

PRINCIPAL CIVIL SERVICE PENSION SCHEME (AMENDMENT NO.2) SCHEME 2010

**Laid before Parliament on 21 December 2010 under section 2(11) of the
Superannuation Act 1972**

The Minister for the Civil Service, in exercise of the powers conferred by sections 1, 2(2), 2(4) and 2(9) of the Superannuation Act 1972^(a) and now vested in him^(b), after consultation with persons appearing to the Minister to represent persons likely to be affected by it, makes the following scheme, which shall form part of the Principal Civil Service Pension Scheme within the meaning of section 2 of that Act:

1.-(1) This scheme may be cited as the Principal Civil Service Pension Scheme (Amendment No.2) Scheme 2010.

(2) This scheme shall come into operation on 22 December 2010.

2. The Principal Civil Service Pension Scheme 1974, which was laid before Parliament on 19th November 1974 and was subsequently amended, shall have effect subject to the amendments listed in the schedules to this scheme.

3. The amendments listed in Schedule 1 to this scheme shall have effect from 1 April 2010, immediately after the coming into operation of the Principal Civil Service Pension Scheme (Amendment) Scheme.

4. The amendments listed in Schedule 2 to this scheme shall have effect from the date on which this scheme comes into operation except in relation to losses of office or employment which are the consequence of –

- (a) an agreement made before the coming into operation of this scheme; or
- (b) a notice of dismissal given before the coming into operation of this scheme.

^(a) 1972 c.11.

^(b) See article 2(1)(c) of S.I. 1981/1670 and article 3 of S.I. 1995/269.

5. In relation to losses of office or employment referred to in paragraph 4(a) and (b) the Principal Civil Service Pension Scheme 1974 shall continue to have effect subject to the amendments listed in Schedule 1 to this Scheme as set out in paragraph 3.

**Authorised on behalf of
the Minister for the Civil Service**

SCHEDULE 1

*(with effect from 1 April 2010, immediately after the coming into force of the
Principal Civil Service Pension Scheme (Amendment) Scheme 2010)*

2002 Section

Rule A.1

In paragraph (4)—

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

Rule C1.11

In paragraph (1) for “D.7 (early payment of pension on leaving service on discretionary exit terms)” substitute “D.7 (early payment of pensions under approved early retirement arrangements)”.

Rule C1.15

- (1) In the title of the rule for “on leaving service on discretionary exit terms” substitute “ (early payment of pensions under approved early retirement arrangements)”.
- (2) In paragraph (1) for “(early payment of pension on leaving on discretionary exit terms)” substitute “(early payment of pensions under approved early retirement arrangements)”.

Rule D.7

For rule D.7 substitute—

“D.7 Early payment of pensions under approved early retirement arrangements

- (1) This rule applies where—
 - (a) an active member who has reached 55, or if rule D.3(3) applies, 50 applies to his employer to leave the employment by virtue of which he is eligible for membership of this Section of the Scheme under arrangements approved by the Minister as a member to whom this rule applies,
 - (b) the member’s employer grants the application, and
 - (c) the member’s employer makes payments to the Scheme in respect of the cost of his leaving the employment under the arrangements.
- (2) In these rules—

- (a) a member of this Section to whom this rule applies is referred to as an “approved early leaver”, and
 - (b) the arrangements referred to in paragraph (1)(a) are referred to as “the AER arrangements”.
- (3) The approved early leaver may opt for immediate payment of a pension before reaching pension age if the member ceases to be employed in the employment that qualifies him to belong to this Section of the Scheme.
- (4) The amount of the annual pension payable to the early leaver is calculated as mentioned in rule D.1(4) (without any reduction by reason of its early payment and applying rule D.1(4A) where applicable).
- (5) This paragraph has been deleted.
- (6) The option under this rule may only be exercised by notice in writing to the Scheme administrator in such form as the Minister requires.”.

Rule D.7ZA

Delete this rule.

Rule L.13

For rule L. 13 substitute—

“L. 13 Retirement benefits: approved early retirement

- (1) A reserved joiner who is an approved early leaver entitled to immediate payment of a pension under rule D.7 (early payment of pensions under approved early retirement arrangements) is also entitled to a lump sum payable at that time.
- (2) The amount of that lump sum is equal to three-eightieths of the member’s final pensionable earnings, multiplied by the member’s old reckonable service.”.

Rule L.13A

Delete this rule.

SCHEDULE 2

(with effect from 22 December 2010, with transitionals)

2002 Section

Rule A.1

In paragraph (4)—

- (a) omit the definitions of “the AER arrangements” and “approved early leaver”.
- (b) after the definition of “state pension age”, insert—

““unreduced earned pension” means an Earned Pension, as defined in the Civil Service Compensation Scheme, paid in accordance with rule 12.3.11(b) or 12.4.7(b) of that Scheme;”.

Rule C1.11

- (1) In paragraph (1) for “, D.4 (early payment of pensions: ill-health) or D.7 (early payment of pensions under approved early retirement arrangements)” substitute “or D.4 (early payment of pensions: ill-health)”.
- (2) In paragraph (6)(a)(i) omit “or D.7”.

Rule C1.15

- (1) In the title of the rule for “, early payment of pension with actuarial reduction or early payment of pension under approved early retirement arrangements” substitute “or early payment of pension with actuarial reduction”.
- (2) In paragraph (1) for “, rule D.3 (early payment of pensions with actuarial reduction) or rule D.7 (early payment of pensions under approved early retirement arrangements)” substitute “or rule D.3 (early payment of pension with actuarial reduction)”.
- (3) In paragraph (2)(b) omit “or D.7”.

Rule C1.15A

In paragraph (1) omit “or rule D.7”.

Rule C1.15B

- (1) In paragraph (1)(a) for “or rule D.7; and” substitute “,”.

- (2) In sub-paragraph (b), after “Part”, delete “,” and insert
“; and
(c) if M is a member to whom rule D.3(3) applies, M has reached the age of 55 years,”.
- (3) In paragraph (1), in the full-out words, omit “or D.7 (as applicable)”.

Rule D.3A

- (1) In paragraph (1) omit “or D.7”.
- (2) In paragraph (5) for “, D.3 or D.7” substitute “or D.3”.

Rule D.7

For rule D.7 substitute—

“D.7 Calculation of unreduced earned pension.

- (1) If the member is entitled to immediate payment of an unreduced earned pension, the annual amount of the earned pension is calculated in accordance with rule D.1(4), but as if, for the words “the member’s reckonable service”, there were substituted “the member’s current reckonable service.
- (2) In this rule “current reckonable service” has the same meaning as “reckonable service” in rule A.9, except that it includes any period of service that the Minister has determined shall count as part of the member’s reckonable service under rule 12.1.4(3) of the Civil Service Compensation Scheme and does not otherwise include—
- (a) any service prior to 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);
 - (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.

D.7ZA Additional service pension

- (1) This rule applies where—
 - (a) a member is entitled to immediate payment of an unreduced earned pension; and
 - (b) the member's reckonable service is greater than the member's current reckonable service.
- (2) If this rule applies the member—
 - (a) is entitled to an additional service pension under rule D.1, payable at pension age; and
 - (b) 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.

This is subject to paragraph (3).
- (3) If this rule applies and the member—
 - (a) is a member to whom rule D.3(3) applies; and
 - (b) has not yet reached 55 years of age

the member is entitled to an additional service pension under rule D.1, which must come into payment at the same time as member's earned pension, 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(2)."

Rule L.13

Omit rule L.13

New Rule L.13A

After rule L.12 insert —

“Rule L.13A Additional service lump sum

“(1) (a) If rule D.7ZA applies to a reserved joiner (“R”), R is entitled to an additional service lump sum under rule L.10, payable at pension age.

(b) If R opts to take the additional service pension described in rule D.7ZA early, R must take the additional service lump sum at the same time as the additional service pension comes into payment.

This is subject to paragraph (4).

(2) If R takes 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.

(3) If R opts, under Rule D.3A, to buy out the actuarial reduction that would otherwise apply to the additional service pension R must also, under rule L.11A, buy out the actuarial reduction that would otherwise apply to the additional service lump sum.

(4) If R—

- (a) is a member to whom rule D.3(3) applies; and
- (b) has not yet reached 55 years of age,

R’s additional service lump sum must be paid at the same time as R’s earned pension and additional service pension come into payment, with actuarial reduction under rule L.11, or having bought out the actuarial reduction under rule L.11A.

(5) The amount of the 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 that is not current reckonable service.

(6) In this rule, “current reckonable service” has the same meaning as in rule D.7(2). ”.

1972 Section

New Rule 1.13q

After rule 1.13p insert—

“Rule 1.13q

“Unreduced earned pension” means an Earned Pension, as defined in the Civil Service Compensation Scheme, paid in accordance with rule 12.3.11(b) or 12.4.7(b) of that Scheme.”

Rule 3.51

- (1) In paragraph (i) omit “or who is entitled to a pension under rule 3.52”.
- (2) In paragraph (v) for “, 3.10c or 3.52” substitute “or 3.10c”.

Rule 3.52

For rule 3.52 substitute—

“3.52 Calculation of unreduced earned pension

- (1) If the member is entitled to immediate payment of an unreduced earned pension, 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.
- (2) In this rule “current reckonable service” has the same meaning as “reckonable service”, except that it shall include any period of service that the Minister has determined shall count as part of the member’s reckonable service under rule 12.1.4(3) of the Civil Service Compensation Scheme and shall not otherwise include—
 - (a) any reckonable service which is attributable to service prior to 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; 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.”.

Rule 3.53

For rule 3.53 substitute—

“3.53 Additional service pension and lump sum

- (i) This rule applies where—
 - (a) a civil servant is entitled to immediate payment of an unreduced earned pension; 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—
 - (a) is entitled to an additional service preserved pension and lump sum, payable at pension age under rule 3.11; and
 - (b) 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.

This is subject to paragraph (iii).
- (iii) If this rule applies and the civil servant—
 - (a) is a civil servant to whom an exclusion in rule 3.10aa (i)-(iii) applies; and
 - (b) has not yet reached 55 years of age

the civil servant is entitled to an additional service preserved pension and lump sum, which must be taken at the same time as the civil servant’s earned pension, with actuarial reduction under rule 3.10a(i) or rule 3.10c, or having exercised 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 14.13

- (1) In paragraph (1) for “, 3.10a (early retirement) or 3.52 (early payment of pension on leaving service on discretionary exit terms)” substitute “or 3.10a (early retirement)”.
- (2) In paragraph (6)(a)(i) omit “or 3.52”.

Rule 14.18

- (1) In paragraph (1) for “, 3.10c or 3.52” substitute “or 3.10c”.
- (2) In each of paragraph (2)(a)(i) and (3)(a)(i) omit “or 3.52”.

Rule 14.18A

In paragraph (1) for “, 3.10c or 3.52” substitute “or 3.10c”.

14.18B Option to defer payment of contributed pension

- (1) In paragraph (1) for “3.10a, 3.10c or 3.52”, both times this appears, substitute “3.10a or 3.10c”.
- (2) In paragraph (1)(a) substitute, for “; and”, “;”.
- (3) In paragraph (1)(b), substitute, for “;”,
“; and
(c) if the civil servant is a civil servant to whom an exclusion in rule 3.10aa(i)-(iii) applies, he has reached the age of 55 years,”.

2007 Section

Rule A.1

In paragraph (4), after the definition of “state pension age”, insert—

““Unreduced Earned Pension” means an Earned Pension, as defined in the Civil Service Compensation Scheme, paid in accordance with rule 12.3.11(b) or 12.4.7(b) of that Scheme;”

Rule A.5

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

Rule C.5

(1) In paragraph (1) omit “, E.13A”.

(2) In paragraph (8)(a)(iii) omit—

(a) “or an earned pension under rule E.13A”; and

(b) “or E.13B(4)”.

(3) In paragraph (8)(b) omit “or E.13B(4)(a) (as applicable)”.

Rule E.13A

Delete this Rule.

Rule E.13B

Delete this Rule.

Rule E.13C Remaining earned pension

(1) For paragraph (1) substitute—

“(1) This rule applies where a member is entitled to immediate payment of an Unreduced Earned Pension and the member is entitled to any one or more of the following—

(a) to count non-Club transferred pension under rule G.9(2);

(b) to a Club transfer pension;

(c) to a linked service pension.”.

- (2) In paragraph (2) for “If this rule applies” substitute “If the member is entitled to count non-Club transferred pension under rule G.9(2)”.
- (3) In paragraph (2)(a) for “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” substitute “Unreduced Earned Pension to which the member is entitled”.
- (4) For paragraph (3) substitute—
- “(3) A member to whom this rule applies must—
- (a) claim any remaining earned pension, Club transfer pension and linked service pension to which the member is entitled 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 any remaining earned pension, Club transfer pension and linked service pension to which the member is entitled before the member’s 75th birthday; and
- (c) take any remaining earned pension, Club transfer pension and linked service pension to which the member is entitled at the same time as each other.”.
- (5) In paragraph (4) for “the remaining earned pension” substitute “any remaining earned pension, Club transfer pension and linked service pension to which the member is entitled”.
- (6) In paragraph (5)—
- (a) for “the remaining earned pension” the first time it appears substitute “any remaining earned pension, Club transfer pension and linked service pension to which the member is entitled”; and
- (b) for “the remaining earned pension” the second time it appears substitute “any remaining earned pension”.
- (7) In paragraph (6) —
- (a) for “the remaining earned pension” the first time it appears substitute “any remaining earned pension, Club transfer pension and linked service pension to which the member is entitled”; and
- (b) for “the remaining earned pension” in sub-paragraph (b) substitute “any remaining earned pension”.

Rule E.14

- (1) In paragraph (1) for “, E.12 or E.13A” substitute “or E.12”.
- (2) In paragraph (3)(a)(ii) for “, E.4 or E.13A” substitute “or E.4”.

Rule E.15

- (1) In paragraph (1) for “, E.12 or E.13A” substitute “or E.12”.
- (2) In paragraph (3)(a)(ii) for “, E.4 or E.13A” substitute “or E.4”.

“E.15A

- (1) In paragraph (1)(a)(i) omit “, E.13A”.
- (2) In paragraph (5) omit “, E.13B”.

E.15B

- (1) For paragraph (1) substitute—
 - “(1) A member entitled to a contributed (self only) pension or a contributed (all beneficiaries) pension under rules E.1 or E4, where the member is entitled to an earned pension before pension age, 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 or E.4 (as applicable).”.

Rule G.9

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

Rule H.2

In paragraph (5) for “rule 13A(1) or rule 12.3.16 of the Civil Service Compensation Scheme applies” substitute “the member is entitled to early payment of Unreduced Earned Pension”.

Rule H.3A

- (1) In the title of the rule for “rule E.13A(1) or rule 12.3.16 of the Civil Service Compensation Scheme applies” substitute “the member is entitled to early payment of Unreduced Earned Pension”.
- (2) For paragraph 1 substitute —
 - “(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 leaves the current service in circumstances

where he is entitled to immediate payment of an Unreduced Earned Pension.”.

EXPLANATORY NOTE

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

Schedules 1 and 2 to this Scheme amend the rules of the Principal Civil Service Pension Scheme (the "PCSPS").

Schedule 1 to this Scheme amends the rules of the PCSPS with effect from 1 April 2010 (immediately after the coming into force of the Principal Civil Service Pension Scheme (Amendment) Scheme 2010) to make provision for approved early retirement arrangements.

Schedule 2 to this Scheme amends the rules of the PCSPS in consequence of the provisions of the Civil Service Compensation Scheme (Amendment No.2) Scheme 2010. Sections 1 (known as "premium"), 2 (known as "classic") and 3 (known as "nuvos") of the PCSPS are amended. All of these amendments take effect on the coming into operation of this Scheme except in relation to losses of office or employment which are the consequence of an agreement made or notice of dismissal given before the coming into operation of this Scheme.