which minimum benefits are secured),

(a) 1973 c. 38.

(b) 1889 c. 63.

minimum benefits of schemes shall be secured by irrevocable trust, policy of insurance or annuity contract being a trust, policy or contract, as the case may be, established, taken out or entered into by a person resident, or having a place of business, in the United Kingdom and which satisfies the conditions specified in paragraph (2) of this regulation.

(2) The conditions referred to in the preceding paragraph are—

(*a*) in the case of an irrevocable trust, that the trust is subject to the laws of any part of the United Kingdom;

(*b*) in the case of a policy of insurance or annuity contract, that the policy is taken out, or the contract is entered into, with either—

(i) an insurance company to which the Insurance Companies Act 1958**(a)** or the Insurance Companies Act (Northern Ireland) 1968**(b)** applies and which is authorised by or under section 61 of the Companies Act 1967**(c)** or section 4 of the Insurance Companies Act (Northern Ireland) 1968 to carry on ordinary long-term insurance business as defined in those Acts, or

(ii) a friendly society enabled under regulations made under section 71(1) of the Act to conduct such business as is described in that section.

(3) For the purposes of sections 53(5) and 56(6) of the Act, where minimum benefits of a scheme are not payable out of the resources of the scheme, such minimum benefits shall be secured by a policy of insurance or an annuity contract which satisfies the condition in paragraph (2)(*b*) above.

Exceptions from requirements to provide minimum personal pension

3. For the purposes of section 53(2)(*d*)(ii) of the Act (certain cases in which minimum personal pension must be provided on termination of service in recognised pensionable employment), the prescribed cases excepted from the operation of that sub-paragraph are cases in which the scheme provides for payments of lump sums in accordance with regulation 6(1)(*c*) or (*d*) of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1973**(d)** (alternatives to short service benefit).

Time from which minimum benefits are payable

4.—(1) For the purposes of section 53(6) of the Act, except where the earner consents in writing to a later time, the time from which minimum personal pension is to become payable shall be not later than 3 months from the termination of the relevant employment or from when the earner attains pensionable age whichever is the later, subject to the condition that, when the pension first comes into payment, it shall include a sum equal to any sum which would have been paid but for the deferment.

(2) For the purposes of section 55(8)(*a*) of the Act, a scheme must include provision to the effect that the time when minimum death benefit is to become payable shall be not later than either 3 months from notification of the earner's death to the trustees or managers of the scheme, or in cases where they have a discretion such as is described in section 55(6) of the Act and they are of the opinion that the exercise of such discretion falls to be considered, 2 years from such notification, subject to the condition that when the benefit being benefit that is in the form of a pension first comes into payment it shall include a sum equal to any sum which would have been paid but for the deferment.

(a) 1958 c. 72.
(b) 1968 c. 6 (N.I.).
(c) 1967 c. 81.
(d) S.I. 1973/1469 (1973 II, p. 4471).

Termination, suspension and forfeiture of payments of benefit

5.—(1) For the purposes of sections 53(8) and 55(8)(*b*) of the Act (termination and suspension of minimum benefits), the circumstances in which schemes may provide for minimum personal pension and minimum death benefit in pension form to be terminated or suspended are as follows:—

(*a*) in the case of minimum death benefit payable to the widow or to a woman who was living with the earner as his wife or who was dependent upon him at the time of his death, on the remarriage or as the case may be marriage of the widow or such woman;

(*b*) in the case of minimum death benefit payable to a dependant when he was under the age of 16, where he has attained that age;

(*c*) on the conviction of the pensioner—

(i) for an offence of treason, or

(ii) for one or more offences under the Official Secrets Acts 1911 to 1939 for which the pensioner has been sentenced on the same occasion to a term of imprisonment of, or to 2 or more consecutive terms amounting in the aggregate to, at least 10 years.

(2) Without prejudice to the preceding paragraph of this regulation, for the purposes of the said sections 53(8) and 55(8)(*b*), the circumstances in which schemes may provide for minimum personal pension and minimum death benefit in pension form to be suspended are as follows:—

(*a*) during periods when the pensioner is unable to act by reason of his minority or mental disorder or otherwise, in cases where there is provision in the scheme for sums equivalent to the minimum benefit to be paid or applied during such periods for the maintenance of the pensioner or, at the discretion of the trustees or managers, of the pensioner together with his dependants or of his dependants only;

(*b*) during periods of imprisonment or detention in legal custody of the pensioner, in cases where there is provision in the scheme for sums equivalent to the minimum benefit to be paid or applied during such periods for the maintenance of such one or more of the pensioner's dependants as the trustees or managers may in their discretion determine;

(*c*) in any case where minimum personal pension is payable under a scheme and the earner has attained pensionable age, during any period when the earner is re-employed by the employer who had previously employed him in recognised pensionable employment in respect of which the minimum personal pension became payable;

(*d*) in any case where minimum death benefit is payable to the widow or to a woman who was living with the earner as his wife or who was dependent upon him at his death, during any period when the widow or such woman is cohabiting with a man as his wife;

subject to the conditions that—

(i) in cases where minimum benefit would have been increased in accordance with section 57 of the Act but for the suspension, the minimum benefit is paid at the appropriate increased rate when it comes into payment at the end of the period of suspension, and

(ii) in cases to which sub-paragraph (*c*) above applies, the scheme provides for the minimum personal pension to be adjusted when it comes into payment so as to take into account any period of suspension, such provision to be made in such a way as to satisfy the Board as to its adequacy.

(3) For the purposes of section 60(3) of the Act (forfeiture of minimum benefits), the circumstances in which provisions involving the forfeiture of minimum benefits shall be admissible in relation to the minimum benefits of a recognised scheme are as follows:—

(*a*) in the case of a deferred pension or where the minimum benefit has not come into payment, where the person entitled to that benefit has been convicted of—

(i) an offence of treason, or

(ii) one or more offences under the Official Secrets Acts 1911 to 1939 and for which he has been sentenced on the same occasion to a term of imprisonment of, or to 2 or more consecutive terms amounting in the aggregate to, at least 10 years;

(*b*) in the case of minimum death benefit, where the earner had been convicted of an offence of treason, or had been convicted of the offences and had been sentenced to terms of imprisonment set out in (*a*)(ii) above; or

(*c*) in the case of any payment of minimum benefit for which a claim has not been made, where a period of at least 6 years has elapsed from the date on which that payment became due; or

(*d*) in the case of any minimum benefit payable under a scheme for members of Her Majesty's forces being a scheme for which the Secretary of State for Defence is responsible, where the person entitled to that benefit or as the case may be the member of such forces has in the opinion of the Secretary of State so responsible committed an act which is gravely prejudicial to the defence, security or other interests of the State; and where forfeiture of a minimum personal pension is permitted by this sub-paragraph, the prospective minimum death benefit may also be forfeited.

Alternative rate of minimum personal pension based on contributions paid

6.—(1) For the purposes of section 54 of the Act (rate of minimum personal pension), where the scheme complies with subsection (5) of that section as to contributions and with the conditions specified in the following paragraph of this regulation, the rate of minimum personal pension may be calculated in accordance with subsection (4)(*a*) of that section.

(2) The conditions referred to in the preceding paragraph are—

(*a*) that the annual rates of minimum personal pension payable under the scheme are not less than the rates calculated in accordance with Schedule 1 to these regulations (hereinafter in these regulations referred to as "guaranteed rates");

(*b*) that the scheme shall, in its rules, specify the manner in which the minimum personal pensions and the minimum death benefits are to be related to the contributions required in accordance with section 54(5) of the Act.

(3) The condition specified in paragraph (2)(*a*) above shall be regarded as complied with notwithstanding that the scheme fails to satisfy that condition in relation to all earners or to all classes or categories of earners to whom the scheme applies if the Board consider such failure or the extent of such failure to be reasonable.

Alternative rate of minimum personal pension based on earnings and length of service

7.—(1) For the purposes of section 54 of the Act, the rate of minimum personal pension may be calculated in accordance with subsection (4)(*b*) of that section (as modified by paragraph (4) of this regulation) and for the purposes of the said paragraph (*b*)—

(*a*) in respect of any of the schemes set out in column (1) of Schedule 2 to these regulations, the prescribed percentage shall be the appropriate percentage in relation thereto set out in column (2) or, as the case may be, column (4) of that Schedule, and

(*b*) the prescribed periods in sub-paragraphs (i) and (ii) shall be as set out in paragraphs (2) to (4) below.

(2) Subject to the following provisions of this regulation, for the purposes of sub-paragraph (i) of subsection (4)(*b*) of the said section 54, the prescribed period shall be a period of 12 months ending not earlier than 12 months before termination of recognised pensionable employment or, if the Board allow, ending not earlier than 24 months before such termination.

(3) Subject to the following provisions of this regulation, for the purposes of sub-paragraph (ii) of subsection (4)(*b*) of the said section 54, the prescribed period shall be either—

(*a*) a consecutive period not longer than 3 years ending not earlier than 12 months before termination of recognised pensionable employment or, if the Board allow, ending not earlier than 24 months before such termination; or

(*b*) a consecutive period not longer than 3 years ending not earlier than 10 years before termination of recognised pensionable employment being a period in which the average of annual reckonable earnings is not exceeded by such average in any other period of the same length ending within the said 10 years.

(4) In any case to which paragraph (2) or (3)(*a*) above applies if the Board are not satisfied that the scheme would otherwise provide a basis of calculation which was reasonable in its application to cases where the earner's earnings had diminished, the prescribed period shall be such as the Board may allow.

(5) In the application of section 54 of the Act to cases where—

(*a*) the reckonable earnings of an earner fluctuate or include a part that fluctuates, from year to year; and

(*b*) the scheme provides for the minimum personal pension to be calculated by reference to earnings of a period of less than 3 years,

subsection (4)(*b*) of the said section shall be modified to enable the earner's reckonable earnings for such period to be ascertained by averaging the fluctuating earnings or the fluctuating part of those earnings (if any) over a period of 3 years or any lesser period, being the period over which they have been received, ending with the end of such period.

(6) Where the period of an earner's service in an employment which is recognised pensionable employment is less than the period which is adopted for the purposes of paragraph (2), (3) or (4) above as the case may be, the prescribed period shall be that period of service.

(7) For the purposes of this regulation any period at the end of an earner's service in recognised pensionable employment which is less than one month may be disregarded.

Variation of rate of minimum personal pension in certain cases

8.—(1) Where the rules of the scheme require an earner who is a man and is married when he attains pensionable age to surrender part of his minimum personal pension for the purpose of providing minimum death benefit for his widow or other dependants, then in the case of a man who is married when he surrenders part of his minimum personal pension for that purpose, being a case in which the conditions specified in paragraph (2) below are satisfied—

(*a*) section 54(2)(*a*) shall be varied by substituting for the percentages specified in sub-paragraphs (i) and (ii), the following percentages, namely, 1·25 per cent and 1·55 per cent respectively, and

(*b*) if it is a case to which section 54(4)(*a*) of the Act applies, the guaranteed rate of minimum personal pension shall be calculated in accordance with column (3) or, as the case may be, column (4) of Schedule 1 to these regulations, and

(*c*) if it is a case to which section 54(4)(*b*) of the Act applies, the prescribed percentage shall be the appropriate percentage in relation thereto set out in column (3) of Schedule 2 to these regulations.

(2) The said conditions are—

(*a*) that the Board shall be satisfied that the basis for calculating the amount that the earner surrenders in order to provide minimum death benefit is reasonable;

(*b*) that, where recognised pensionable employment is terminated and the earner becomes entitled to a deferred pension, surrender as aforesaid of part of the pension may take place at or before the time the pension comes into payment, but in calculating the amount to be surrendered under the rules of the scheme the earner shall be regarded as having attained pensionable age.

(3) In a case to which paragraph (1) above applies, in calculating the annual rate of the minimum death benefit in pension form that part of the earner's minimum personal pension which has been surrendered may be disregarded.

Form of death benefit

9.—(1) In cases where—

(*a*) under the rules of the scheme an earner's entitlement to minimum personal pension is conditional upon his retirement being postponed to a date after he attains pensionable age and he dies before that date; or

(*b*) the scheme's normal pension age is later than pensionable age and the earner dies before attaining that normal pension age,

the requirements of section 55(7) of the Act in respect of the form of minimum death benefit shall be modified to enable minimum death benefit to be in the form of a lump sum; and for the purposes of this sub-paragraph "normal pension age" shall be construed in accordance with paragraph 4 of Schedule 16 to the Act.

(2) In cases where a scheme deals differently, as respects the form of the minimum death benefit, with different cases or classes of cases and where under the rules of the scheme the earner's widow or other dependant is not given the option as to the form of the benefit payable, the provisions of section 55(7) of the Act shall be modified to require the scheme to specify in its rules the manner in which the scheme deals differently as respects such benefit so as to enable the form of the benefit to be ascertained without reference to any discretion.

Alternative rate or amount of minimum death benefit

10.—(1) For the purposes of section 56 of the Act (rate or amount of minimum death benefit), where in a scheme the minimum personal pension is calculated in accordance with section 54(4)(*a*) of the Act—

(*a*) the annual rate of the minimum death benefit of that scheme shall be one half of the deceased earner's own pension, if the benefit is in the form of a pension,

(*b*) the amount of that benefit shall be either as specified in section 56(2)(*a*) of the Act or 7 per cent of the total of the deceased earner's reckonable earnings from the relevant recognised pensionable employment, if the benefit is in the form of a lump sum,

with the addition, in either case, of such sum (if any) as the scheme may provide in accordance with paragraph (2)(*a*) below.

(2) In a case to which paragraph (1) above applies a scheme may provide for—

(*a*) an addition to the rate or amount of minimum death benefit specified in paragraph (1)(*a*) or (*b*) above,

(*b*) the payment of death benefit in cases where the provision of minimum death benefit is not required under section 55(1) and (2) of the Act,

provided that the amount of the contributions which are applied for the purposes of providing minimum death benefits in accordance with sub-paragraphs (*a*) and (*b*) of that paragraph (but apart from this paragraph) and minimum personal pensions in accordance with regulation 6 above is not thereby reduced to less than 4·25 per cent of the earners' reckonable earnings.

(3) For the purposes of the said section 56, where in a scheme the minimum personal pension is calculated in accordance with section 54(4)(*b*) of the Act, the rate or amount of minimum death benefit shall be not less than the rate or amount specified in section 56(2) of the Act.

(4) For the purposes of this regulation, "deceased earner's own pension" shall be construed in accordance with section 56(5) of the Act.

Prescribed periods for calculating amounts of minimum death benefit

11.—(1) For the purposes of section 56(2)(*b*)(i) of the Act, subject to paragraphs (3) and (4) below, the prescribed period in relation to the deceased earner's annual rate of reckonable earnings shall be a period of 12 months ending not earlier than 12 months before termination of recognised pensionable employment, or, if the Board allow, not earlier than 24 months before such termination.

(2) For the purposes of section 56(2)(*b*)(ii) of the Act, subject to paragraphs (3) and (4) below, the prescribed period in relation to the deceased earner's average annual reckonable earnings shall be a consecutive period not longer than 3 years ending not earlier than 12 months before termination of recognised pensionable employment or, if the Board allow, not earlier than 24 months before such termination.

(3) In any case to which paragraph (1) or (2) above applies, if the Board are not satisfied that the scheme would otherwise provide a basis of calculation which was reasonable in its application to cases where the earner's earnings had diminished, the prescribed period shall be such as the Board may allow.

(4) Where the earner's service in an employment which is recognised pensionable employment is less than the period which is adopted for the purposes

of paragraph (1), (2) or (3) above as the case may be, the prescribed period shall be that period of service.

Exclusion of small amounts of death benefit

12. For the purposes of section 56(7)(*a*) of the Act, a scheme may provide for excluding minimum death benefit where the amount of benefit payable by way of a lump sum is less than £5, or where the rate of pension is such as would on commutation of the pension in accordance with the provisions of regulation 20 below provide for the payment of a lump sum that is less than £5.

Reduction in rate of death benefit

13. For the purposes of subsection (7)(*b*) of section 56 of the Act, a scheme may provide for less than the rate specified in subsection (2) of that section or prescribed under subsection (4) of that section, in the following cases where the minimum death benefit is in the form of a pension:—

(*a*) if the benefit is payable to the deceased earner's widow, where the widow was more than 10 years younger than the deceased earner was, or

(*b*) if the benefit is payable to a dependant of the deceased earner (other than such dependant who is under the age of 16 and whose benefit will be terminated as permitted by regulation 5(1)(*b*) above), where the dependant was more than 10 years younger than the earner was,

and the Board are satisfied that the reduction in such rate is reasonable.

Minimum death benefit in the form of partly a pension and partly a lump sum

14.—(1) In the application of sections 55 and 56 of the Act to cases where—

(*a*) under the provisions of section 55(7) as modified by regulation 9 above minimum death benefit may be paid in the form of a lump sum; and

(*b*) the scheme provides for death benefit payable partly in the form of a pension and partly in the form of a lump sum; and

(*c*) neither the annual rate of such pension nor the amount of such lump sum satisfies the requirements of section 56(2) of the Act,

the said sections 55 and 56 shall be modified in accordance with the following paragraphs of this regulation.

(2) Minimum death benefit may be in the form partly of a pension and partly of a lump sum, if the aggregate of the value of the pension (calculated in the manner set out in paragraph (4) below) and the amount of the lump sum is not less than an amount calculated in accordance with section 56(2)(*b*) of the Act.

(3) The rate or amount of benefit payable on death under a scheme shall be regarded as satisfying the requirements of section 56(2) of the Act if the rate and amount of such benefit comply with the provisions of the preceding paragraph of this regulation.

(4) For the purposes of paragraph (2) above, the value of the pension shall be calculated by multiplying the annual rate of the pension by 14, if the pension is subject to increases complying with section 57 of the Act or by 11, if the pension is not so subject to increases.

Limitation on the application of sections 55 and 56 of the Act

15. Sections 55 and 56 of the Act (minimum death benefit) shall not apply to cases where—

(*a*) the marriage of the earner takes place after termination of his service in recognised pensionable employment by reference to the scheme; and

(*b*) the earner's death occurs within 6 months of the marriage; and

(*c*) the scheme provides for the payment of benefit on death which is at least equivalent to the minimum death benefit which but for this regulation would have been payable (where either there is title to the payment or it may be paid or withheld at the discretion of the trustees or managers).

Withholding of pension increases

16. For the purposes of section 57(1) of the Act (increase of pension after it comes into payment), the prescribed amount for an increase that can be withheld shall be an amount that is equivalent to less than 2 per cent of the rate of minimum pension in a case to which sub-paragraph (i) of section 57(1)(*b*) applies or to an annual rate of £2·50 in a case to which sub-paragraph (ii) of that section applies.

Modification of section 57 of the Act

17. In cases of schemes in which the minimum personal pension is varied under section 54(6)(*a*) of the Act, the provisions of section 57 of the Act (increase of pension after it comes into payment) shall be modified so as to require an increase only in that part of the pension that is equivalent to the earner's minimum personal pension less the part he is required to surrender under the rules of the scheme in order to provide minimum death benefit.

Payment out of surrender values of policies of insurance

18. For the purposes of section 59(9) of the Act, the circumstances in which a provision which permits the payment out of any sum representing the surrender value of a policy of insurance taken out for the purposes of a scheme shall be admissible in relation to the minimum benefits of a recognised scheme are where such sums are applied—

(*a*) to secure the minimum benefits in accordance with regulation 2(3) above, or

(*b*) for the purposes of allowing an earner recognition credits under the rules of another scheme in accordance with section 58 of the Act, or

(*c*) for the purposes of the payment of a reserve scheme premium.

Surrender of deferred pension on re-employment by the same employer

19. In the application of section 60 of the Act (commutation, surrender or forfeiture of minimum benefit) to cases where earners are entitled to a deferred pension under a recognised scheme and such earners are subsequently re-employed by the same employer in employments to which that scheme applies, subsection (2) of the said section shall be modified to enable a scheme to qualify for recognition notwithstanding that the scheme contains provisions enabling an earner who is entitled to a deferred pension under a recognised scheme and who is re-employed by the same employer in an employment to which that scheme applies, to surrender (at his option) the deferred pension and prospective death benefit in exchange for further benefits under that scheme relating to that earlier period of employment being benefits that satisfy the requirements of Part II of the Act as if such benefits were recognition credits.

Commutation of pension

20.—(1) For the purposes of section 60(2)(*b*) of the Act (admissible provisions of a scheme relating to commutation), the prescribed circumstances shall be—

(*a*) that the Board are satisfied that the scheme provides a reasonable basis for ascertaining the sum to be paid on commutation;

(*b*) in the case of minimum personal pension, that—

(i) either the scheme is being wound up or the pension has become payable, and

(ii) the aggregate of that pension and all other benefits currently or prospectively payable to the earner under all schemes relating to employment with the same employer as the employment in respect of which the pension is payable, does not exceed £52 per annum;

(*c*) in the case of minimum death benefit, that—

(i) either the benefit has become payable in the form of a pension or the benefit payable to the earner is being commuted, and

(ii) the aggregate of that pension and all other benefits currently or prospectively payable to the widow or dependant as the case may be under all schemes relating to employment with the same employer as the employment in respect of which the pension is payable, does not exceed £52 per annum.

(2) For the purposes of paragraph (1)(*b*)(ii) and (*c*)(ii) above, any benefit in lump sum form shall be treated as the annual amount of benefit in pension form which, in the opinion of the trustees or managers of the scheme, is its equivalent.

Service that does not qualify for minimum benefits

21.—(1) Subject to the other provisions of this regulation, in cases in which—

(*a*) any description of benefit under a scheme is subject to a limit (however imposed) operating so as to prevent service beyond a particular length from qualifying for further benefits; or

(*b*) earners qualify for the benefits of a scheme by reference not only to service in recognised pensionable employment but also to service in the same or another employment (whether or not recognised pensionable employment) before the scheme was recognised in relation to them or their employment,

the Board may determine that the employment of an earner in employed earner's employment is to be treated as recognised pensionable employment in relation to him notwithstanding that his service in the employment did not, does not or will not (on the assumption that it continues for the appropriate period) qualify him for minimum benefits.

(2) The Board may not make a determination under this regulation unless they are satisfied that the total benefits payable under the scheme on termination of the employment to which the scheme applies include or comprise benefits which are in all respects (as to rate or amount and otherwise) the same as the minimum benefits to which the earner would be entitled having regard to the aggregate of the periods of service in that employment during which the earner was in recognised pensionable employment and any periods of service in that employment which would be recognised pensionable employment by virtue of that determination.

(3) For the purposes of paragraph (2) above "total benefits" shall not include equivalent pension benefits to which section 57 of the National Insurance Act 1965(a) refers.

(4) In the application of section 54 of the Act to cases described in paragraph (1)(*a*) above where the Board have determined that the employment is to be treated as recognised pensionable employment under this regulation, subsection (4) of that section shall be modified so as to operate irrespective of whether or not subsection (5) of that section is satisfied.

Adjustment of computation

22.—(1) Where, for the purposes of calculating the minimum benefits payable under a scheme, it is necessary to ascertain the amount of a year's reckonable earnings of an earner, any part of a pound in the total of that year's reckonable earnings may be disregarded.

(2) In ascertaining an earner's average annual reckonable earnings for the purposes of sections 54(4)(*b*)(ii) and 56(2)(*b*)(ii) of the Act, where the earnings, or the fluctuating part of such earnings, are ascertained by averaging such earnings, or such part of such earnings, over a period of more than one year, any part of a pound in the amount of such average of reckonable earnings may be disregarded.

(3) Where, for the purposes of ascertaining the minimum benefits payable under a scheme, it is necessary to ascertain the earner's reckonable earnings, such earnings may be calculated by reference to the amount of basic scheme Class 1 contributions paid or payable by and in respect of the earner, notwithstanding that such amount calculated in this manner may not correspond to the amount of the earner's actual reckonable earnings.

Modification of sections 54(6)(*a*), 55(6) *and* 56(7)(*b*) *of the Act*

23. In the application of sections 54(6)(*a*), 55(6) and 56(7)(*b*) of the Act to cases where at the time of the death of the earner, the earner and his wife had ceased to live together as husband and wife and she was not dependent on him, the said sections shall be modified so that references therein to any dependant of the deceased earner shall include any natural person whether or not such person was dependent on the earner; and in relation to such cases any reference in these regulations to a dependant of the deceased earner shall be construed accordingly.

Keith Joseph,
Secretary of State for Social Services.

20th August 1973.

(a) 1965 c. 51.

Regulation 6(2)(*a*)

SCHEDULE 1

CALCULATION OF GUARANTEED RATES

1. The guaranteed rates shall be the aggregate of the sums produced by the following calculation, that is to say, in relation to an income tax year in which the earner was of the age specified in column (1) of the Table below, take for every £100 of the earner's reckonable earnings for that income tax year, the amount specified, in relation thereto, in—

(*a*) column (2) or, as the case may be, column (5) for the purposes of schemes which provide for pension-increases, or

(*b*) column (3) or, as the case may be, column (6), for the purposes of schemes which do not provide for pension-increases, or

(*c*) column (3), for the purposes of schemes in which the minimum personal pension is varied under section 54(6)(*a*) and which provide for pension-increases, or

(*d*) column (4), for the purposes of schemes in which the minimum personal pension is varied as aforesaid but which do not provide for pension-increases.

2. For the purposes of this Schedule, an earner shall be treated as having been, in any year, of the age which he had attained on the last day of the relevant income tax year, and "pension-increases" means increases of minimum personal pension complying with section 57 of the Act.

TABLE

Age at end of income tax year	*Guaranteed rates (amount per year for every £100 of reckonable earnings in that income tax year)*				
	Men			*Women*	
	£	£	£	£	£
(1)	(2)	(3)	(4)	(5)	(6)
22	1·81	2·26	2·80	1·21	1·56
23	1·74	2·18	2·70	1·17	1·50
24	1·68	2·10	2·60	1·13	1·45
25	1·61	2·02	2·50	1·09	1·40
26	1·55	1·94	2·40	1·05	1·34
27	1·49	1·87	2·31	1·01	1·29
28	1·44	1·80	2·23	·97	1·25
29	1·38	1·73	2·14	·93	1·20
30	1·33	1·66	2·06	·90	1·16
31	1·28	1·60	1·99	·87	1·11
32	1·24	1·54	1·92	·83	1·07
33	1·19	1·49	1·84	·80	1·03
34	1·15	1·43	1·78	·77	·99
35	1·10	1·38	1·71	·74	·96
36	1·06	1·33	1·65	·72	·92
37	1·02	1·28	1·59	·69	·89
38	·99	1·23	1·53	·67	·86
39	·95	1·19	1·47	·64	·82
40	·91	1·14	1·42	·62	·79
41	·88	1·10	1·37	·59	·76
42	·85	1·06	1·31	·57	·74
43	·82	1·02	1·26	·55	·71
44	·79	·98	1·22	·53	·68

Age at end of income tax year	*Guaranteed rates (amount per year for every £100 of reckonable earnings in that income tax year)*				
	Men			*Women*	
	£	£	£	£	£
(1)	(2)	(3)	(4)	(5)	(6)
45	·76	·95	1·17	·51	·65
46	·73	·91	1·13	·49	·63
47	·70	·88	1·09	·47	·61
48	·68	·85	1·05	·45	·58
49	·65	·81	1·01	·43	·56
50	·63	·79	·97	·42	·54
51	·61	·76	·94	·40	·52
52	·58	·73	·91	·39	·50
53	·56	·70	·87	·37	·48
54	·54	·68	·84	·36	·46
55	·52	·65	·81	·34	·44
56	·50	·63	·78	·33	·42
57	·48	·60	·74	·31	·40
58	·46	·58	·71	·30	·38
59	·44	·55	·69	·29	·37
60	·42	·53	·66		
61	·40	·51	·63		
62	·39	·49	·60		
63	·37	·46	·57		
64	·35	·44	·54		

SCHEDULE 2 Regulations 7(1)(*a*) and 8(1)(*b*)

PRESCRIBED PERCENTAGES FOR THE PURPOSES OF SECTION 54(4)(*b*) OF THE ACT

Description of Schemes	Prescribed percentages		
	For a man		For a woman
(1)	(2)	(3)	(4)
1. Where the scheme provides for pension-increases—			
(*a*) in respect of each year during the period up to the first 5 years of the earner's service in recognised pensionable employment	1·00	1·25	0·70
(*b*) in respect of each subsequent year	0·60	0·75	0·42
2. Where the scheme provides for pension-increases and for deferred pension-increases	0·60	0·75	0·42
3. Where the scheme does not provide for pension-increases—			
(*a*) in respect of each year during the first 5 years as aforesaid	1·25	1·55	0·90
(*b*) in respect of each subsequent year	0·75	0·95	0·54
4. Where the scheme does not provide for pension-increases but provides for deferred pension-increases	0·75	0·95	0·54

For the purposes of this Schedule "pension-increases" means increases of a minimum personal pension complying with section 57 of the Act and "deferred pension-increases" means increases of a minimum personal pension in the form of a deferred pension during the period from the termination of recognised pensionable employment until the earner attains pensionable age, being increases complying with the said section 57.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations contain provisions relating to the recognition of occupational pension schemes, in relation to an earner's employment, under Part II of the Social Security Act 1973.

The principal matters dealt with are the means of securing minimum benefits in a scheme (Regulation 2), the time from which benefits are to come into payment (Regulation 4), the circumstances in which the termination, suspension and forfeiture of minimum benefits are permitted (Regulation 5), alternative methods of calculating minimum benefits (Regulations 6 to 8 and Schedules 1 and 2), death benefits (Regulations 9 to 15), commutation of minimum pensions (Regulation 20), and special provision for treating employment as recognised pensionable employment at a time when the earner is not qualifying for minimum benefits (Regulation 21).

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