STATUTORY INSTRUMENTS

1987 No. 658

PENSIONS

The State Scheme Premiums (Actuarial Tables – Transitional Provisions) Regulations 1987

Made - - - -	*3rd April 1987*
Coming into force	*4th January 1988*

Whereas a draft of the following Regulations was laid before Parliament and approved by a resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Services, in exercise of the powers conferred upon him by sections 5(15), 16(1) and 84(1) of the Social Security Act 1986(a), and all other powers enabling him in that behalf, and after consultation with the Government Actuary as required by section 16(1) of the Social Security Act 1986, hereby makes the following Regulations:–

Citation, duration and interpretation

1.—(1) These Regulations may be cited as the State Scheme Premiums (Actuarial Tables – Transitional Provisions) Regulations 1987, and shall come into force on 4th January 1988.

(2) Unless previously revoked, these Regulations shall cease to have effect on 6th April 1988.

(3) In these Regulations, unless the context otherwise requires –

"the 1975 Act" means the Social Security Pensions Act 1975(b);

"the 1986 Act" means the Social Security Act 1986;

"accrued rights factor" means an amount arrived at by multiplying by 52 the weekly amount of the guaranteed minimum pension to which the person in respect of whom the premium falls to be paid is treated as entitled under any one or more of section 29(2) of the 1975 Act, section 29(2A) of the 1975 Act(c) and section 4 of the 1986 Act and which derives from the minimum contributions, minimum payments or transfer payments from which the rights whose cash equivalent is included in the premium derive, or, in a case where none of those provisions of the 1975 Act and the 1986 Act yet falls to be applied to him, that part of that guaranteed minimum pension which has so far accrued;

"average market level indicator" has the meaning given in regulation 4 of these regulations;

"the Board" means the Occupational Pensions Board;

"event giving rise to the liability for the premium" means one of the following events, namely –

(a) 1986 c.50. *See* definitions of "prescribed" and "regulations" in section 84(1). (b) 1975 c.60. (c) Subsection (2A) was inserted into section 29 by the Social Security Act 1986 (c.50), section 6 and Schedule 2, paragraph 3.

(a) the ceasing of the scheme to be an appropriate scheme; or

(b) the Board's withdrawal of their approval, given under section 5(1) of the 1986 Act, of arrangements made or to be made in relation to the scheme for the preservation or transfer of the protected rights of the person in respect of whom the premium falls to be paid,

if it occurs in such circumstances that immediately thereafter the scheme is not an appropriate scheme, and that person's protected rights under the scheme are not subject to approved arrangements under section 5(1) of the 1986 Act;

"gross dividend yield" means the gross dividend yield applicable to the All-Share Index compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries;

"15-year gross redemption yield" means the gross redemption yield applicable to 15-year British Government Stocks with high coupons compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries;

"25-year gross redemption yield" means the gross redemption yield applicable to 25-year British Government Stocks with high coupons compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries;

"15-year index number" means the number shown in the appropriate column in the table in Schedule 4 opposite the range of yields which includes the 15-year gross redemption yield;

"25-year index number" means the number shown in the appropriate column in the table in Schedule 5 opposite the range of yields which includes the 25-year gross redemption yield;

"market level indicator" means –

(a) where the person in respect of whom the premium falls to be paid is the earner to whose protected rights the premium relates and he has not attained pensionable age, the sum of –

(i) 260 divided by x, where x per cent. is the gross dividend yield, and

(ii) the 25-year index number; and

(b) where the person in respect of whom the premium falls to be paid has become entitled to receive a pension giving effect to the protected rights to which the premium relates, the 15-year index number;

"scheme" means personal pension scheme;

and other expressions have the same meaning as in the 1975 Act, or, if they have no meaning in that Act, the same meaning as in the 1986 Act.

Prescribed classes of investments

2. For the purposes of section 16(3) of the 1986 Act, the prescribed classes of investments are those fixed-interest stocks by reference to which the 15-year gross redemption yield and the 25-year gross redemption yield are calculated, and those equities by reference to which the gross dividend yield is calculated.

Personal pension protected rights premiums

3. For the purpose of calculating the cost of providing a guaranteed minimum pension such as is mentioned in section 5(9) of the 1986 Act in relation to a personal pension protected rights premium, the Secretary of State shall apply –

(a) in a case where the person in respect of whom the premium falls to be paid is the earner to whose protected rights the premium relates and he has not attained pensionable age, the actuarial table in Schedule 1;

(b) in a case where the person in respect of whom the premium falls to be paid is entitled to receive a pension giving effect to his own protected rights, the actuarial table in Schedule 2; and

(c) in a case where the person in respect of whom the premium falls to be paid is a woman who is entitled to receive a pension giving effect to her late husband's protected rights, the actuarial table in Schedule 3.

Calculation of average market level indicator

4.—(1) The average market level indicator shall be calculated in accordance with the following provisions of this regulation.

(2) Subject to paragraphs (3) to (5) of this regulation the average market level indicator shall be the average of the market level indicators derived from the 15-year index numbers or (as the case may be) the 25-year index numbers and the gross dividend yields, appropriate to the first 5 days on which the London Stock Exchange was open in the month in which the event giving rise to the liability for the premium occurred.

(3) Where the average market level indicator is 70 or less it shall be adjusted by multiplying it by 1.25.

(4) Where the average market level indicator is more than 70 but not more than 104.5 it shall be adjusted by halving it and adding 52.5.

(5) Where the average market level indicator (calculated in accordance with the preceding provisions of this regulation) is not a whole number, it shall be rounded to the nearest whole number, or the nearest lower whole number where the decimal part of that indicator is 0.5.

References to age in the Schedules

5. In Schedules 1, 2 and 3, the relevant guaranteed minimum pension is that shown in the appropriate column opposite the age of the person in respect of whom it is payable; and "age" means the age attained by that person in the tax year in which the event giving rise to the liability for the premium occurred.

Signed by authority of the Secretary of State for Social Services

John Major
Minister of State,
Department of Health and for Social Services.

3rd April 1987

SCHEDULE 1

Regulation 3(a)

Amount which, when multiplied by the average market level indicator, gives the amount of guaranteed minimum pension for £100 of accrued rights factor.

Age	*Males*	*Females*	*Age*	*Males*	*Females*
	£	£		£	£
16	5.56	6.79	40	6.12	7.52
17	5.58	6.82	41	6.15	7.55
18	5.60	6.85	42	6.18	7.59
19	5.63	6.88	43	6.20	7.63
			44	6.23	7.67
20	5.65	6.91	45	6.27	7.71
21	5.67	6.94	46	6.30	7.75
22	5.69	6.97	47	6.33	7.80
23	5.71	7.00	48	6.36	7.84
24	5.73	7.02	49	6.40	7.89
25	5.76	7.05	50	6.45	7.95
26	5.78	7.08	51	6.49	8.01
27	5.80	7.11	52	6.53	8.06
28	5.82	7.13	53	6.58	8.12
29	5.85	7.16	54	6.63	8.19
30	5.88	7.19	55	6.68	8.26
31	5.90	7.22	56	6.74	8.33
32	5.93	7.25	57	6.80	8.41
33	5.95	7.28	58	6.87	8.50
34	5.97	7.31	59	6.95	8.59
35	6.00	7.34	60	7.03	9.41
36	6.02	7.37	61	7.12	–
37	6.05	7.41	62	7.22	–
38	6.07	7.45	63	7.34	–
39	6.10	7.48	64	7.47	–
			65	8.26	–

SCHEDULE 2

Regulation 3(b)

Amount which, when multiplied by the average market level indicator, gives the amount of guaranteed minimum pension for £100 of accrued rights factor.

Males		*Females*	
Age	*Amount*	*Age*	*Amount*
	£		£
65	8.26	60	9.41
66	8.09	61	9.28
67	7.90	62	9.13
68	7.70	63	8.98
69	7.50	64	8.81
70	7.30	65	8.64
71	7.10	66	8.47
72	6.89	67	8.28
73	6.66	68	8.09
74	6.44	69	7.88

SCHEDULE 3

Regulation 3(c)

Amount which, when multiplied by the average market level indicator, gives the amount of guaranteed minimum pension for £100 of accrued rights factor.

Age	*Amount*	*Age*	*Amount*
	£		£
25 and below	4.78	60	9.01
26	5.05	61	8.89
27	5.35	62	8.76
28	5.66	63	8.62
29	5.99	64	8.46
30	6.31	65	8.30
31	6.61	66	8.13
32	6.91	67	7.96
33	7.19	68	7.77
34	7.45	69	7.58
35	7.70	70	7.38
36	7.91	71	7.17
37	8.09	72	6.96
38	8.26	73	6.73
39	8.41	74	6.51
40	8.55	75	6.27
41	8.67	76	6.02
42	8.79	77	5.77
43	8.89	78	5.52
44	8.98	79	5.26
45	9.06	80	5.01
46	9.15	81	4.77
47	9.22	82	4.53
48	9.29	83	4.30
49	9.35	84	4.07
50	9.39	85	3.84
51	9.42	86	3.61
52	9.43	87	3.38
53	9.43	88	3.16
54	9.42	89	2.95
55	9.39	90	2.75
56	9.34	91	2.58
57	9.28	92	2.43
58	9.20	93	2.28
59	9.11	94	2.14
		95 and over	2.00

SCHEDULE 4

Regulation 1(3)

Table for deriving 15-year index number from 15-year gross redemption yield.

Yield per cent.	*Index number*	*Yield per cent.*	*Index number*	*Yield per cent.*	*Index number*
3.00 and below	164	6.47— 6.56	120	12.57—12.76	76
3.01—3.07	163	6.57— 6.66	119	12.77—12.96	75
3.08—3.13	162	6.67— 6.77	118	12.97—13.17	74
3.14—3.20	161	6.78— 6.87	117	13.18—13.38	73
3.21—3.27	160	6.88— 6.98	116	13.39—13.59	72
3.28—3.33	159	6.99— 7.08	115	13.60—13.82	71
3.34—3.40	158	7.09— 7.19	114	13.83—14.04	70
3.41—3.47	157	7.20— 7.30	113	14.05—14.28	69
3.48—3.54	156	7.31— 7.41	112	14.29—14.51	68
3.55—3.61	155	7.42— 7.52	111	14.52—14.76	67
3.62—3.68	154	7.53— 7.64	110	14.77—15.01	66
3.69—3.76	153	7.65— 7.75	109	15.02—15.26	65
3.77—3.83	152	7.76— 7.87	108	15.27—15.52	64
3.84—3.90	151	7.88— 7.99	107	15.53—15.79	63
3.91—3.97	150	8.00— 8.11	106	15.80—16.07	62
3.98—4.05	149	8.12— 8.23	105	16.08—16.36	61
4.06—4.12	148	8.24— 8.35	104	16.37—16.65	60
4.13—4.20	147	8.36— 8.48	103	16.66—16.95	59
4.21—4.28	146	8.49— 8.61	102	16.96—17.26	58
4.29—4.35	145	8.62— 8.74	101	17.27—17.58	57
4.36—4.43	144	8.75— 8.87	100	17.59—17.91	56
4.44—4.51	143	8.88— 9.00	99	17.92—18.24	55
4.52—4.59	142	9.01— 9.13	98	18.25—18.59	54
4.60—4.67	141	9.14— 9.27	97	18.60—18.96	53
4.68—4.75	140	9.28— 9.41	96	18.97—19.33	52
4.76—4.83	139	9.42— 9.55	95	19.34—19.72	51
4.84—4.92	138	9.56— 9.69	94	19.73—20.12	50
4.93—5.00	137	9.70— 9.84	93	20.13—20.53	49
5.01—5.08	136	9.85— 9.99	92	20.54—20.96	48
5.09—5.17	135	10.00—10.14	91	20.97—21.41	47
5.18—5.25	134	10.15—10.29	90	21.42—21.87	46
5.26—5.34	133	10.30—10.45	89	21.88—22.36	45
5.35—5.43	132	10.46—10.61	88	22.37—22.86	44
5.44—5.52	131	10.62—10.77	87	22.87—23.39	43
5.53—5.61	130	10.78—10.93	86	23.40—23.94	42
5.62—5.70	129	10.94—11.10	85	23.95—24.51	41
5.71—5.79	128	11.11—11.27	84	24.52—25.11	40
5.80—5.88	127	11.28—11.44	83	25.12—25.74	39
5.89—5.98	126	11.45—11.62	82	25.75—26.40	38
5.99—6.07	125	11.63—11.80	81	26.41—27.10	37
6.08—6.17	124	11.81—11.98	80	27.11—27.83	36
6.18—6.26	123	11.99—12.17	79	27.84—28.61	35
6.27—6.36	122	12.18—12.36	78	28.62—29.43	34
6.37—6.46	121	12.37—12.56	77	29.44—29.99	33
				30.00 and above	32

SCHEDULE 5

Regulation 1(3)

Table for deriving 25-year index number from 25-year gross redemption yield.

Yield per cent.	*Index Number*	*Yield per cent.*	*Index Number*
		7.52— 7.64	39.5
2.99 and below	68.0	7.65— 7.76	39.0
3.00—3.05	67.5	7.77— 7.89	38.5
3.06—3.10	67.0	7.90— 8.02	38.0
3.11—3.16	66.5	8.03— 8.16	37.5
3.17—3.22	66.0	8.17— 8.29	37.0
3.23—3.28	65.5	8.30— 8.44	36.5
3.29—3.33	65.0	8.45— 8.58	36.0
3.34—3.39	64.5	8.59— 8.73	35.5
3.40—3.45	64.0	8.74— 8.88	35.0
3.46—3.51	63.5	8.89— 9.03	34.5
3.52—3.57	63.0	9.04— 9.19	34.0
3.58—3.64	62.5	9.20— 9.35	33.5
3.65—3.70	62.0	9.36— 9.52	33.0
3.71—3.76	61.5	9.53— 9.69	32.5
3.77—3.83	61.0	9.70— 9.86	32.0
3.84—3.89	60.5	9.87—10.04	31.5
3.90—3.96	60.0	10.05—10.22	31.0
3.97—4.02	59.5	10.23—10.41	30.5
4.03—4.09	59.0	10.42—10.61	30.0
4.10—4.16	58.5	10.62—10.81	29.5
4.17—4.23	58.0	10.82—11.02	29.0
4.24—4.30	57.5	11.03—11.23	28.5
4.31—4.37	57.0	11.24—11.45	28.0
4.38—4.44	56.5	11.46—11.67	27.5
4.45—4.51	56.0	11.68—11.91	27.0
4.52—4.58	55.5	11.92—12.15	26.5
4.59—4.66	55.0	12.16—12.40	26.0
4.67—4.73	54.5	12.41—12.66	25.5
4.74—4.81	54.0	12.67—12.93	25.0
4.82—4.89	53.5	12.94—13.21	24.5
4.90—4.97	53.0	13.22—13.50	24.0
4.98—5.05	52.5	13.51—13.80	23.5
5.06—5.13	52.0	13.81—14.11	23.0
5.14—5.21	51.5	14.12—14.43	22.5
5.22—5.29	51.0	14.44—14.77	22.0
5.30—5.38	50.5	14.78—15.13	21.5
5.39—5.46	50.0	15.14—15.50	21.0
5.47—5.55	49.5	15.51—15.88	20.5
5.56—5.64	49.0	15.89—16.29	20.0
5.65—5.73	48.5	16.30—16.71	19.5
5.74—5.82	48.0	16.72—17.16	19.0
5.83—5.91	47.5	17.17—17.63	18.5
5.92—6.01	47.0	17.64—18.13	18.0
6.02—6.10	46.5	18.14—18.65	17.5
6.11—6.20	46.0	18.66—19.20	17.0
6.21—6.30	45.5	19.21—19.79	16.5
6.31—6.40	45.0	19.80—20.41	16.0
6.41—6.50	44.5	20.42—21.08	15.5
6.51—6.61	44.0	21.09—21.79	15.0
6.62—6.71	43.5	21.80—22.54	14.5
6.72—6.82	43.0	22.55—23.35	14.0
6.83—6.93	42.5	23.36—24.23	13.5
6.94—7.04	42.0	24.24—25.17	13.0
7.05—7.16	41.5	25.18—26.19	12.5
7.17—7.27	41.0	26.20—27.29	12.0
7.28—7.39	40.5	27.30—28.50	11.5
7.40—7.51	40.0	28.51—29.82	11.0
		29.83—29.99	10.5
		30.00 and above	10.0

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations come into force on 4th January 1988 and will operate, unless previously revoked, until 6th April 1988, when they will be superseded by the State Scheme Premiums (Actuarial Tables) Regulations 1987. They prescribe the tables in accordance with which the Secretary of State is required to make calculations in relation to personal pension protected rights premiums.

In accordance with section 16 of the Social Security Act 1986, the Regulations prescribe tables which are to be applied according to the current yield on investments, determined by reference to the appropriate "market level indicator". These indicators are derived from the market price of Stock Exchange securities and are constructed in such a way that the value of the indicator is 100 when the average yield on Government securities of certain coupons and terms to redemption is 9% per annum (convertible annually) and, where relevant, the average dividend yield on equities is 4% per annum.

The market level indicators are averaged over the first 5 days on which the London Stock Exchange is open during the month in which the liability for the payment of a premium arises.

For cases where the person in respect of whom the premium falls to be paid is already a pensioner, the market level indicator is derived from the 15-year gross redemption yield (that is, the gross redemption yield applicable to 15-year British Government Stocks with high coupons compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries) by means of the table in Schedule 4.

For other cases, the market level indicator is made up of two components, based on the yields on equities and fixed interest securities respectively, weighted in the ratio 65:35. The equity component of the indicator is taken as 65 times the ratio of 4% to the gross dividend yield (that is, the gross dividend yield applicable to the All-Share Index compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries) on the day in question. The fixed interest component of the indicator is derived from the 25-year gross redemption yield (that is, the gross redemption yield applicable to 25-year British Government Stocks with high coupons compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries) by means of the table in Schedule 5, which also applies the weighting factor of 35.

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