

SCHEDULE

(with effect from the date the amendment scheme comes into operation)

2002 Section

Rule A.1

In paragraph (4)—

- (1) after the definition of “active membership period” omit ““the AER arrangements” has the meaning given in rule D.7(2)”; and
- (2) after the definition of “the allocation amount” omit ““approved early leaver” has the meaning given in rule D.7(2)”.

Rule C1.10

(1) For paragraph (1) substitute—

“(1) This rule applies if—

- (a) an active member becomes a deferred member; or
- (b) a member exercises the option in rule C1.15B to defer payment of contributed pension.”.

(2) In paragraph (6) after “or D.3 (early payment of pensions with actuarial reduction)” insert “, or, where the member has exercised the option in rule C1.15B to defer payment of the contributed pension, once the member has notified the Scheme administrator, in accordance with rule C1.15B(2)(b) that the member wishes to take the contributed pension”.

(3) For sub-paragraph (7)(a) substitute—

“(a) only applies where—

- (i) the member has become entitled to payment of a pension under rule D.3 or the member has exercised the option in rule C1.15B to defer payment of the contributed pension and has notified the Scheme administrator, in accordance with rule C1.15B(2)(b) that the member wishes to take the contributed pension before pension age; and
- (ii) the member has not exercised the option to buy out the actuarial reduction on the member’s contributed pension under rule C1.15A, and”.

Rule C1.11

- (1) In paragraph (1) for “D.7 (early payment of pensions under approved early retirement arrangements)” substitute “D.7 (early payment of pension on leaving service on discretionary exit terms)”.
- (2) For paragraph (6) substitute—
 - “(6) The early payment reduction for the member’s carried forward contributed pension—
 - (a) only applies where—
 - (i) the member has become entitled to payment of a pension under rule D.3 or D.7; and
 - (ii) the member has not exercised the option to buy out the actuarial reduction on the member’s contributed pension under rule C1.15A; and
 - (b) is determined on the same basis as the reduction under rule D.3(4).”.

Rule C1.15

- (1) In the title of the rule for “under approved early retirement arrangements” substitute “on leaving service on discretionary exit terms”.
- (2) In paragraph (1) for “(early payment of pensions under approved early retirement arrangements)” substitute “(early payment of pension on leaving service on discretionary exit terms)”.
- (3) For sub-paragraph (2)(b) substitute—
 - “(b) (where the member is entitled to early payment of a pension under rule D.3 or D.7 and the member has not exercised the option under rule C1.15A), subtracting the early payment reduction so specified in respect of that pension, and”.

New rules C1.15A and C1.15B

After rule C1.15 insert—

“C1.15A Option to buy out actuarial reduction

- “(1) Where a member is entitled to early payment of a pension under rule D.3 or rule D.7 and is also entitled to a contributed pension under rule C1.15, the member may buy out the early payment reduction that would otherwise apply to the member’s contributed pension under rule C1.15(2)(b).

- (2) The cost of buying out the early payment reduction is set out in tables prepared by the Minister, after consulting the Scheme actuary.
- (3) The member must meet the cost of buying out the early payment reduction in one of the ways set out in rule D.3A(4).

C1.15B Option to defer payment of contributed pension

- (1) Where—
 - (a) a member (“M”) is entitled to early payment of a pension under rule D.3 or rule D.7; and
 - (b) M is also entitled to a contributed pension under this Part,

M may opt not to take M’s contributed pension at the same time as M’s early pension under rule D.3 or D.7 (as applicable).
- (2) If M exercises the option in paragraph (1)—
 - (a) rule C1.10 applies (effect on pension account of active member becoming deferred member) in respect of M’s contributed pension; and
 - (b) M is entitled to a contributed pension when M notifies the Scheme administrator in writing, in such form as the Minister requires, that M wishes to take the contributed pension, provided that M must take the contributed pension at or before pension age.
- (3) If M chooses to take M’s contributed pension under paragraph (2) before pension age, the annual amount of the contributed pension is found by applying rule C1.15(2)(a)(i), (b) and (c).
- (4) If M chooses to take M’s contributed pension under paragraph (2) at pension age, the annual amount of the contributed pension is found by applying rule C1.15(2)(a)(i) and (c).”.

Rule D.3

- (1) For paragraph (1) substitute—

“(1) A member may opt for immediate payment of a reduced pension before reaching pension age—

 - (a) if—
 - (i) paragraph (2) applies; and
 - (ii) he has reached 55 or, if paragraph (3) applies, 50; or
 - (b) if paragraph (3A) applies.”.

(2) After paragraph (3) insert—

“(3A) This paragraph applies if—

- (a) the pension is derived from pension credit rights;
- (b) the pension sharing order from which the rights derive has taken effect; and
- (c) the member has reached 55.”.

(3) For paragraph (4) substitute—

“(4) The amount of the annual pension under this rule is first calculated—

- (a) in the case of a member who is not a pension credit member, as mentioned in rule D.1(4) (and applying rule D.1(4A) where applicable); or
- (b) in the case of a pension credit member, as mentioned in rule D.2(3),

and then that amount is reduced by such amount as the Minister determines after consulting the Scheme actuary.

This is subject to paragraph (5).”.

New rule D.3A

After rule D.3 insert—

“D.3A Option to buy out actuarial reduction

- (1) A member who is entitled to a pension under rule D.3 or D.7 may buy out any actuarial reduction that would otherwise apply to the member’s pension under those rules and a member who is entitled to a pension under rule D.1A may buy out any actuarial reduction that would otherwise apply to the member’s pension or to the member’s contributed pension under that rule.
- (2) A member exercises the option under this rule by giving notice in writing to the Scheme administrator in such form as the Minister requires.
- (3) The cost of buying out the actuarial reduction is set out in tables prepared by the Minister, after consulting the Scheme actuary.
- (4) The member must meet the cost of buying out the actuarial reduction by—
 - (a) paying a special contribution to this Section of the Scheme; or

- (b) in the case of a member who is not a pension credit member—
 - (i) opting for the whole or part of any lump sum payable to the member under the Civil Service Compensation Scheme to be paid by the member's employer to this Section of the Scheme by way of special contribution; or
 - (ii) such combination of the options described in paragraphs (a) and (b)(i) as the member decides.
- (5) Where a member exercises the option under this rule, the annual amount of the pension in respect of which the member has bought out the actuarial reduction is calculated under rule D.1A, D.3 or D.7 (as applicable) as if the reference to applying a reduction to that pension were omitted.”.

Rule D.7

For rule D.7 substitute—

“D.7 Early payment of pension on leaving service on discretionary exit terms

- (1) This rule applies where—
 - (a) Part 12.4 of the Civil Service Compensation Scheme (discretionary exit terms) applies to a member;
 - (b) the member has reached age 55;
 - (c) the member's employer offers to pay the member an early pension under rule 12.4.2(b) of the Civil Service Compensation Scheme; and
 - (d) the member accepts the employer's offer.
- (2) Where this rule applies the member is entitled to immediate payment of an earned pension.
- (3) The annual amount of the earned pension payable to the member under this rule depends on the early pension terms offered by the member's employer.
- (4) If the terms provide for an earned pension to be paid without any reduction by reason of its payment before pension age, the annual amount of the earned pension is calculated in accordance with rule D1(4), but as if, for the words “the member's reckonable service”, there were substituted “the member's current reckonable service”.
- (5) If the terms provide for an earned pension to be paid with only a proportion of the reduction that would otherwise apply by reason of its payment before pension age, the annual amount of the earned pension is calculated as set out in paragraph (4), reduced by that proportion of the reduction.

- (6) In this rule “current reckonable service” has the same meaning as “reckonable service” in rule A.9, except it does not include—
- (a) any service prior to the current period of continuous service in the Civil Service unless the prior service ended on resignation for the purpose of taking up a permanent appointment with a body which is—
 - (i) in the opinion of the department or other body employing the person, a European Union institution; or
 - (ii) a co-ordination or international body that the Minister has determined shall be regarded as a European Union institution for the purposes of sub-paragraph (i),
and that appointment continued until re-employment in the current period of continuous service in the Civil Service;
 - (b) any period of resettlement leave;
 - (c) any service that a person is entitled to count under rule A.9(1)(d) (transfers under Part F) unless the department or other body employing the person in the Civil Service has decided that it shall and—
 - (i) the credit is in respect of a period of employment which—
 - (1) before the credit was given was reckonable under a scheme the rules of which are in the Minister’s opinion analogous for the purposes of this rule to those of this Scheme, and
 - (2) continued until the person’s employment or re-employment in the person’s current period of continuous service in the Civil Service; and
 - (ii) the person had—
 - (1) applied to bring in a transfer value in respect of that reckonable service under rule F.7 within 12 months of the date the person started the employment that qualified the person to belong to this Section of the Scheme; or
 - (2) transferred to this Section of the Scheme on terms agreed under rule F.13(2) (bulk transfers into the scheme);
 - (d) any service that a person is entitled to count under rule C.11(1A) (purchase of added years by the employer from lump sum benefits payable under the Civil Service Compensation Scheme);

- (e) any reckonable service described in rule A.9(1)(b) or (c) (added years purchased by member or employer);
- (f) any reckonable service which results from the payment of contributions before 1st October 2002 for added years under section 7 of the 1972 Section or from a grant of added years made under rule 2.24 of the 1972 Section; and
- (g) any reckonable service which results from a credit of reckonable service in accordance with the transfer provisions of section 6 of the 1972 Section unless the conditions referred to in sub-paragraph (c)(i) are met.

D.7ZA Additional service pension

- (1) This rule applies where—
 - (a) either—
 - (i) rule D.7; or
 - (ii) rule 12.3.16 of the Civil Service Compensation Scheme, applies to a member; and
 - (b) the member’s reckonable service is greater than the member’s current reckonable service.
- (2) If this rule applies, the member is entitled to an additional service pension under rule D.1, payable at pension age.
- (3) The member may opt to take the additional service pension early, with actuarial reduction, under rule D.3, or having bought out the actuarial reduction under rule D.3A.
- (4) The annual amount of an additional service pension is calculated in accordance with rule D.1(4), but as if, for the words “the length of the member’s reckonable service”, there were substituted “the length by which the member’s reckonable service exceeds the member’s current reckonable service”.
- (5) In this rule “current reckonable service” has the same meaning as in rule D.7(6).”.

New rule L.11A

After rule L.11 insert—

“L.11A Option to buy out actuarial reduction

- (1) If a reserved joiner (“R”) exercises the option under rule D.3A to buy out the actuarial reduction that would otherwise apply to R’s pension, R must also buy out any actuarial reduction that would otherwise apply to the lump sum payable to R under this Part in connection with the pension in respect of which R has bought out the actuarial reduction.
- (2) The cost of buying out the lump sum actuarial reduction in respect of R is included in the tables referred to in rule D.3A(3).
- (3) Where this rule applies, the amount of the lump sum payable under rule L.10A, L.11, L.13 or L.13A (as applicable) is calculated as if the reference to applying a reduction to that lump sum were omitted.”.

Rule L.13

For rule L.13 substitute—

“L.13 Retirement benefits: early payment of pension on leaving service on discretionary exit terms

- (1) A reserved joiner (“R”) who is entitled to immediate payment of an earned pension under rule D.7 (early payment of pension on leaving service on discretionary exit terms) is also entitled to an earned lump sum payable at the same time as R’s earned pension.
- (2) The amount of the earned lump sum depends on the early pension terms offered by R’s employer.
- (3) If the terms provide for an earned pension to be paid without any reduction by reason of its payment before pension age, the amount of the earned lump sum is three-eighths of R’s final pensionable earnings, multiplied by the amount of R’s old reckonable service which is also current reckonable service.
- (4) If the terms provide for an earned pension to be paid with only a proportion of the reduction that would otherwise apply by reason of its payment before pension age, the amount of the lump sum is calculated as set out in paragraph (3), reduced by that proportion of the reduction.

L.13A Additional service lump sum

- (1) If rule D.7ZA applies to a reserved joiner (“R”), R is entitled to an additional service lump sum, payable under rule L.10 at pension age.
- (2) If R opts to take the additional service pension described in rule D.7ZA early, R must also take the additional service lump sum early, and—
 - (a) if R opts to take the additional service pension with actuarial reduction under rule D.3, R must also take the additional service lump sum with actuarial reduction under rule L.11; or

- (b) if R opts to buy out the actuarial reduction that would otherwise apply to the additional service pension under rule D.3A, R must also buy out the actuarial reduction that would otherwise apply to the additional service lump sum under rule L.11A.
- (3) The amount of an additional service lump sum is found by calculating three-eighths of R's final pensionable earnings, multiplied by the amount of R's old reckonable service which is not current reckonable service.
- (4) In this rule "current reckonable service" has the same meaning as in rule D.7(6)."

1972 Section

New rules 3.51 to 3.53

After rule 3.50 insert—

"Option to buy out actuarial reduction

- 3.51 (i) A civil servant who opts for immediate payment of a preserved pension and lump sum under rule 3.10a or 3.10c or who is entitled to a pension under rule 3.52 may buy out the actuarial reduction that would otherwise apply to the civil servant's pension and lump sum under those rules and a civil servant who is entitled to a pension under rule 3.3b may buy out the actuarial reduction that would otherwise apply to the civil servant's pension and lump sum or to the civil servant's contributed pension and lump sum under rule 3.3b.
- (ii) A civil servant exercises the option under this rule by giving notice in writing to the scheme administrator in such form as the Minister requires.
- (iii) The cost of buying out the actuarial reduction is set out in tables prepared by the Minister, after consulting the Scheme Actuary.
- (iv) The civil servant must meet the cost of buying out the actuarial reduction by—
- (a) paying a special contribution to the scheme;
 - (b) opting for the whole or part of any lump sum payable to the civil servant under the Civil Service Compensation Scheme to be paid by the civil servant's employer to the scheme by way of special contribution; or
 - (c) such combination of the options described in paragraphs (a) and (b) as the member decides.

- (v) Where a civil servant exercises the option under this rule, the amounts of the civil servant's pension and lump sum in respect of which the civil servant has bought out the actuarial reduction are calculated under rule 3.3b, 3.10a, 3.10c or 3.52 (as applicable) as if the reference to applying an actuarial reduction to that pension and lump sum were omitted.

Early payment of earned pension on leaving service on discretionary exit terms

- 3.52 (i) This rule applies where—
- (a) Part 12.4 of the Civil Service Compensation Scheme (discretionary exit terms) applies to a civil servant;
 - (b) the civil servant has reached age 55;
 - (c) the civil servant's employer offers to pay the civil servant an early pension under Part 12.4 of the Civil Service Compensation Scheme; and
 - (d) the civil servant accepts the employer's offer.
- (ii) Where this rule applies the civil servant is entitled to immediate payment of an earned pension and lump sum.
- (iii) The amounts of the earned pension and lump sum payable to the civil servant under this rule depend on the early pension terms offered by the civil servant's employer.
- (iv) If the terms provide for an early pension and lump sum to be paid without any reduction by reason of their payment before pension age, the earned pension and lump sum are calculated in the same way as the preserved pension and lump sum to which the civil servant would be entitled under rule 3.11 on ceasing to be a civil servant, except that those benefits must be calculated by reference to the civil servant's current reckonable service, rather than the civil servant's reckonable service.
- (v) If the terms provide for an early pension and lump sum to be paid with only a proportion of the reduction that would otherwise apply by reason of their payment before pension age, the amounts of the earned pension and lump sum are calculated as set out in paragraph (iv), reduced by that proportion of the reduction.
- (vi) In this rule "current reckonable service" has the same meaning as "reckonable service" except that it shall not include—
- (a) any reckonable service which is attributable to service prior to the current period of continuous service in the Civil Service

unless the prior service ended on resignation for the purpose of taking up a permanent appointment with a body which is—

- (i) in the opinion of the department or body employing the person, a European Union institution; or
- (ii) a co-ordination or international body that the Minister has determined shall be regarded as a European Union institution for the purposes of sub-paragraph (i),

and that appointment continued until re-employment in the current period of continuous service in the Civil Service;

- (b) any period of resettlement leave;
- (c) any reckonable service which results from a credit of reckonable service in accordance with the transfer provisions of section 6, unless the department or other body employing the person in the Civil Service has decided that it shall and the credit is in respect of a period of employment which—
 - (i) before the credit was given was reckonable under a scheme the rules of which are, in the Minister's opinion, analogous for the purposes of this rule to those of this scheme; and
 - (ii) continued until the commencement of the person's current period of continuous service in the Civil Service; and
- (d) any reckonable service which results from a purchase of added years under section 7 or from a grant of added years under rule 2.24.

Additional service pension and lump sum

- 3.53 (i) This rule applies where—
- (a) either—
 - (1) rule 3.52; or
 - (2) rule 12.3.16 of the Civil Service Compensation Scheme,applies to a civil servant; and
 - (b) the civil servant's reckonable service is greater than the civil servant's current reckonable service.

- (ii) If this rule applies, the civil servant is entitled to an additional service preserved pension and lump sum, payable at pension age under rule 3.11.
- (iii) The civil servant may opt to take the additional service preserved pension and lump sum early, with actuarial reduction, under rule 3.10a(i) or rule 3.10c, and may exercise the option under rule 3.51 to buy out the actuarial reduction that would otherwise apply.
- (iv) An additional service preserved pension and lump sum is calculated in the same way as the preserved pension and lump sum to which the civil servant would be entitled under rule 3.11 on ceasing to be a civil servant, except that those benefits must be calculated by reference to the amount of the civil servant's reckonable service in excess of the civil servant's current reckonable service.
- (v) In this rule "current reckonable service" has the same meaning as in rule 3.52."

Rule 12.2

In paragraph (iii) after "rules 12.3" insert ", 12.4".

Rule 12.3

In paragraph (iii) for "Government Actuary" substitute "Scheme Actuary".

Rule 12.4

For rule 12.4 substitute—

"Early payment of pension credit member's benefits

- 12.4 (i) A pension credit member who is entitled to a pension under rule 12.2 and, if rule 12.2(iv) applies, to a lump sum, and who has reached the age of 55 years may opt for immediate payment of a reduced pension and (if applicable) lump sum before reaching pension age.
- (ii) The annual amount of the pension and (if applicable) the amount of the lump sum to which the pension credit member is entitled under this rule is an amount calculated in accordance with rule 12.2 but reduced after consultation with the Scheme Actuary.
- (iii) A pension credit member who opts for payment of an immediate pension under this rule may buy out the actuarial reduction that would otherwise apply to the pension credit member's pension and (if applicable) lump sum by giving notice in writing to the scheme administrator in such form as the Minister requires.

- (iv) The cost of buying out the actuarial reduction is set out in tables prepared by the Minister, after consulting the Scheme Actuary.
- (v) The pension credit member must meet the cost of buying out the actuarial reduction by paying a special contribution to the scheme.
- (vi) Where a pension credit member exercises the option to buy out the actuarial reduction on a pension and (if applicable) lump sum payable under this rule, the amount of the pension credit member's pension and (if applicable) lump sum are calculated as if the reference in paragraph (ii) to applying an actuarial reduction were omitted.
- (vii) Where regulation 7(5) of the Pension Sharing (Pension Credit Benefit) Regulations 2000 (early or deferred retirement) applies, the Minister must be reasonably satisfied that the requirements of that regulation have been met.”.

Rule 12.13

In paragraph (ii) for “Government Actuary” substitute “Scheme Actuary”.

Rule 14.12

(1) After paragraph (1) insert—

“(1A) This rule also applies if a civil servant defers payment of the contributed pension and lump sum under rule 14.18B.”.

(2) In paragraph (6) for “or 3.15 (early payment of preserved pension and lump sum where personal circumstances compel a person to give up employment),” insert “, 3.15 (early payment of preserved pension and lump sum where personal circumstances compel a person to give up employment) or, where a civil servant has exercised the option in rule 14.18B to defer payment of the contributed pension and lump sum, once the civil servant has notified the scheme administrator, in accordance with rule 14.18B(2)(b) that the civil servant wishes to take the contributed pension and lump sum”.

(3) For sub-paragraph (7)(a) substitute—

“(a) only applies where—

- (i) the civil servant has become entitled to payment of a pension under rule 3.10c or the member has exercised the option in rule 14.18B to defer payment of the contributed pension and lump sum and has notified the scheme administrator in accordance with rule 14.18B(2)(b) that the civil servant wishes to take the contributed pension and lump sum before pension age; and

- (ii) the civil servant has not exercised the option to buy out the actuarial reduction on the civil servant's contributed pension and lump sum under rule 14.18A, and".

Rule 14.13

- (1) In paragraph (1) for "or 3.10a (early retirement) substitute ", 3.10a (early retirement) or 3.52 (early payment of pension on leaving service on discretionary exit terms)".
- (2) For paragraph (6) substitute—
 - "(6) The early payment reduction for the civil servant's carried forward contributed pension—
 - (a) only applies where—
 - (i) the civil servant has become entitled to payment of a pension under rule 3.10a or 3.52; and
 - (ii) the civil servant has not exercised the option to buy out the actuarial reduction on the civil servant's contributed pension and lump sum under rule 14.18A; and
 - (b) is determined by reference to the same factors as are provided by the Scheme Actuary for the reduction of the pension payable under rule 3.10a."

Rule 14.18

- (1) In paragraph (1) for "3.10a or 3.10c" substitute "3.10a, 3.10c or 3.52".
- (2) In each of paragraph (2)(a)(i) and (3)(a)(i) after "rule 3.10a" insert "or 3.52".
- (3) For sub-paragraph (2)(b) substitute—
 - "(b) (where the member has not exercised the option in rule 14.18A), subtracting the early payment reduction so specified in respect of that pension (if any), and".

New rules 14.18A and 14.18B

After rule 14.18 insert—

"14.18A Option to buy out actuarial reduction

- (1) Where a civil servant is entitled to early payment of a pension and lump sum under rule 3.10a, 3.10c or 3.52 and is also entitled to a contributed pension under rule 14.18, the civil servant may buy out the early payment reduction that would otherwise apply under rule 14.18(2)(b) and (3)(b).

- (2) The cost of buying out the early payment reduction is set out in tables prepared by the Minister, after consulting the Scheme Actuary.
- (3) The civil servant must meet the cost of buying out the early payment reduction in one of the ways set out in rule 3.51(iv).

14.18B Option to defer payment of contributed pension

- (1) Where—
 - (a) a civil servant is entitled to early payment of a pension and lump sum under rule 3.10a, 3.10c or 3.52; and
 - (b) the civil servant is also entitled to a contributed pension and lump sum under this section 14,

the civil servant may opt not to take the contributed pension and lump sum at the same time as the early pension and lump sum under rule 3.10a, 3.10c or 3.52 (as applicable).

- (2) If a civil servant exercises the option in paragraph (1)—
 - (a) rule 14.12 applies (effect on pension account of civil servant resigning or opting out of the scheme) in respect of the civil servant's contributed pension and lump sum; and
 - (b) the civil servant is entitled to a contributed pension and lump sum when the civil servant notifies the scheme administrator in writing, in such form as the Minister requires, that the civil servant wishes to take the contributed pension and lump sum, provided that the civil servant must take the contributed pension and lump sum at or before pension age.
- (3) If a civil servant chooses to take the contributed pension and lump sum under paragraph (2) before pension age—
 - (a) the annual amount of the contributed pension is found by applying rule 14.18(2)(a)(ii), (b), (c) and (d); and
 - (b) the amount of the contributed lump sum is found by applying rule 14.18(3)(a)(ii), (b), (c) and (d).
- (4) If the civil servant chooses to take the contributed pension and lump sum under paragraph (2) at pension age—
 - (a) the annual amount of the contributed pension is found by applying rule 14.18(2)(a)(ii), (c) and (d); and

- (b) the amount of the contributed lump sum is found by applying rule 14.18(3)(a)(ii), (c) and (d).”.

2007 Section

Rule A.1

In paragraph (4)—

- (a) after the definition of “the allocation amount” omit—
 - ““approved early leaver” has the meaning given in rule E.12(2);
 - “approved early retirement arrangements”, in relation to a member, has the meaning given in rule E.12(2);”;
- (b) after the definition of “scheme year” insert—
 - ““special early leaver” has the meaning given in rule E.12(2);
 - “special early retirement arrangements”, in relation to a member, has the meaning given in rule E.12(2);”.

Rule A.5

In paragraph (1)(a) for “or E.12” substitute “, E.12 or E.13A”.

Rule C.4

- (1) In paragraph (7) for “The member’s carried forward earned pension” substitute “Subject to rule E.13C, the member’s carried forward earned pension”.
- (2) In paragraph (10) after “rule E.1” insert “, E.13C or E.15B(2)(b)”.
- (3) For sub-paragraph (11)(a) substitute—
 - “(a) only applies if—
 - (i) the member has not reached pension age at the time when the member becomes entitled to the immediate payment of the pension under rule E.1, E.13C or E.15B(2)(b), and
 - (ii) the member has not exercised the option to buy out the early payment reduction under rule E.15A, and”.
- (4) In sub-paragraph (11)(b) after “rule E.1” insert “, E.13C or E.15B(2)(b)”.
- (5) In sub-paragraph (12)(a) after “rule E.1” insert “, E.13C or E.15B(2)(b)”.

- (6) In sub-paragraph (12)(b) after “rule E.1” insert “, E.13C or E.15B(2)(b)”.

Rule C.5

- (1) In paragraph (1) for “or E.12” substitute “E.12, E.13A or E.13C”.

- (2) For paragraph (8) substitute—

“(8) The early payment reduction for a carried forward pension—

(a) only applies—

- (i) if the member has not reached pension age on the relevant last day,
- (ii) if the pension is not a pension under rule E.7,
- (iii) in the case of a pension under rule E.12 or an earned pension under rule E.13A, if the terms offered by the member’s employer provide for the pension to be paid with a proportion of the reduction that would otherwise apply (see rule E.13(4) or E.13B(4)), and
- (iv) if the member has not exercised the option to buy out the early payment reduction under rule E.15A, and

(b) is such amount as the Minister determines, after consulting the Scheme actuary, to be appropriate by reason of the payment of the pension in question before pension age (but in the cases mentioned in sub-paragraph (a)(iii), subject to the reduction provided for in rule E.13(4)(a) or E.13B(4)(a) (as applicable)).”.

Rule C.7

- (1) For paragraph (2) substitute—

“(2) The pension account of a pension credit member must specify—

- (a) the credited pension,
- (b) if the member has become entitled to a pension attributable to the pension credit in question and has exercised the option under rule E.16, the commutation amount, and
- (c) if the member has become entitled to early payment of a pension attributable to the pension credit in question under rule E.6(2B), the early payment reduction (if applicable) (see paragraph (6)).”.

(2) After paragraph (5) insert—

“(6) The early payment reduction mentioned in paragraph (2)(c)—

(a) only applies if—

(i) the member has not reached 60 at the time when the member becomes entitled to the immediate payment of the pension under rule E.6, and

(ii) the member has not exercised the option to buy out the early payment reduction under rule E.15A, and

(b) is such amount as the Minister determines, after consulting the Scheme actuary, to be appropriate by reason of the payment of the pension under rule E.6 before age 60.”.

Rule E.1

After sub-paragraph (6)(b) insert—

“(ba) rule E.13C (remaining earned pension for certain members who leave service with benefits under the Civil Service Compensation Scheme),”.

Rule E.6

(1) After paragraph (2) insert—

“(2A) A pension credit member who has reached 55 but not reached 60 may claim early payment of the pension before age 60, by notice in writing in such form as the Minister requires.

(2B) Where a pension credit member claims early payment of the pension under paragraph (2A), the pension becomes payable on the date specified in the claim as the date on which the pension is to become payable, provided that the Minister is reasonably satisfied on that date that the requirements of regulation 7(5) of the Pension Sharing (Pension Credit Benefit) Regulations 2000 have been met.”.

(2) For paragraph (3) substitute—

“(3) The amount of the annual pension is found by—

(a) taking the member’s credited pension (as defined in rule C.7(3)),

(b) subtracting the early payment reduction (if any), and

(c) subtracting the commutation amount (if any).”.

Rule E.12

- (1) In the title for “approved early retirement arrangements” substitute “special early retirement arrangements”.
- (2) In each of sub-paragraphs (1)(a) and (2)(b) for “approved early retirement arrangements” substitute “special early retirement arrangements”.
- (3) In sub-paragraph (1)(b) after “the member’s employer” insert “, with the consent of the Minister,”.
- (4) In sub-paragraph (2)(a) for “an “approved” substitute “a “special”.
- (5) In paragraph (3) for “An approved” substitute “A special”.
- (6) In paragraph (5) for “approved” substitute “special”.

Rule E.13

- (1) In paragraph (2) for “the approved early retirement arrangements” substitute “the special early retirement arrangements”.
- (2) In paragraph (4) for “the AER proportion” each time that it appears substitute “the SER proportion”.

New rules E.13A, E.13B and E.13C

After rule E.13 insert—

“E.13A Early payment of pensions on leaving service on discretionary exit terms

- (1) This rule applies where—
 - (a) Part 12.4 of the Civil Service Compensation Scheme (discretionary exit terms) applies to a member;
 - (b) the member has reached the age of 55;
 - (c) the member’s employer offers to pay the member an early pension under Part 12.4 of the Civil Service Compensation Scheme; and
 - (d) the member accepts the employer’s offer.
- (2) Where this rule applies—
 - (a) the member is entitled to immediate payment of an earned pension that is payable for life; and

- (b) depending on the member's circumstances, the member is entitled to one or more other pensions as described in paragraph (3) that are so payable.
- (3) The member is entitled to—
- (a) a contributed (self only) pension if the member's pension account under rule C.5 specifies a carried forward contributed (self only) pension;
 - (b) a contributed (all beneficiaries) pension if the member's pension account under rule C.5 specifies a carried forward contributed (all beneficiaries) pension;
 - (c) a Club transfer pension if the member is entitled to count service under rule G.9(4); and
 - (d) a linked service pension if the member is entitled to count linked service under rule H.5(5).
- (4) Unless rule E.15B applies (in relation to the member's contributed (self only) pension or contributed (all beneficiaries) pension) or rule E.13C applies (in relation to a member's Club transfer pension or linked service pension), a pension to which a member is entitled under this rule becomes payable immediately the member becomes entitled to it.

E.13B Amount of pensions payable under rule E.13A: general

- (1) This rule deals with the annual amount of the earned pension, the contributed (self only) pension and the contributed (all beneficiaries) pension payable under rule E.13A.
- (2) The annual amount of the earned pension depends on the early pension terms offered by the member's employer.
- (3) If the terms provide for an early pension to be paid without any reduction by reason of its payment before pension age, the annual amount of the earned pension payable under this rule is calculated in accordance with rule E.2(2), but omitting rule E.2(2)(b) and, where the member is entitled to count non-Club transferred pension under rule G.9(2), subject to rule E.13C.
- (4) If the terms provide for the pension to be paid with only a proportion of the reduction by reason of its payment before pension age—
 - (a) the early payment reduction that would otherwise be specified in the account under rule C.5 in respect of the earned pension is reduced to that proportion of the reduction; and
 - (b) the annual amount of the earned pension payable under this rule is calculated in accordance with rule E.2(2), without omitting rule

E.2(2)(b) (but taking into account the reduction by virtue of subparagraph (a) of this paragraph) and, where the member is entitled to count non-Club transferred pension under rule G.9(2), subject to rule E.13C.

- (5) The annual amount of any contributed (self only) pension is calculated in accordance with rule E.2(3).
- (6) The annual amount of any contributed (all beneficiaries) pension is calculated in accordance with rule E.2(4).
- (7) For the amounts of any Club transfer pension and linked service pension payable, see rules E.14 and E.15 respectively.

E.13C Remaining earned pension

- (1) This rule applies where—
 - (a) either—
 - (i) rule E.13A; or
 - (ii) rule 12.3.16 of the Civil Service Compensation Scheme, applies to a member; and
 - (b) the member is entitled to count non-Club transferred pension under rule G.9(2).
- (2) If this rule applies—
 - (a) the member's carried forward earned pension as defined in rule C.4(7), for the purpose of determining the earned pension to which the member is entitled as a result of the application of rule E.13A or rule 12.3.11 of the Civil Service Compensation Scheme ("the first earned pension"), is calculated as if the references to rule C.2(2)(d) and (4)(d) (non-Club transferred pension) were omitted; and
 - (b) the member is entitled to a further earned pension ("the remaining earned pension") under rule E.1, in respect of which the member's carried forward earned pension as defined in rule C.4(7) is calculated as if the references to rule C.2(2)(a) and (4)(a) were omitted.
- (3) A member to whom this rule applies must—
 - (a) claim the remaining earned pension by giving notice in writing in such form as the Minister requires, at the same time as the first earned pension becomes payable or at such later date as the member chooses;

- (b) take the remaining earned pension before the member's 75th birthday; and
 - (c) take any Club transfer pension and linked service pension to which the member may be entitled under rule E.1 or rule E.13A at the same time as the remaining earned pension.
- (4) The member becomes entitled to payment of the remaining earned pension at the date specified in the claim as the date on which the pension is to become payable.
 - (5) If the member claims the remaining earned pension at the same time as the first earned pension becomes payable, the annual amount of the remaining earned pension is found by applying rule E.2(2) (subject to paragraph (2)(b)).
 - (6) If the member claims the remaining earned pension at a later date than the date on which the first earned pension becomes payable—
 - (a) rule C.4 applies in respect of that pension (active member becoming deferred member); and
 - (b) the annual amount of the remaining earned pension is found by applying rule E.3(2) (subject to paragraph (2)(b)).”.

Rule E.14

- (1) In paragraph (1) for “or E.12” substitute “, E.12 or E.13A”.
- (2) For sub-paragraph (3)(a) substitute—
 - “(a) only applies if—
 - (i) the member has not reached pension age at the time when the member becomes entitled to the immediate payment of the pension,
 - (ii) the pension is a pension under rule E.1, E.4 or E.13A, and
 - (iii) the member has not exercised the option to buy out the early payment reduction under rule E.15A, and”.

Rule E.15

- (1) In paragraph (1) for “or E.12” substitute “, E.12 or E.13A”.
- (2) For sub-paragraph (3)(a) substitute—
 - “(a) only applies if—

- (i) the member has not reached pension age at the time when the member becomes entitled to the immediate payment of the pension,
- (ii) the pension is a pension under rule E.1, E.4 or E.13A, and
- (iii) the member has not exercised the option to buy out the early payment reduction under rule E.15A, and”.

New rules E.15A and E.15B

After rule E.15 insert—

“E.15A Option to buy out early payment reduction

- (1) This rule applies where—
 - (a) a member is entitled to immediate payment of a pension—
 - (i) under rule E.1, E.4, E.12, E.13A or E.13C and has not reached pension age, or
 - (ii) under rule E.6 and has not reached 60, and
 - (b) the member wishes to buy out the early payment reduction that would otherwise apply to that pension.
- (2) If this rule applies the member may buy out the actuarial reduction that would otherwise apply to the member’s—
 - (a) earned pension, Club transfer pension and linked pension;
 - (b) contributed (self only) pension;
 - (c) contributed (all beneficiaries) pension; or
 - (d) credited pension (as defined in rule C.7(3)).
- (3) The cost of buying out the early payment reduction is set out in tables prepared by the Minister, after consulting the Scheme actuary.
- (4) The member must meet the cost of buying out the actuarial reduction by—
 - (a) paying a special contribution to this Section; or
 - (b) in the case of a member who is not a pension credit member—
 - (i) opting for the whole or part of any lump sum payable to the member under the Civil Service Compensation Scheme to be

paid by the member's employer to this Section by way of special contribution; or

- (ii) such combination of the options described in paragraphs (a) and (b)(i) as the member decides.

- (5) Where a member buys out the actuarial reduction that would otherwise apply to one or more of the member's pensions under this rule, the annual amount of the pension in respect of which the member has bought out the reduction is calculated under rule E.2, E.3, E.6, E.13, E.13B, E.13C, E.14 or E.15 (as applicable) as if the reference to subtracting an early payment reduction in respect of that pension were omitted.

E.15B Option to defer payment of contributed pension

- (1) A member entitled to a contributed (self only) pension or a contributed (all beneficiaries) pension under—

- (a) rules E.1 or E.4, where the member is entitled to an earned pension before pension age; or
- (b) rule E.13A,

may opt not to take the contributed (self only) pension or contributed (all beneficiaries) pension at the same time as the member's earned pension under rule E.1, E.4 or E.13A (as applicable).

- (2) If a member exercises the option under this rule—

- (a) rule C.4 (Effect of active member becoming deferred member) applies in respect of the contributed (self only) pension or contributed (all beneficiaries) pension;
- (b) the member is entitled to payment of the contributed (self only) pension or contributed (all beneficiaries) pension when the member gives notice in writing, in such form as the Minister requires, that the member wishes to take the contributed (self only) pension or contributed (all beneficiaries) pension, provided that the member must take those pensions before the member's 75th birthday;
- (c) the annual amount of the contributed (self only) pension is calculated in accordance with rule E.3(3); and
- (d) the annual amount of the contributed (all beneficiaries) pension is calculated in accordance with rule E.3(4)."

Rule G.9

In sub-paragraph (8)(a) for "or E.12" substitute ", E.12 or E.13A".

Rule H.2

After paragraph (4) insert—

- “(5) This rule is modified if rule H.3A applies to the member (Re-employed 2007 Section members: earlier service not linked where rule E.13A(1) or rule 12.3.16 of the Civil Service Compensation Scheme applies).”.

New rule H.3A

After rule H.3 insert—

“H.3A Re-employed 2007 Section members: earlier service not linked where rule E.13A(1) or rule 12.3.16 of the Civil Service Compensation Scheme applies

- (1) This rule applies in the case of a re-employed 2007 Section member who has not exercised the option under rule H.3 in respect of the earlier service and who—
 - (a) leaves the current service on discretionary exit terms in circumstances where rule E.13A(1) applies; or
 - (b) leaves the current service on compulsory redundancy terms in circumstances where rule 12.3.16 of the Civil Service Compensation Scheme applies.
- (2) If this rule applies the member must be treated as if he had exercised the option under rule H.3 and had continued to be a deferred member of this Section as respects the earlier service.
- (3) Accordingly, the member must be treated as if—
 - (a) the member’s account under rule C.4 that was established when the earlier service ceased had not been closed; and
 - (b) a new account under rule C.2 had been established for the member in respect of the current service at the time when the current service commenced.”.

EXPLANATORY NOTE

(This Explanatory Note does not form part of the Scheme)

The Schedule to this Scheme amends the rules of the Principal Civil Service Pension Scheme (the "PCSPS").

Sections 1 (known as "premium"), 2 (known as "classic") and 3 (known as "nuvos") of the PCSPS are amended as follows. All of the amendments take effect on 1st April 2010.

A new option is inserted in each Section to enable members who take an early pension to buy out the actuarial reduction that would otherwise apply to their pension to reflect the fact that it is being paid early. Members may buy out the actuarial reduction either by paying a special contribution to the PCSPS or, if they are entitled to a lump sum compensation payment under the Civil Service Compensation Scheme ("the CSCS"), by asking their employer to pay the compensation to the PCSPS.

A new rule is inserted in each Section setting out the way in which an early pension will be calculated in respect of a member who leaves service where the discretionary exit terms in the CSCS apply. Such a pension will be based on benefits earned in service only (and not, for example, benefits arising from a transfer in or benefits built up during a past period of service).

A member who is entitled to an early pension based on benefits earned in service (either by virtue of their employer topping up their compensation under the compulsory redundancy terms in the CSCS so that when paid to the PCSPS it buys out the full actuarial reduction, or because the discretionary exit terms in the CSCS apply) may be entitled to an additional pension where the member has accrued benefits other than in the current period of service (for example from a transfer in). A new rule in each Section sets out the terms relating to this additional pension.

The amendments give members who take an actuarially reduced early pension (or who have bought out the actuarial reduction) or members who take an early pension where the discretionary exit terms in the CSCS apply, the opportunity to defer taking any contributed pension until pension age.

The approved early retirement terms in premium are deleted because they are replaced by the discretionary exit terms in the CSCS.

The approved early retirement terms in nuvos are renamed the "special early retirement terms" and are amended so that benefits may only be paid with the agreement of the Minister for the Civil Service. This is to retain flexibility for the Minister to agree special arrangements for retirement before age 65 (at employer cost) in relation to particular occupations.

The rules regarding the benefits payable to pension credit members (who obtain rights under the scheme pursuant to a pension sharing on divorce order) are amended to enable them to take their pension early, on an actuarially reduced basis, between age 55 and 60.

