STATUTORY INSTRUMENTS

1968 No. 1944

EDUCATION, ENGLAND AND WALES

The Teachers' Superannuation Account (Rates of Interest) Regulations 1968

Made - - - -	*6th December* 1968
Laid before Parliament	*12th December* 1968
Coming into Operation	*13th December* 1968

The Secretary of State for Education and Science, with the consent of the Minister for the Civil Service and after consultation with representatives of local education authorities and of teachers appearing to him to be likely to be affected, in exercise of the powers conferred upon him by paragraph 3(1)(*d*) of Schedule 1 to the Teachers' Superannuation Act 1967(**a**) as amended by section 16 of the Superannuation (Miscellaneous Provisions) Act 1967(**b**), and the Minister for the Civil Service Order 1968(**c**), hereby makes the following Regulations:—

Citation and Commencement

1. These Regulations may be cited as the Teachers' Superannuation Account (Rates of Interest) Regulations 1968 and shall come into operation on 13th December 1968.

Interpretation

2.—(1) In these Regulations, unless the context otherwise requires—

"accounting period" means, in relation to the teachers' superannuation account, the period of twelve months beginning on 1st April in each year;

"the Secretary of State" means the Secretary of State for Education and Science;

"security" means a redeemable security issued by Her Majesty's Government in the United Kingdom;

"the teachers' superannuation account" means the account required to be kept under section 5(1) of the Teachers' Superannuation Act 1967.

(2) For the purposes of these Regulations—

(*a*) the price of a security shall be the price half-way between the highest and lowest prices shown in the quotations therefor in the Official Daily List of the London Stock Exchange for the relevant date or, if that Exchange is or was closed on that date, the latest previous date on which it is or was open; and

(a) 1967 c. 12.
(b) 1967 c. 28.
(c) S.I. 1968/1656 (1968 III, p. 4485).

(*b*) the rate of interest on an investment in a security shall be the rate equivalent to the gross annual yield therefrom expressed as a percentage of the sum deemed to be invested therein.

(3) The Interpretation Act 1889(a) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

Rates of Interest

3.—(1) Subject as in regulations 4 and 5 provided, the sum representing interest which, pursuant to paragraph 3(1)(*d*) of Schedule 1 to the Teachers' Superannuation Act 1967 as amended by section 16 of the Superannuation (Miscellaneous Provisions) Act 1967, is to be treated as having been paid into the revenue of the teachers' superannuation account shall be calculated in accordance with the following provisions of this regulation.

(2) The rate of interest on each of the sums specified in column (1) of the following Table (being sums together making up the balance of revenue over expenditure remaining at the end of the accounting period beginning on 1st April 1960 and also forming part of the balance of revenue over expenditure remaining at the end of each subsequent accounting period) shall for the accounting period beginning on 1st April 1961 and for each subsequent accounting period be that specified opposite thereto in column (2):—

TABLE

(1) Sum	(2) Rate of Interest
£262,096,996	3½%
£325,738,410	The rate of interest on an investment deemed to have been made on 1st April 1961 in Treasury 5½% Stock, 2008—12
£24,621,617	The rate of interest on an investment deemed to have been made on 1st October 1956 in 3½% Funding Stock, 1999—2004
£26,139,791	The rate of interest on an investment deemed to have been made on 1st October 1957 in 3½% Funding Stock, 1999—2004
£25,410,238	The rate of interest on an investment deemed to have been made on 1st October 1958 in 3½% Funding Stock, 1999—2004
£28,331,575	The rate of interest on an investment deemed to have been made on 1st October 1959 in 3½% Funding Stock, 1999—2004
£30,006,685	The rate of interest on an investment deemed to have been made on 1st October 1960 in 3½% Funding Stock, 1999—2004.

(a) 1889 c. 63.

(3) The rate of interest on the balance of revenue (exclusive of interest thereon) over expenditure during the accounting period beginning on 1st April 1961 and each subsequent accounting period shall for that period be one-half of the rate of interest on the investment of an amount equal to such balance deemed to have been made on 1st October in that period in a security selected by the Secretary of State after consultation with the Government Actuary.

(4) The rate of interest on any part of the balance of revenue over expenditure remaining at the end of any accounting period beginning on 1st April 1961 or subsequently, being a part which accrued during that period, shall for the next succeeding and each subsequent accounting period be the rate of interest on the investment deemed to have been made in accordance with paragraph (3) above in the accounting period in which such part accrued.

Redemption of Securities

4.—(1) Subject as in paragraph (3) below provided, on the date of redemption of a security in which an investment is deemed to have been made for the purposes of these regulations—

(*a*) the sum representing interest which, in accordance with regulation 3, is treated as having been paid into the revenue of the teachers' superannuation account in respect of that investment shall be increased by the amount by which the notional proceeds of the redemption thereof exceeds the sum deemed to have been invested therein or, as the case may be, reduced by the amount by which those proceeds fall short of that sum; and

(*b*) a sum equivalent to the sum deemed to have been invested therein shall be deemed to be re-invested in a security selected by the Secretary of State after consultation with the Government Actuary.

(2) The re-investment made in pursuance of paragraph (1)(*b*) above shall be deemed to be in substitution for the investment in the redeemed security and any rate of interest determined by reference to that investment shall be varied accordingly.

(3) The notional proceeds of redemption referred to in paragraph (1) above shall be the amount which would be received in respect of an investment on the redemption of the security in which it is deemed to have been made, less any capital gains tax deemed to be payable in accordance with regulation 5.

(4) For the purposes of this regulation the date of redemption of a security shall be the last date on which it may be redeemed in accordance with the terms on which it was issued.

Income Tax and Capital Gains Tax

5.—(1) In relation to any investment deemed to have been made for the purposes of these Regulations—

(*a*) income tax in respect of interest, and

(*b*) capital gains tax in respect of any capital gains accruing on the redemption of the security in which it was made

shall be deemed to be payable to the same extent as they would be payable if the investment belonged to a superannuation fund approved for the purposes of section 379 of the Income Tax Act 1952(a) and providing benefits similar to those provided from the teachers' superannuation account.

(2) The rates of income tax and capital gains tax, if any, deemed to be payable in any year under paragraph (1) above shall be the rates of those taxes charged for that year under the relevant Finance Act.

(3) Any question arising under this regulation as to the extent to which income tax and capital gains tax shall be deemed to be payable under paragraph (1) above shall be decided by the Secretary of State and his decision thereon shall be final.

Given under the Official Seal of the Secretary of State for Education and Science on 4th December 1968.

(L.S.)

Shirley Williams,
Minister of State for Education and Science.

Consent of the Minister for the Civil Service given under his Official Seal on 6th December 1968.

(L.S.)

J. E. Herbecq,
Authorised by the Minister for the Civil Service.

(a) 1952 c. 10.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

The amount of interest added to the credit balance in the Teachers' Superannuation Account has been calculated at 3½ per cent. per annum since the account was started in 1926. Under these Regulations interest will continue at that rate on the part of the balance that accrued before 1st April 1956, but in respect of balances accruing subsequently it will be at rates determined by reference to the notional yield from investment in redeemable Government securities.

The Regulations have retrospective effect by virtue of section 16(1) of the Superannuation (Miscellaneous Provisions) Act 1967.