

# Appropriate Personal Pension Scheme Manual

Procedural Guidance

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## **Abbreviations**

AP Additional Pension

APP Appropriate Personal Pension

APPSHP Appropriate Personal Pension Stakeholder Pension

ARRs Age-Related Rebates

ASCN Appropriate Scheme Number

BACS Bankers Automated Clearing Services

CEP Contributions Equivalent Premium

COD Contracted-out Deduction

COMBS Contracted-out Mixed Benefit Scheme

COMP Contracted-out Money Purchase

COMPS Contracted-out Money Purchase Scheme

COMPSHP Contracted-out Money Purchase Stakeholder Pension

COSR Contracted-out Salary Related

COSRS Contracted-out Salary Related Scheme

DWP Department for Work and Pensions

FSAVC Free Standing Additional Voluntary Contributions

GB Great Britain

GMP Guaranteed Minimum Pension

ICR Intelligent Character Recognition

LEL Lower Earnings Limit

LET Low Earnings Threshold

MCs Minimum Contributions

PT Primary Threshold

PROP Protected Rights Premium

SERPS State Earnings Related Pension Scheme

SHP Stakeholder Pension

ST Secondary Threshold

SPA State Pension age

UEL Upper Earnings Limit

UET Upper Earnings Threshold

## **Glossary of terms**

**Additional State Pension** The State Second Pension (formerly known as the State Earnings Related Pension Scheme), is the earnings related part of the State Pension.

**Age-Related Rebates** End of year payments by HM Revenue & Customs to members of contracted out money purchase schemes or and appropriate personal or stakeholder pension schemes. They are based on age, and earnings between the Lower and Upper Earnings Limits.

**Appropriate Personal Pension Scheme** A personal pension scheme which can be used by its members to contract out of the additional State Pension.

**Appropriate Personal Pension Stakeholder Pension** A Stakeholder Pension Scheme that can be used by its members to contract out of the additional State Pension.

**Contract out** To join a pension scheme which meets the prescribed requirements to provide benefits in place of the additional State Pension.

**Lower Earnings Limit** The minimum amount which must be earned in a pay period to qualify for State benefits.

**Lump sum** Pension benefits that are payable in the form of a cash lump sum as opposed to a pension.

**Minimum Contributions** Age-related rebates paid to an APP/APPSHP. Payment includes tax relief at the basic rate on the employee's share of the rebate.

**Pension Sharing Order** The term used to describe a court order requiring that pension rights are to be shared on divorce or on dissolution of a civil partnership.

**Protected Rights** Rights in an occupational money purchase scheme or an appropriate personal/stakeholder pension scheme that derive mainly from the contracted-out rebate and its investment return.

**Safeguarded Rights** That part of a pension credit that is derived from the contracted-out rights of the scheme member.

**State Earnings Related Pension Scheme** What the additional State Pension was known as before 6 April 2002.

**State Second Pension** What the additional State Pension has been known as from 6 April 2002.

**Upper Earnings Limit** The maximum amount of earnings on which employees are required to pay standard-rate National Insurance contributions.

# Chapter 1 Introduction

## 1.1 About this manual

This manual is for **Appropriate Personal Pension** (APP) providers and scheme administrators. It explains the procedures to be used when an APP is taken out by an employee in place of the **additional State Pension**

It gives guidance on

- the action required to start an APP
- how to cancel an APP
- information about **minimum contributions**, including
  - what they are
  - how and when they are calculated and paid by HM Revenue & Customs, National Insurance Contributions Office
- transferring a member's **protected rights**
- providing an income using the member's **protected rights**
- buying or providing a pension using a member's **protected rights**
- what to do if a member dies before their **protected rights** can be used
- what to do if a member's **protected rights** are subject to **Pension Sharing** on Divorce or Dissolution of Civil Partnership
- what happens when a Personal Pension scheme is no longer Appropriate
- the services provided by the HM Revenue & Customs, National Insurance Contributions Office, and
- the forms available/required.

## 1.2 Responsibilities and contacts

### HM Revenue & Customs – National Insurance Contributions Office

The HM Revenue & Customs National Insurance Contributions Office

- has a Director who is responsible to the Director General of Customer Contact and Processing in HM Revenue & Customs
- operates the National Insurance scheme, the second largest source of Government revenue after Income Tax, by
  - ensuring compliance with the law relating to National Insurance
  - maintaining over 60 million contributors' National Insurance records
  - providing an information and advisory service to the business community and members of the public
  - providing National Insurance information to benefit paying Agencies
  - administering the contracting-out arrangements.

Services to Pensions Industry

Services to Pensions Industry is part of the HM Revenue & Customs National Insurance Contributions Office, and

- deals with procedures for registration and payment of **Age-Related Rebates** (ARRs) for APP and APPSHP schemes
- deals with terminations of contracted-out employment and related matters
- deals with the registration, cancellation and other related notifications and procedures concerned with COSR, COMB, COMP, COMPSHP, APP and APPSHP members
- ensures all necessary arrangements are made for individuals if any contracted-out schemes ceases to **contract out**
- approves a scheme's arrangements of COSR, COMP, COMB and APP schemes if they cease to **contract out**
- has the power to withdraw/refuse approval of arrangements for COSR, COMB, COMP, COMPSHP, APP and APPSHP schemes
- has the power to issue certificate of non-approval and direction to discharge liabilities for COSR, COMB, COMP, COMPSHP, APP and APPSHP schemes
- supplies forms mentioned in this guide

Any enquiries about the procedures performed within Services to Pensions Industry should be sent to HM Revenue & Customs,

National Insurance Contributions Office,

Services to Pensions Industry,

Benton Park View,

Newcastle upon Tyne

NE98 1ZZ

All notifications should be sent to the address quoted on the appropriate form.

The following helpline is available for general queries about contracting out and APPs

08459150150

Lines are open 8am to 5pm Monday to Friday. Calls will be charged at local rates.

Or you can also visit the Services to Pensions Industry website at [www.hmrc.gov.uk/servicestopensionsindustry](http://www.hmrc.gov.uk/servicestopensionsindustry)

### **Pension Schemes Services**

Pension Schemes Services is part of HM Revenue & Customs Savings Pensions, Share Schemes. Pension Schemes Services registers, occupational and personal pension schemes for tax relief and exemptions.

- considers elections from employers who wish to **contract out** of the **additional State Pension** and issues contracting-out certificates if the election is accepted for COSR, COMB, COMP, COMP SHP, APP and APPSHP schemes
- considers applications for COSR, COMB, COMP, COMPSHP, APP and APPSHP scheme certificates and issues certificates if applications are accepted

- allocates Employer's Contracting-out Numbers (ECONS) and Scheme Contracted-out Numbers (SCONS) for COSR, COMP, COMB, COMPSHP schemes and Appropriate Scheme Numbers (ASCNs) for APP and APPSHP schemes
- supplies contracted-out employers who operate COSR, COMP, COMPSHP, COMB schemes with:
  - an information pack when the contracting-out certificate is first issued
  - National Insurance contribution tables
- deals with procedures for registration for payment of **Age-Related Rebates** (ARRs) for COMP, COMPSHP, APP and APPSHP schemes
- issues revised certificates where elections to vary a contracting-out certificate are made for COSR, COMB, COMP, COMP SHP, APP and APPSHP schemes
- has the authority to cancel or vary contracting-out certificates for COSR, COMB, COMP, COMPSHP, APP and APPSHP schemes on behalf of the Commissioners of HM Revenue & Customs

Any enquiries about the procedures performed within HM Revenue & Customs Savings, Pensions, Share Schemes should be forwarded to:

HM Revenue & Customs Savings,  
 Pensions, Share Schemes  
 Yorke House,  
 PO Box 62,  
 Castle Meadow Road,  
 Nottingham  
 NG2 1BG

#### **Department for Work and Pensions (DWP)**

DWP deals with matters of policy relating to contracted-out schemes.

Send all policy enquiries in writing to

Department for Work and Pensions,  
 Private Pensions Policy & Regulation,  
 The Adelphi,  
 1-11 John Adam Street,  
 London  
 WC2N 6HT

#### **The Pensions Regulator (TPR)**

The Pension Regulator was established in April 2005 as the new regulator of work-based pensions. It replaces the Occupational Pensions Regulatory Authority (OPRA) which has ceased to exist.

Its main objectives are:

- to protect the benefits of occupational and personal pension scheme members
- to reduce the risk of situations arising that lead to claims on the Pension Protection Fund and
- to promote and improve understanding of good administration of work-based pension schemes.

In addition to the powers inherited from OPRA. The Pensions Regulator has the authority to

- issue improvement notices and third party notices, allowing the regulator to ensure problems with schemes are put right
- freeze a scheme at risk, while the regulator investigates
- disqualify trustees who are judged not 'fit and proper' to carry out their duties and
- to collect more detailed scheme administration

TPR also collects levies from pension schemes.

Send any enquiries to:

The Pensions Regulator,  
Napier House,  
Trafalgar Place,  
Brighton,  
BN1 4DW

Customer support telephone number: 0870 6063636

Textphone: 0870 2433123

Fax: 0870 2411144

E-mail: [customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)

### **1.3 Further Information**

If you need any further information about this manual please contact

HM Revenue & Customs,

National Insurance Contributions Office,

NI Services to Pensions Industry,

Room BP4102,

Benton Park View,

Newcastle upon Tyne

NE98 1ZZ

If you need further information about state pensions you can order copies of the following:

Leaflet Title

PTB1 Pensions the basics

PM2 State Pensions - Your guide

PM6 Pensions for women - what you can get and when

PM7 Contracted-out Pensions

To order copies of any of the guides in this series, you can call us on 0845 7 31 32 33. The line is open 24 hours a day. If you have speech or hearing difficulties, a textphone service is available on 0845 604 0210.

Or, you can write to obtain any of the guides at

Pension, Guide, Freepost, RLXH-JUEU-GZCH, Northampton NN3 6DF.

You can also see the guides on the website at [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk).

All guides are available in Welsh, on audio tape, in Braille and in large print.

The information and instructions in this manual apply in Northern Ireland and the Isle of Man, with the exception of SHP schemes, which are not available in the Isle of Man.

Employers with employees in contracted-out employment in the Isle of Man should contact

DHSS, Social Security Division,

Contributions Section,

Markwell House,

Market Street,

Douglas,

Isle of Man,

IM1 2RZ

01624 685 685

Lines are open 9am to 5pm Monday to Friday.

### **Helplines**

The following helplines are available for general queries:

HM Revenue & Customs Services to Pensions Industry Helpline

08459 150150

Lines are open 8am to 5pm Monday to Friday. Calls will be charged at local rates.

This helpline can answer questions on contracted-out procedures.

The Pensions Regulator (TPR)

0870 6063636

Lines are open 9am to 5pm Monday to Friday.

### **Contracted-out Deduction Enquiry service**

This service is available for APP and COMP schemes. A deduction is made from a member's SERPS rights accrued up to 5 April 1997 because of the payment of MCs to an APP scheme or the membership of a contracted-out occupational scheme. This is known as the Contracted-out Deduction (COD) and takes into account any rights transferred into the scheme from:

- another APP or APPSHP scheme, or
- a COMP, COMPSHP, COSR or COMB scheme.

A scheme or an individual member can ask for an up to date calculation of this deduction if the period of contracted-out scheme membership is totally pre 6 April 1997 or spans 6 April 1997. If the period is entirely post 5 April 1997 then there will be no COD calculated. In order to obtain a calculation

- the scheme should submit the appropriate form to Services to Pensions Industry

- the member can either - write to Services to Pensions Industry, or - use form BR19 which they can get from any DWP office.

An APP scheme should submit form CA1555.

The COD/GMP calculation service may be particularly helpful to the scheme if the:

- **protected rights** are to be transferred to a COSR scheme, and
- transferring/receiving scheme needs to know the amount of the COD or GMP for the period before 6 April 1997.

This service can also be used if schemes want a calculation at any time during **Pension Sharing** on Divorce or Dissolution of Civil Partnership procedures. Chapter 11 provides information relating to **Pension Sharing** on Divorce or Dissolution of Civil Partnership and contracting-out procedures.

### **Tracing services**

The Department for Work and Pensions provides a pre-paid letter forwarding service for pension providers who wish to trace individuals with entitlement to pension rights.

Enquiries must be in a standard format. Further information about this service can be obtained from

Department for Work and Pensions,

Letter Forwarding Service,

Compensation Recovery Unit,

Room M0201,

Durham House,

Washington,

Tyne and Wear

NE38 7SF

084591 52629 calls will be charged at local rates

HM Revenue & Customs National Insurance Contributions Office can perform bulk traces for, National Insurance numbers.

Enquiries about this service can be made by contacting

HM Revenue & Customs,

National Insurance Contributions Office,

General Index

Room BP4302,

Benton Park View,

Newcastle upon Tyne

NE98 1ZZ

084591 58323 calls will be charged at local rates

A charge will be made for these services.

You can get full details of the current charges for this service from

0191 225 0190

If a widow, widower, surviving civil partner or nominated beneficiary (ies) cannot be traced, enquiries can be made by contacting

Principal Probate Registry,

Somerset House,

Strand,

London

WC2 1LP

or by contacting the District Probate Office covering the address where the deceased lived.

For a person living in Scotland, enquiries should be made to

The Commissary Office,

27 Chambers Street,

Edinburgh

EH1 1LB

### **Comments on our service**

We welcome any comments you have on how to improve our service to all customers, including your future requirements and expectations. You can let the Customer Service Manager know, by phone or by writing to

HM Revenue & Customs,

National Insurance Contributions Office,

Services to Pensions Industry,

Room BP4201

Benton Park View,

Newcastle upon Tyne

NE98 1ZZ

08459 150 144 calls will be charged at local rates

Fax 08459 150 285 calls will be charged at local rates

We would also like to hear from you if you think you have received a particularly good service. If however you have a complaint, we will do our best to settle it quickly and to your satisfaction.

If you are unhappy with our service

If you are unhappy with any aspect of the service you have received from the HM Revenue & Customs, National Insurance Contributions Office, you should complain to the manager at the office you have been dealing with.

#### Customers with alternative requirements

We have a range of services for people with disabilities, including leaflets in Braille, audio and large print. For details, please contact the section you have been dealing with or the Services to Pensions Industry Customer Service Manager.

#### Decision Making and Appeals

Following the implementation of the Social Security Act 1998, procedures for Decision Making and Appeals must be followed. This means that when a formal decision is issued there is a right of appeal against that decision to an independent appeal tribunal. Services to Pensions Industry will deal with appeals in respect of individuals. Further information can be found in manual CA14F Technical Guidance on Contracted-Out Decision Making and Appeals, which is available from Services to Pensions Industry.

#### Data protection

The HM Revenue & Customs is a Data Controller under the Data Protection Act. We hold information for the purposes specified in our notification made to the Data Protection Commissioner, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do it will only be as the law permits, to check accuracy of information to prevent or detect crime or protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you as well as by others such as other Government Departments and agencies and overseas tax authorities. We will not give information about you to anyone outside the HM Revenue & Customs unless the law permits us to do so.

#### Additional Information/services

Additional information about schemes in contracted-out employment can be found in:

##### Manual Title

CA14 Termination of Contracted-out Employment - Manual for Salary Related Pension Schemes and Salary Related Parts of Mixed Benefit Schemes

CA14A Termination of Contracted-out Employment - Manual for Money Purchase Pension Schemes and Money Purchase Parts of Mixed Benefit Schemes

CA14C Contracted-out Guidance for Salary Related Pension Schemes and Salary Related Overseas Schemes

CA14D Contracted-out Guidance for Money Purchase Pension Schemes and Money Purchase Overseas Schemes

CA14E Contracted-out Guidance for Mixed Benefit Pension Schemes and Mixed Benefit Overseas Schemes

CA14F Technical Guidance on Contracted-Out Decision Making and Appeals

CA15 Cessation of Contracted-out Pension Schemes Manual

CA16 Appropriate Personal Pension Scheme Manual - Procedural Guidance

CA16A Appropriate Personal Pension Scheme Manual - Guidance for Scheme Managers

CA17 Employees' guide to minimum contributions

CA19 Using the Accrued GMP Liability Service  
CA20 Using the Contracted-out Contributions/Earnings Information Service  
CA21 Using the National Insurance Number/Date of Birth Checking Service  
CA22 Contracted-out Data Transactions using Magnetic Media  
CWG2 Employer's Further Guide to PAYE and NICs  
CA39 Contracted-out contributions for employers with Contracted-out Salary Related Schemes  
CA43 Contracted-out contributions for employers with Contracted-out Money Purchase schemes  
CA70 Magnetic Media Transmission of Data to Appropriate Personal Pension, Contracted-out Occupational Schemes  
CA84 Stakeholder Pension Scheme Manual – Procedural Guidance  
CA85 Cessation of Contracted-out Stakeholder Pension Scheme Manual

All of the guides are available at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

## Chapter 2 Starting an Appropriate Personal Pension (APP)

### 2.1 General

APP schemes are schemes that can be used by employees to **contract out** of the **additional State Pension** (AP). Employees who do this give up some or all of their entitlement to the **additional State Pension** during the period they use the scheme to **contract out**.

A member of an APP scheme pays National Insurance contributions at the full not contracted-out rate. In return for the AP given up, **Minimum Contributions** (MCs) are paid by HM Revenue & Customs direct to the scheme on receipt of the employer's end of year returns. Chapter 4 gives information about MCs.

Where the employee is a member of an occupational scheme which is not contracted-out, an Appropriate Free Standing Additional Voluntary Contributions (FSAVC) scheme can be used to **contract out**.

### 2.2 Notifying Services to Pensions Industry when an individual takes out an Appropriate Personal Pension

When an individual takes out an APP, or an Appropriate FSAVC, both the individual and the scheme must notify Services to Pensions Industry. To do this:

Step Action

- 1 the individual and the scheme must fill in the joint notice, form CA1542
- 2 the scheme must retain form CA1542 until the 14 day cooling-off period has expired

Important note: schemes are legally required to do this, as this is the period in which the individual has the right to change their mind and decide not to proceed with an APP

Send form CA1542 to Services to Pensions Industry. The form(s) must be accompanied by a single list, or on form CA8060 receipt list completed in the prescribed and agreed format, showing details of each form CA1542 sent and must include the following information:

- the scheme's ASCN

- the scheme's name and, if appropriate, the regional office of origin
- the calendar year in which the list is sent
- the list number sent in the calendar year, and the page number within that list
- the actual date the list is sent to Services to Pensions Industry
- the surname, in alphabetical order, followed by full forename(s) for each form CA1542 submitted
- the scheme member's National Insurance number
- the start year of the APP arrangement, and
- the membership/policy number.

Forms should be batched in the same order as the names appear on the list.

A letter acknowledging receipt of the form(s) will be issued by Services to Pensions Industry as soon as possible, but within three weeks of the forms being sent. Alternatively form CA8060 will be returned acknowledging receipt of the form(s).

Form CA1542 gives the HM Revenue & Customs, National Insurance Contributions Office the authority to pay MCs to the member's chosen scheme from the start date shown.

### ***2.3 Start date for minimum contributions***

The start date for paying MCs will be the start of a tax year, i.e. 6 April. If Services to Pensions Industry receive form CA1542 before 17 May, payment of MCs can be backdated to 6 April of the previous tax year.

Example

Form CA1542 received in December 2008 can:

- be backdated to 6 April 2008, or
- start from 6 April 2009

Form CA1542 received on 13 May 2008 can have a start date of:

- 6 April 2007, or
- 6 April 2008

## **Chapter 3 Cancelling an Appropriate Personal Pension (APP)**

### ***3.1 Who can cancel an Appropriate Personal Pension?***

Either the member or the scheme can cancel an APP and so stop the payments of MCs.

*What to do*

Fill in and send form CA1543 to Services to Pensions Industry to cancel an APP, but see paragraphs 3.5 and 3.7.

Schemes may, if they wish, adopt similar arrangements to those for form CA1542. Send a list of forms CA1543s, see paragraph 2.5.

### **3.2 What is the cancellation date?**

The cancellation date used by Services to Pensions Industry will always be the end of the tax year, i.e. 5 April. You can either

- postdate the cancellation to the following 5 April, i.e. end of the current tax year, or
- backdate the cancellation to the previous 5 April, i.e. the end of the previous tax year.

Note: These time limits should also be applied when **protected rights** are being transferred, see Chapter 5.

You cannot backdate the cancellation more than 12 months

Example

If you want to backdate the cancellation date to 5 April 2008, form CA1543 must arrive at Services to Pensions Industry by 5 April 2009. If it arrives on 6 April 2009, the date of cancellation can only be 5 April 2009 or 5 April 2010

### **3.3 Limitations on cancellations**

Once the 14 day cooling-off period has expired, a member cannot cancel a joint notice (CA1542) until it has been in effect for at least one tax year.

Example

If form CA1542 started on 6 April 2008, the earliest a cancellation can take effect from would be 5 April 2009

As mentioned in paragraph 2.4, to prevent unnecessary cancellations, providers are legally required to make sure that form CA1542 is not sent to Services to Pensions Industry until the 14 day cooling-off period has expired.

If, exceptionally, form CA1542 has been sent before this period has expired and the individual has decided not to proceed with the APP, the scheme must:

- write to Services to Pensions Industry as soon as possible and ask them to cancel the APP
- outline the reason for cancellation, and
- send a copy of the 14 day cooling-off notice.

Only an APP scheme can cancel the start date of an APP once the cooling-off period has expired. Do not use form CA1543. Write to Services to Pensions Industry and ask them to cancel the APP. You must remember to include a copy of the cooling off notice or written confirmation from the member that it is their intention to cancel the APP.

## Chapter 4 Information about, and payment of, minimum contributions (MCs) by the HM Revenue & Customs, National Insurance Contributions Office

### 4.1 What are minimum contributions?

Individuals who take out an **Appropriate Personal Pension** (AP) in place of the **additional State Pension** (AP) pay National Insurance contributions (NICs) at the full not contracted-out rate.

In return for the AP given up, HM Revenue & Customs pay **minimum contributions** direct to the APP scheme.

### 4.2 The components of minimum contributions

MCs can be made up of:

- the **age-related rebate**, see paragraph 4.4
- tax relief at the basic rate on the employee's share of the rebate, see paragraph 4.6
- a 1% age addition (if entitlement existed), see paragraph 4.7
- a 2% incentive payment (if entitlement existed), see paragraph 4.10

### 4.3 How are minimum contributions currently calculated?

Calculating the **age-related rebate**

The calculation is based on an employee's age and earnings between the **Lower Earnings Limit** (LEL) and the **Upper Earnings Limit** (UEL). Rebate rates for tax years 2007-08 to 2011-12 are set out in Appendix 3.

Example

Member's date of birth is 29 December 1966 Earnings of £32,000

The calculation is in respect of the 2007-08 tax year. The age used is that on 5 April 2008 ie. 41

The rebate % to be used in the calculation are:

- earnings between £4,524 (LEL) and £13,000 (LET) is 14.2%
- earnings between £13,000 (LET) and £34,000 (UET) is 3.55%
- earnings between £30,000 (UET) and £35,510 (UEL) is 7.1% (see Appendix 3, Table 4)
- for tax years from 1997-98, is dependent upon the member's age on 5 April of the tax year immediately prior to the tax year in question and is known as the Age-Related Rebate (ARR)

Example

Member's date of birth is 29 December 1966

The calculation is in respect of the 1997-98 tax year. Therefore the age used is that on 5 April 1997 (the tax year immediately prior to the tax year in question) i.e. 30

The rebate % to be used in the calculation is 4.2% (see Appendix 3, Table 3)

• for tax years up to and including 1996-97, is the difference between the full not contracted-out and the lower contracted-out rate for National Insurance contributions, see Appendix 3, Table 2

The contracted-out rebate is calculated using this formula:

Formula

$$\text{contracted-out rebate} = Q + (R - S) - (52 \times \text{LEL}) \times T\%$$

Q = total earnings on which primary Class 1 National Insurance contributions were paid from not contracted-out employment(s) NB: For tax years 1999-2000 and later, the total earnings will be all earnings up to UEL even though National Insurance contributions are not payable on all those earnings

R = total earnings on which primary Class 1 National Insurance contributions were paid from contracted-out employment(s) NB: For tax years 1999-2000 and later, the total earnings will be all earnings up to UEL even though National Insurance contributions are not payable on all those earnings

S = total earnings on which primary Class 1 National Insurance contributions were paid at the contracted-out rate from contracted-out employment(s) NB: For tax years 2000-01 and later, these earnings will be all earnings between the LEL and the UEL, even though National Insurance contributions are not payable on earnings between the LEL and the employee's Earnings Threshold

LEL = weekly Lower Earnings Limit, see Appendix 3, Table 1

T = the relevant contracted-out rebate level see Appendix 3, Table 2, Table 3 and Table 4

Notes

If Q = 0, then no MCs will be payable

Primary Class 1 National Insurance contributions are those paid by an employee

The maximum earnings to count for MCs in any tax year will be:

$$(53 \times \text{UEL}) - (52 \times \text{LEL})$$

UEL = weekly Upper Earnings Limit, see Appendix 3, Table 1

Example

2007-08 tax year

If the member's total earnings for 2007-08 tax year were £32,000, the member's date of birth is 29 December 1966 and no contracted-out contributions were paid, the contracted-out rebate would be:

Band 1 Earnings Rebate

$$£13,000 - £4,524 (\text{LEL}) = £8,476$$

$$£8,476 \times 14.2\% = £1203.60$$

Band 2 Earnings Rebate

$$£30,000 - £13,000 = £17,000$$

$$£17,000 \times 3.55\% = £60.35$$

### Band 3 Earnings Rebate

$$£32,000 - £30,000 = £2000$$

$$£2000 \times 7.1\% = £142.00$$

$$\text{Total Rebate Payable} = £1405.95$$

2000-01 tax year

If the member's total earnings for 2000-01 tax year were £28,355, the member's date of birth was 29 December 1966 and there were no contracted-out contributions paid, the contracted-out rebate would be:

$$(28355 - 3484) \times 4.7\% = £1168.94$$

1997-98 tax year

If the earnings between the LEL and the UEL for 1997-98 tax year were £24,645, the member's date of birth was 29 December 1966 and there were no contracted-out contributions paid, the contracted-out rebate would be:

$$(24645 - 3224) \times 4.2\% = £899.68$$

### Calculating tax relief

Tax relief is paid on behalf of the HM Revenue & Customs and is calculated using this formula:

Formula

$$\text{Tax relief payable} = U \times \frac{V}{W} \times \frac{X}{100-X}$$

U = total amount of contracted-out rebate

V = employee's share of the contracted-out rebate

W = total of employee's and employer's share of the contracted-out rebate

X = basic rate of tax, (27% for 1987/88, 25% for 1988-89 to 1995-96 and 24% from 1996-97 and 23% for 1997-98 to 1999-2000 and 22% for 2000-01 to 2007-2008 tax year)

Note

1 contracted-out rebates are shown in Appendix 3, Table 2, Table 3 and Table 4

2 a member of an Appropriate FSAVC scheme does not qualify for tax relief on their share of the National Insurance rebate

### Example

The tax relief payable for the 2007-08 tax year for an employee with earnings of £32,000 and is age 41 is:

Band 1 Earnings Rebate Tax Relief

$$£1203.60 \times 1.6 \times 22 = £38.25$$

14.2 78

Band 2 Earnings Rebate Tax Relief

$$£60.35 \times 1.6 \times 22 = £7.67$$

3.55 78

Band 3 Earnings Rebate Tax Relief

$$£142.00 \times 1.6 \times 22 = £9.03$$

7.1 78

Total Relief Payable = £54.95

If the total contracted-out rebate for the tax year 2000-01 was £1168.94, the tax relief payable would be:

$$£1168.94 \times 1.6 \times 22 = £112.24$$

If the total contracted-out rebate for the tax year 1997-98 was £899.68, the tax relief payable would be:

$$£899.68 \times 1.6 \times 23 = £102.38$$

#### **4.4 The 1% age addition**

For tax years 1993-94 to 1996-97 inclusive, APP scheme members were entitled to a 1% age addition payable as part of the MCs if they

- were aged 30 or over on 6 April 1993
- reached age 30 by 6 April in any subsequent tax year - but only from the beginning of that tax year.

Example

If a member was 30 on 6 April 1994, they received the 1% age addition from the 1994-95 tax year.

If a member qualified for this age addition, an extra 1% was paid from the later of

- the first qualifying tax year, or
- the tax year in which the APP began

up to and including the 1996-97 tax year or, if earlier, the tax year when the APP was cancelled.

The 1% age addition does not qualify for tax relief.

Calculating the 1% age addition

The 1% age addition is calculated using the member's earnings on which National Insurance contributions have been paid:

## Formula

$$\text{Age addition} = Q + (R-S) - (52 \times \text{LEL}) \times 1\%$$

Q = total earnings on which primary Class 1 National Insurance contributions were paid from not contracted-out employment(s)

R = total earnings on which primary Class 1 National Insurance contributions were paid from contracted-out employment(s)

S = total earnings on which primary Class 1 National Insurance contributions were paid at the contracted-out rate from contracted-out employment(s)

LEL = weekly Lower Earnings Limit, see Appendix 3, Table 1

## Notes

If Q = 0, then no 1% age addition will be payable

Primary Class 1 National Insurance contributions are those paid by an employee

The maximum earnings to count for the 1% age addition in any tax year will be:

$$(53 \times \text{UEL}) - (52 \times \text{LEL})$$

UEL = weekly Upper Earnings Limit, see Appendix 3, Table 1

## Example

If earnings for the 1996-97 tax year were £24,115 and there were no contracted-out contributions paid, the age addition would be:

$$(\text{£}24115 - \text{£}3172) \times 1\% = \text{£}209.43$$

## 4.5 The 2% incentive

For tax years 1987-88 to 1992-93 inclusive, members of an APP scheme received a 2% incentive as part of their MCs providing that they met the legislative provisions set out in *section 7 of the Social Security Act 1986* unless

- they had been in a contracted-out pension scheme for 2 years or more, and
- they were entitled to stay in that scheme but left voluntarily after 5 April 1988 while continuing to work for the same employer.

If a member was entitled to the 2% incentive payment, it was paid towards their APP from the tax year in which it began, until the earlier of

- 5 April 1993, or
- the tax year when the APP was cancelled.

### Calculating the 2% incentive

The 2% incentive is calculated using the member's earnings on which National Insurance contributions have been paid:

#### Formula

$$\text{Incentive} = Q + (R - S) - (52 \times \text{LEL}) \times 2\%$$

Q = total earnings on which primary Class 1 National Insurance contributions were paid from not contracted-out employment(s)

R = total earnings on which primary Class 1 National Insurance contributions were paid from contracted-out employment(s)

S = total earnings on which primary Class 1 National Insurance contributions were paid at the contracted-out rate from contracted-out employment(s)

LEL = weekly Lower Earnings Limit, see Appendix 3, Table 1

#### Notes

If Q = 0, then no incentive will be payable

Primary Class 1 National Insurance contributions are those paid by an employee

The maximum earnings to count for the 2% incentive in any tax year will be:

$$(53 \times \text{UEL}) - (52 \times \text{LEL})$$

UEL = weekly Upper Earnings Limit, see Appendix 3, Table 1

#### Example

If earnings for the 1992-93 tax year were £10,000 and there were no contracted-out contributions paid, the incentive would be:

$$(\text{£}10000 - \text{£}2808) \times 2\% = \text{£}143.84$$

### **4.6 When are minimum contributions paid?**

At the end of each tax year, employers provide details of an employee's earnings, National Insurance contributions and tax paid on form P14 - 'End of Year Summaries'.

The HM Revenue & Customs, National Insurance Contributions Office calculate the MCs payable when these details have been recorded on the member's National Insurance account.

The HM Revenue & Customs, National Insurance Contributions Office process approximately 55 million P14 forms at the end of each tax year. The bulk of the processing takes place between May and October, by which time about 90% of the information on form P14 is recorded on National Insurance accounts. Payment of MCs will normally be made within one month of the earnings being recorded on the member's National Insurance account.

Members who have more than one job will have details of their total earnings, NICs and tax, recorded on more than one P14. Because each of these returns are processed separately, members are likely to receive more than one payment of MCs in respect of each tax year.

### **4.7 How are minimum contributions paid?**

The HM Revenue & Customs National Insurance Contributions Office pay MCs through the Bankers Automated Clearing Services (BACS) into the APP scheme's nominated Bank or Building Society account. Payments are made at the beginning of the month in respect of members whose earnings have been

recorded the previous month. The payment is adjusted to take account of any overpayment or underpayment of MCs that may have been made in previous months - see paragraphs 4.8.

#### Payment schedules

Each month, the APP scheme will be provided with details of individual members' payments on either:

- a magnetic media schedule, or
- a paper schedule.

From 1997-98, both magnetic media and paper schedules include the date of birth used in the calculation of the MC.

For details of the magnetic media schedule facility, see manual CA70 Magnetic Media Transmission of Data to Appropriate Personal Pension, Contracted-out Occupational Schemes.

The paper schedules are in Intelligent Character Recognition (ICR) font so that they can be machine read.

### **4.8 Overpayments and underpayments of minimum contributions**

If, because of incorrect, late or additional earnings information, or a change to the date of birth, the HM Revenue & Customs, National Insurance Contributions Office has underpaid MCs, the shortfall will normally be made up within one month of the revised, additional earnings or a change to the date of birth being recorded on the member's National Insurance account.

Similarly, if an overpayment has been made, this will normally be recovered in the same way. See Appendix 4 for an example of a payment/recovery schedule.

If automatic recovery has not been possible because the amount to be recovered exceeds the payment being made, or no payment has arisen, you will receive a bill, form CA1618, requesting the outstanding amount.

Details of the automatic reimbursements or recoveries will be recorded on the payment schedules.

In exceptional circumstances, payment and recovery action may be taken clerically.

### **4.9 Allocation of minimum contributions**

MCs paid to a scheme must be credited to the member's account and used to provide money purchase benefits in the form of **protected rights**. Schemes must declare to Services to Pensions Industry that MCs received from the HM Revenue & Customs National Insurance Contributions Office have been credited to the member's accounts.

MCs must be applied to provide benefits in respect of a member from the date on which payment is made by the HM Revenue & Customs National Insurance Contributions Office, and allocated to the member's account within three months. If you have difficulty in allocating MCs to an account, please get in touch with Services to Pensions Industry. Services to Pensions Industry will verify payment details and, if necessary, make arrangements for recovery.

The allocation of MCs within the time limits is important. HM Revenue & Customs may refuse to accept any new APP applications from a scheme if it continually fails to allocate MCs within the prescribed timescales.

## Chapter 5 Transferring a member's protected rights

### 5.1 Where can protected rights be transferred to?

**Protected rights** can be transferred to

- another Appropriate Personal Pension (APP)/Appropriate Personal Pension Stakeholder Pension (APPSHP) scheme, see paragraph 5.3
- a Contracted-Out Money Purchase Scheme (COMP)/Contracted-Out Money Purchase Stakeholder Pension (COMPSP), including the COMP part of a Contracted-Out Mixed Benefit Scheme (COMBS), see paragraphs 5.4 and 5.6
- a Contracted-out Salary Related Scheme (COSRS), including the COSR part of COMBS, see paragraphs 5.5 and 5.6
- an overseas pension scheme/arrangement, see paragraph 5.7.

If your scheme is no longer an Appropriate scheme, see Chapter 8.

### 5.2 Splitting of protected rights

**Protected rights** accrued before 6 April 1997 may, if the member wishes, be split from those accrued before that date and transferred to separate contracted-out arrangements. Before this can happen, the transferring scheme must provide the details in writing to Services to Pensions Industry. The transferring scheme will then be advised of the correct action to take.

### 5.3 Transferring to another Appropriate Personal Pension/Appropriate Personal Pension Stakeholder scheme

**Protected rights** can be transferred to another APP/APPSHP scheme if

- the receiving scheme uses the transfer payment to provide money purchase benefits in the form of **protected rights**
- the member consents to the transfer, and
- the transfer payment is at least equal to the value of the **protected rights** to which effect is being given.

Appropriate Free Standing Additional Voluntary Contributions (AFSAVC) scheme

**Protected rights** cannot be transferred from an APP scheme to an AFSAVC scheme, but they can be transferred from one AFSAVC scheme to another. They can also be transferred to an APP scheme from an Appropriate FSAVC scheme.

Self Invested Personal Pension (SIPP)

From 6 April 2006 legislation allows a SIPP arrangement to be held in an APP scheme. However, the SIPP must be a separate arrangement within the APP scheme and can only hold non-**protected rights**. Transfers of **protected rights** cannot be made to a SIPP arrangement.

From 1 October 2008 a further change in legislation allows SIPP schemes to hold **protected rights**. SIPP schemes wishing to hold **protected rights** must be an APP scheme and hold a valid contracting-out certificate.

Existing APP schemes which currently have a SIPP section will be able to hold **protected rights** in that section from 1 October 2008.

As with any APP scheme, **protected rights** funds held in a SIPP will need to comply with the **protected rights** rules and follow the procedures set out in this manual.

What to do

To transfer **protected rights** from one scheme to another, the transferring scheme must:

Step Action

1 fill in form CA1544, sign and date the notice and make sure that it is signed and dated by the member

2 send the completed form to Services to Pensions Industry within five weeks of the date of transfer

Termination date

The termination date on any transfer form must fall in line with the existing time limits for cancellations, see paragraph 3.2.

If there is any possibility that the transfer will not be finalised, form CA1543 should be submitted in order to secure an early cancellation date.

Payment of **minimum contributions**

Any outstanding MCs that would have been paid to your scheme will be paid to the receiving scheme.

Statements

When the transfer has been recorded on the member's National Insurance account, confirmation will be sent to the receiving scheme. If the receiving scheme gets MCs payment information via magnetic media, then confirmation of any incoming transfers will be included in this information. For further details, see manual CA70 Magnetic Media Transmission of Data to Appropriate Personal Pension and Contracted-out Occupational Schemes. A **Protected Rights** Liability statement, CA1882 will be issued to any receiving scheme that gets MCs payment information on a paper schedule.

#### **5.4 Transferring to a Contracted-out Money Purchase/Contracted-out Money Purchase Stakeholder Pension Scheme**

**Protected rights** can be transferred to a COMP/COMPSPH scheme, including the COMP part of a COMBS if

- the member
  - is in contracted-out employment with the receiving scheme, or
  - has previously been a member of the receiving scheme, or
  - is not contracted out but their employer is a contributor to the receiving scheme
- the receiving scheme uses the transfer payment to provide money purchase benefits in the form of **protected rights**, and
- the member consents to the transfer, and
- the transfer payment is at least equal to the value of the **protected rights** to which effect is being given.

From April 1997, legislation does not allow a transfer to a money purchase scheme which has ceased to **contract out** but retains **protected rights**, unless the transfer was agreed before 6 April 1997.

However, from 6 April 2002, a change to this legislation once again allows the transfer of **protected rights** to a COMP scheme which ceased to **contract out** but retains **protected rights**

Transfers must be notified using the procedures set out as follows:

What to do

To transfer **protected rights** to a COMP/COMPSPH, or the COMP part of a COMBS, the transferring scheme must:

Step Action

1 fill in form CA1545 sign and date the notice and make sure that it is signed and dated by the member

2 send the completed form to Services to Pensions Industry within five weeks of the date of transfer

Note: Remember the time limits for cancellation which are applied to the submission of form CA1543 also apply to transfer forms. If there is a possibility that the transfer will not be finalised in time, form CA1543 might need to be submitted in order to secure an early cancellation date.

Payment of **minimum contributions**

Any MCs that would have been paid to your scheme will be paid to the receiving scheme.

Statements

When the transfer has been recorded on the member's National Insurance account, confirmation will be sent to the receiving scheme via magnetic media or a **Protected Rights** Liability statement, CA1882.

## **5.5 Transferring to a Contracted-out Salary Related Scheme**

**Protected rights** can be transferred to a COSRS including the COSR part of a COMBS, if:

- the member:
  - is in contracted-out employment with the receiving scheme, or
  - has previously been a member of the receiving scheme, or
  - is not contracted out but their employer is a contributor to the receiving scheme
- the receiving scheme uses the transfer payment to provide a GMP/Post '97 COSR Rights, and
- the member consents to the transfer, and
- the transfer payment must be at least equal to the cash equivalent of the **protected rights** to which effect has been given.

From April 1997, legislation does not allow a transfer to a salary related scheme which has ceased to **contract out** but retains GMP/Post '97 COSR rights, unless the transfer was agreed before 6 April 1997.

However, from 6 April 2002, a change to this legislation once again allows the transfer of **protected rights** to a salary related scheme which has ceased to **contract out** but retains GMP/Post '97 COSR rights.

Any such transfers must be notified using the procedures set out as follows:

What to do

To transfer **protected rights** to a COSRS or the COSR part of a COMBS, the transferring scheme must:

## Step Action

1 fill in form CA1548, sign and date the notice and make sure that it is signed and dated by the member

2 send the completed form to Services to Pensions Industry within five weeks of the date of transfer

Note: Remember the time limits for cancellation which are applied to the submission of form CA1543 also apply to transfer forms. If there is a possibility that the transfer will not be finalised in time, form CA1543 might need to be submitted in order to secure an early cancellation date.

## Payment of *minimum contributions*

Any MCs which would have been paid to the transferring scheme will not be paid to either that scheme or the receiving scheme. However, any addition to previously paid MCs calculated as a result of a change to the member's date of birth and relating to the 1997-98 tax year or later, will be offered to the receiving COSRS.

Although payments will be offered to the receiving COSRS, the transferring scheme must make the member aware of the fact that these payments may not be accepted.

## Statements

When the transfer has been recorded on the member's National Insurance account, confirmation will be sent to the receiving scheme. If the period covered by the transfer

- falls entirely before or spans 6 April 1997, a form CA1625 will be issued to the receiving scheme. The GMP amount quoted does not take account of any pension rights shared on divorce or dissolution of civil partnership
- is on or after 6 April 1997, form CA1899 will be issued to the receiving scheme.

## **5.6 Transferring to a Contracted-out Mixed Benefit Scheme**

A COMBS is a scheme which operates on the basis of offering both COMP and COSR Rights.

To transfer from an APPSHP scheme to the COMP part of a COMBS, fill in form CA1545, see paragraph 5.10.

To transfer from an APP scheme to the COSR part of a COMBS, fill in form CA1548, see paragraph 5.14.

To transfer from an APP scheme to a COMBS where the rights are being split between the COMP and COSR parts, write and tell Services to Pensions Industry the exact details.

## **5.7 Transferring to an overseas scheme or overseas arrangement**

**Protected rights** can be transferred to an overseas scheme or, from 6 April 2002, an overseas arrangement if the

- employee consents in writing, and
- transfer payment is at least equal to the cash equivalent of the **protected rights** to which effect has been given, and
- trustees of the transferring scheme have taken reasonable steps to satisfy themselves that where the receiving scheme is an occupational pension scheme, that the employee is in employment related to the receiving scheme, and
- employee has acknowledged in writing that the scheme or arrangement to which the transfer is to be made may not be regulated by United Kingdom (UK) law. Consequently there may be no obligation under the law

on the receiving scheme or arrangement or its trustees to provide any particular value or arrangement or benefit in return for the transfer payment, and

- trustees of the transferring scheme have taken reasonable steps to satisfy themselves that the employee has received a statement from the receiving scheme showing

- the benefits to be awarded for the transfer payment, and

- any conditions on which these could be forfeited or withheld and

- that the requirements of the Finance Act 2004 have been met.

What to do

Once the transfer has been approved the transferring scheme must:

Step Action

1 fill in form CA1881, sign and date the notice and make sure that it is signed and dated by the member

2 send the completed form to Services to Pensions Industry within five weeks of the date of transfer

Note: Remember the time limits for cancellation which are applied to the submission of form CA1543 also apply to transfer forms. If there is a possibility that the transfer will not be finalised in time, form CA1543 might need to be submitted in order to secure an early cancellation date.

Payment of **minimum contributions**

Any MCs that would have been paid to the transferring scheme will not be paid to either that scheme or the receiving scheme. However, any addition to previously paid MCs calculated as a result of a change to the member's date of birth and relating to tax year 1997-98 or later will be offered to the receiving scheme.

Although payments will be offered to the receiving overseas scheme, the transferring scheme must make the member aware of the fact that these payments may not be accepted.

What if the overseas scheme or arrangement is contracted-out?

The procedures for the transfer are the same as in paragraph 5.4 or paragraph 5.5.

## Chapter 6 Using protected rights for pension or income purposes

### 6.1 General

The member's **protected rights** must be used to

- provide a pension (annuity) from the scheme, including payment of a pension commencement **lump sum** or

- buy a pension (annuity) from an insurance company or friendly society, including payment of a pension commencement **lump sum** or

- commute the pension on the grounds of triviality or serious ill-health, or

- provide an income withdrawal arrangement.

### ***Pension Age***

Generally a member can give effect to their ***protected rights*** from age 50 and by no later than age 75. However, the lower age limit does not apply where a pension is payable due to ill-health, serious ill-health, or if the member has a protected pension age under the scheme.

Note: The normal minimum pension age will increase from 50 to 55 from 6 April 2010.

### ***Inflation-proofing***

From 6 April 2005

Where a pension or annuity derived from ***protected rights*** comes into payment on or after 6 April 2005, there is no legislative requirement to pay increases on that pension. From that date, individuals have been able to choose for themselves whether or not to opt for a level annuity or an index-linked annuity; providing that this is permitted by the scheme rules.

Up to 5 April 2005

Pensions and annuities derived from ***protected rights*** accrued up to and including 5 April 1997 and purchased before 6 April 2005, must be increased yearly by the annual percentage increase in the Retail Prices Index (RPI) or 3%, whichever is the lower. Any increase in RPI above 3% is provided through a corresponding increase to the AP.

Pensions and annuities derived from ***protected rights*** accrued between 6 April 1997 and 5 April 2005 and purchased during that period, must be increased yearly by the annual percentage increase in RPI or 5%, whichever is the lower.

The above indexation requirements apply also to pensions and annuities derived from ***protected rights*** inherited by widows, widowers and surviving civil partners. However, the requirements that existed up to 5 April 2005 apply, only to surviving civil partners.

### ***Pension commencement lump sum***

From 6 April 2006, it has been permissible for up to 25 per cent of ***protected rights*** to be taken as a tax-free pension commencement ***lump sum***. Further information about the conditions for payment of a pension commencement ***lump sum*** can be found in the Registered Pension Schemes Manual (RPSM) – <http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM09104100.htm>

## ***6.2 Widows', widowers' and surviving civil partners' entitlement***

Where a scheme member who is married or a civil partner gives effect to their ***protected rights*** by the purchase of an annuity, the annuity must make provision for a survivor's benefit.

Where a scheme member who is married or a civil partner dies before giving effect to their ***protected rights***, they must, as soon as is practicable, be used to provide benefits for the widow, widower or surviving civil partner of 50 per cent of the rate paid to the member. Further information is provided in Chapter 7.

**Note:** For the provisions that applied before 6 April 2002, see Appendix 10

## ***6.3 Effect on State Pension***

Information about how membership of an APP scheme affects entitlement to State Pension is given in Appendix 8.

## 6.4 Providing or buying a pension

**Protected rights** can be used to provide a pension (annuity) by the APP scheme or to buy a pension (annuity) from an insurance company or friendly society.

What to do

When the **protected rights** have been used for the benefit of the member or, where the member has died before using their **protected rights**, the APP scheme must:

Step Action

1 fill in form CA1550 showing either indicator '2' or indicator '3' as appropriate, and make sure it is signed and dated by the member or the member's widow, widower or surviving civil partner

2 send the completed form to Services to Pensions Industry within 5 weeks from the date on which effect has been given to the **protected rights**

A statement CA1883 will be sent to the provider of the pension to confirm that they have accepted responsibility for paying the pension.

Payment of outstanding **minimum contributions** (MCs) in respect of the member

Any MCs that fall due for the 1996-97 or earlier tax years will be paid to

- the provider of the pension if MCs are at least 10 x weekly **Lower Earnings Limit** (LEL) current at the time payment arises, or
- the member, if MCs fall below 10 x weekly LEL current at the time payment arises and the tax year being calculated is that in which the member reached State Pension age (SPA), or
- no-one if MCs fall below 10 x weekly LEL current at the time payment arises and the tax year in question is prior to that in which SPA is reached. Earnings will accrue **additional State Pension** entitlement.

Any MCs that fall due for the 1997-98 or later tax years will be paid to

- the provider of the pension if MCs are at least 10 x weekly LEL current at the time payment arises, or
- the member if MCs fall below 10 x weekly LEL current at the time payment arises and the payment is due as a result of a change to the date of birth, or
- no-one if MCs fall below 10 x weekly LEL current at the time payment arises and the payment is due to additional earnings. Earnings will accrue **additional State Pension** entitlement.

For the 1997-98 or later tax years payments will not be made for the tax year in which the member reached SPA.

Payment of outstanding **minimum contributions** in respect of the widow or widower

Any MCs that fall due for the 1996-97 or earlier tax years will be paid to

- the provider of the pension if MCs are at least 10 x weekly LEL current at the time payment arises, or
- the widow or widower if MCs fall below 10 x weekly LEL current at the time payment arises and the tax year being calculated is that in which death or SPA (whichever is earlier) occurred, or
- no-one if MCs fall below 10 x weekly LEL current at the time payment arises and the tax year in question is prior to that in which death or SPA (whichever is earlier) occurred. Earnings will accrue AP entitlement.

Any MCs that fall due for the 1997-98 or later tax years will be paid to

- the provider of the pension if MCs are at least 10 x weekly LEL current at the time payment arises, or
- the widow, widower or surviving civil partner if MCs fall below 10 x weekly LEL current at the time payment arises and the payment is due as a result of a change to the date of birth, or
- the widow, widower or surviving civil partner if MCs fall below 10 x weekly LEL current at the time payment arises and the payment is for the tax year of death, except if it is that in which the member reached SPA, or
- no-one if MCs fall below 10 x weekly LEL current at the time payment arises and the payment is due to additional earnings and it is in respect of a tax year prior to that in which death occurred. Earnings will accrue AP entitlement.

For the 1997-98 or later tax years payments will not be made for the tax year in which the member reached SPA.

### **6.5 Trivial Commutation**

Where the aggregate of all of a member's pension rights fall below a prescribed amount, the **protected rights** can be paid as a trivial commutation **lump sum** payment or a trivial commutation **lump sum** death benefit.

Conditions

Trivial Commutation is available

- for the member between ages 60 and 75, if the conditions of paragraph 7 of part 1 of schedule 29 of the Finance Act 2004 are met, amongst these are:
  - It is paid when no other trivial commutation **lump sum** has previously been paid to the member or, if such a lump sum has previously been paid, before the end of the commutation period,
  - the member's total pension rights under all registered pension schemes do not exceed the commutation limit of 1% of the standard lifetime allowance, and
  - the **lump sum** extinguishes all of the member's entitlement to benefits under the registered pension scheme making the payment.

Note: The commutation limit is 1% of the standard lifetime allowance. The standard lifetime allowance for the tax-year 2007-8 is £1,600,000, 2008-9 £1,650,000, 2009-10 £1,750,000 and 2010-11 £1,800,000.

Further information about the full conditions for payment of a trivial commutation **lump sum** can be found in the Registered Pension Schemes Manual (RPSM) – <http://www.hmrc.gov.uk/manuals/rpsm09104910.htm>.

- For a widow, widower or surviving civil partner where the member died before giving effect to the **protected rights** they can be taken as a **lump sum** payment at any age providing that
- the level of payment is not more than 1% of the standard lifetime allowance on the date the **lump sum** is paid and
- the payment extinguishes the widow's, widower's or surviving civil partner's entitlement to any form of authorised death benefit under the registered pension scheme in respect of the deceased member

Further information about the full conditions for payment of a trivial commutation **lump sum** can be found in the Registered Pension Schemes Manual (RPSM) – <http://www.hmrc.gov.uk/manuals/rpsm10105260.htm>.

What to do

Where the member, or the member's widow, widower or surviving civil partner, chooses to commute the pension the APP scheme must:

Step Action

1 fill in form CA1550 showing indicator '1', and make sure it is signed and dated by the member or the member's widow, widower or surviving civil partner

2 send the completed form to Services to Pensions Industry within 5 weeks from the date on which the **lump sum** payment is made

A statement, CA1884, will be issued to the member, widow, widower or surviving civil partner advising that the **protected rights** have been commuted.

Payment of outstanding **minimum contributions**

Any MCs that fall due for the 1996-97 or earlier tax years will be paid to

- the member or widow or widower if the tax year is that in which the member reached SPA or died (whichever is earlier), or
- no-one if the tax year in question is prior to that in which the member reached SPA or died (whichever is earlier).

Any MCs that fall due for the 1997-98 or later tax years will be paid to the member or widow, widower or surviving civil partner unless the tax year being calculated is that in which the member reached SPA.

## **6.6 Serious ill-health commutation**

Serious ill-health commutation is available if –

- before it is paid the scheme administrator has received evidence from a registered medical practitioner that the member is expected to live for less than one year,
- it is paid when all or part of the member's lifetime allowance is available
- it is paid in respect of an uncrystallised arrangement
- it extinguishes the member's entitlement to benefits under the arrangement and
- it is paid when the member has not reached the age of 75.

The **lump sum** must be

- an amount equal to the value of the **protected rights**, or
- in the case of a member who is married or who has formed a civil partnership, an amount that does not exceed one half of the value of the **protected rights**, with the remaining fund being retained by the scheme to provide a survivors benefit.

**Note:** *Protected rights* retained to provide a survivor's benefit are treated as belonging to the spouse or civil partner and not the scheme member. So providing that any non protected rights are commuted as a serious ill-health *lump sum* at the same time as the *protected rights*, the payment will be treated as extinguishing all of the member's entitlement to benefits under the arrangement – a requirement set out in *sub-paragraph 4(1)(d) of Schedule 29 to the Finance Act 2004*.

What to do

If the member chooses to commute the pension on the grounds of serious ill-health the APP scheme must:

Step Action

1 fill in form CA1550 showing indicator '4', and make sure it is signed and dated by the member

2 send the completed form to Services to Pensions Industry within 5 weeks from the date on which the *lump sum* payment is made

A statement, CA8017, will be issued to the member advising that the *protected rights* have been commuted.

Payment of outstanding *minimum contributions*

Any MCs that fall due for the 1996-97 or earlier tax years will be paid to

- the member or widow, widower or surviving civil partner if the tax year is that in which the member reached SPA or died (whichever is earlier), or
- no-one if the tax year in question is prior to that in which the member reached SPA or died (whichever is earlier).

Any MCs that fall due for the 1997-98 or later tax years will be paid to the member or widow, widower or surviving civil partner unless the tax year being calculated is that in which the member reached SPA.

## **6.7 Income withdrawal**

Income withdrawal allows a member, or their widow, widower or surviving civil partner to draw an income from the *protected rights* before using them to buy or provide a pension.

Conditions

This option allows scheme members between age 50 (increases to 55 from 2010) and 75 to draw an income (subject to annual limits) from their *protected rights*,

An Income withdrawal arrangement can also be entered into by the member's widow, widower or surviving civil partner.

The member, widow, widower or surviving civil partner can either elect to take, or continue with an income withdrawal arrangement until they reach age 75 at this point a pension (including an Alternatively Secured Pension) or annuity must be provided/purchased.

When income withdrawal is being taken as an option, the *protected rights* should not be 'eroded' disproportionately to the rest of the fund. Whatever percentage of the drawdown available from a member's fund a person decides to take, the proportion taken from his *protected rights* fund must not be greater than the proportion from the non-protected rights fund. For example: if a member takes 50% of the drawdown available from the non-protected rights fund they can only take a maximum of 50% of that available from the *protected rights* fund.

What to do

Where the member or their widow, widower or surviving civil partner elects to take income withdrawal the APP scheme must:

Step Action

1 fill in form CA1872, ensuring it is signed and dated by the member or the member's widow, widower or surviving civil partner

Note: where more than one period of scheme membership is held a separate form CA1872 will be required for each period from which the income is being withdrawn send the completed form to Services to Pensions Industry within 5 weeks of the date entitlement to income withdrawal arises

A statement CA2126A (for the member) or CA2126B (for the widow, widower or surviving civil partner) will be sent to the scheme to confirm that the member or widow or widower is drawing an income from the **protected rights**.

Payment of outstanding **minimum contributions**

Any MCs that fall due will be paid to the scheme providing the Income Drawdown arrangement.

### **6.8 Notification has not been received to advise how effect has been given to the protected rights**

The National Insurance accounts of APP scheme members will be checked annually to identify cases for the previous calendar year where effect has not been given to the **protected rights** and the member has

- reached SPA, or
- reached age 75, or
- died.

Details of any such cases identified will be notified to the scheme

- as an addition to the March non-payment information where this is received via magnetic media, or
- on form CA1885 in all other cases.

As a matter of urgency, the scheme should send the relevant notification to Services to Pensions Industry.

Note: See paragraph 10.2 for details of the non-payment information service.

## **Chapter 7 Death of a member before effect is given to their protected rights**

### **7.1 Member's widow, widower or surviving civil partner is the beneficiary for protected rights**

If a member of an **Appropriate Personal Pension** (APP) scheme dies before giving effect to their **protected rights**, they must, as soon as practicable, be used to provide benefits for the widow, widower or surviving civil partner.

The member's widow, widower or surviving civil partner can use the **protected rights** to:

- buy a pension (annuity) from the deceased member's APP scheme
- buy a pension (annuity) from a different pension provider – this provision is known as the 'Open Market Option'.
- to take out an income withdrawal arrangement (see Part 6 for further information) or
- receive a trivial commutation **lump sum** payment.

Different rules apply to the treatment of **protected rights** where death of the member occurred before 6 April 2002. See Appendix 10 for more information.

## **7.2 Member not married or has not formed a civil partnership**

If a member of an **Appropriate Personal Pension** (APP) scheme dies before giving effect to their **protected rights** and is not survived by a widow, widower or civil partner, the **protected rights** should be paid, as soon as practicable, to or for the benefit of any person or persons nominated by the member in writing. Where no such nomination exists, they should be paid to the member's estate.

When an individual first joins an APP scheme they should have indicated to the scheme who the nominated beneficiary(ies) is to be in the event of their death. Providers must ensure that their documentation and procedures enable them to discharge their liability if a member dies without leaving a widow, widower or surviving civil partner.

What to do

If the **protected rights** are paid as a **lump sum** or used to provide or buy a pension (annuity) the APP scheme must: Step Action

1 fill in form CA1552, make sure that the name and address of the recipient(s) of the **lump sum** payment or pension is shown

Note: If there is more than one beneficiary, a separate form CA1552 should be completed for each

2 send the completed form(s) to Services to Pensions Industry within five weeks from the date on which effect has been given to the **protected rights**

## **7.3 Collection of earnings details to enable outstanding payments of minimum contributions to be made**

Services to Pensions Industry need certain information to enable them to pay any outstanding MCs when a member of an APP scheme dies and

- there is no widow, widower or surviving civil partner or
- no claim to bereavement benefit was made when the death was recorded.

To obtain this information they will issue form CA1546 to the scheme of which the deceased was a member at the date of death. This form asks the scheme to issue form CA1554 to all known employers of the deceased requesting information about the earnings paid in

- the tax year of death, and/or
- the preceding tax year.

Schemes should always wait for form CA1546 before sending forms CA1554 to employers.

What to do

When form CA1546 is received:

Step Action

1 the APP scheme must issue form CA1554 to the relevant employer(s), making sure the form shows the tax year(s) for which the earnings information is required, as shown on form CA1546

2 the employer(s) must fill in and send form CA1554 either back to Services to Pensions Industry or to the scheme, as soon as possible.

Payment of outstanding **minimum contributions** when effect has not been given to the **protected rights**

If effect has not been given to the **protected rights** when the form CA1554 is processed, any MCs that fall due will be paid to the APP scheme.

Payment of outstanding **minimum contributions** when a **lump sum** payment has been recorded on the account

Any MCs that fall due for the 1996-97 or earlier tax years will be paid to the nominated beneficiary(ies) provided the payment relates to earnings paid in the tax year

- of death, or
- the member reached State Pension age (SPA), if the member died after SPA.

Any MCs that fall due for the 1997-98 or later tax years will be paid to the nominated beneficiary(ies) provided the payment relates to earnings paid in a tax year prior to that in which the member reached SPA.

Payment of outstanding **minimum contributions** when the provision or purchase of a pension is recorded on the account

Any MCs that fall due for the 1996-97 or earlier tax years will be paid to

- the provider of the pension if MCs are at least 10 x weekly **Lower Earnings Limit** (LEL) current at the time the payment arises, or
- the nominated beneficiary(ies) if MCs fall below 10 x weekly LEL current at the time the payment arises and the tax year being calculated is that in which death or SPA (whichever is earlier) occurred, or
- no-one if MCs fall below 10 x weekly LEL current at the time the payment arises and the tax year in question is prior to that in which death or SPA (whichever is earlier) occurred.

Any MCs that fall due for the 1997-98 or later tax years will be paid to

- the provider of the pension if MCs are at least 10 x weekly LEL current at the time payment arises, or
- the nominated beneficiary(ies) if MCs fall below 10 x weekly LEL current at the time the payment arises, and the payment is due as a result of a change to the date of birth, or
- the nominated beneficiary(ies) if MCs fall below 10 x weekly LEL current at the time the payment arises, and the tax year being calculated is that which the member died, except if it is the tax year in which the member reached SPA, or
- no-one if MCs fall below 10 x weekly LEL current at the time the payment arises and the payment is due to additional earnings and it is in respect of a tax year prior to that in which death occurred.

For 1997-98 or later tax years payments will not be made for the tax year in which the member reaches SPA.

### **7.4 Income withdrawal**

For further information on income withdrawal and what to do, see Part 6, paragraphs 6.7.

### **7.5 Notification has not been received to advise how effect has been given to the protected rights**

The National Insurance accounts of APP scheme members will be looked at annually to identify cases for the previous calendar year where effect has not been given to the **protected rights** and the member has

- reached SPA, or
- reached age 75, or
- died.

Details of any such cases identified will be notified to the scheme as follows:

- as an addition to the March non-payment information where this is received via magnetic media, or
- on form CA1885 in all other cases.

As a matter of urgency, the scheme should send the relevant notification to Services to Pensions Industry.

Note: See paragraph 10.2 for details of the non-payment information service.

## **Chapter 8 Personal Pension scheme ceases to be Appropriate**

### **8.1 General**

Information about the procedures to follow when a scheme ceases to be Appropriate is available in manual CA16A Appropriate Personal Pension Scheme Manual - Guidance for Scheme Managers and manual CA15 Cessation of Contracted-out Pension Schemes.

## **Chapter 9 Common questions and answers**

### **9.1 Starting an Appropriate Personal Pension**

Q What would the start date of an APP be?

A The start date will always be the first day of the tax year, i.e. 6 April, and can be pre or post dated.

Q If the form CA1542 is to be backdated to the beginning of the previous tax year, when must the form be received by Services to Pensions Industry?

A The form CA1542 can be backdated to the beginning of the previous tax year providing it is received by the 17 May in the following tax year.

## **9.2 Cancelling an Appropriate Personal Pension**

Q The member has decided not to proceed with the APP within the 14 day cooling-off period but the form CA1542 has been sent to you. What do I do?

A Form CA1542 should not have been forwarded by the scheme until this period had elapsed. The scheme should write to Services to Pensions Industry enclosing a copy of the cooling-off notice. Services to Pensions Industry will arrange for the APP to be cancelled.

Q The member wants to cancel the APP outside the 14 day cooling-off period, what will the cancellation date be?

A The cancellation date on the form CA1543 will be the last day of the tax year, ie, 5 April. It can either be backdated to the previous 5 April or post dated to the following 5 April.

Q If the cancellation date is to be backdated to the end of the previous tax year when must the form be received by Services to Pensions Industry?

A The form CA1543 must be received by 5 April of the current tax year.

Q Is it necessary to submit a form CA1543 with a form CA1545 or form CA1548?

A If the period of APP membership ends after 5 April 1997 it will no longer be necessary to submit a form CA1543 if either of these transfer notifications are forwarded and the APP arrangement has not already been cancelled. But remember the time limits for cancellation applying to the submission of the form CA1543 also apply to these transfer forms. If there is any possibility that the transfer will not be finalised form CA1543 might need to be submitted in order to secure an early cancellation date.

## **9.3 Minimum contributions**

Q When are MCs paid?

A MCs are paid once the qualifying earnings have been recorded on the member's National Insurance account. Payment will normally be made within one month of the earnings being recorded. If a member has more than one qualifying employment, more than one payment may be made.

Q We have no record of submitting a form CA1542 to Services to Pensions Industry. Why have we received a payment?

A Our records must show that either a form CA1542 has been submitted or alternatively a notification has been received showing a transfer of **protected rights** into your scheme. In this situation if further earnings information relating to the transferred rights has been recorded onto the member's account our system recognises that the receiving scheme is now responsible for the **protected rights** and any further payment will be made direct to the receiving scheme.

Q Will MCs still be paid for APP members who work overseas?

A Only if the member works for a UK company and pays full not contracted-out rate National Insurance contributions.

Q If an APP optant is unemployed for the entire tax year and receiving DWP credits will MCs be paid?

A No, DWP credits qualify for basic State Pension entitlement only.

Q What should we do if we are unable to allocate MCs?

A MCs must be allocated to the member's policy within three months of receipt. If you are unable to allocate them please contact Services to Pensions Industry Personal Pensions area, who will be able to provide further details. The payment should not be returned before Services to Pensions Industry have been contacted.

Q Why, when an individual's Additional Pension rights have been restored by the payment of a Contributions Equivalent Premium (CEP), are MCs not paid?

A Although a CEP payment restores Additional Pension rights, those rights cannot be moved into an APP/APPSP arrangement. This is because the related contracted-out earnings and contributions are not materially affected by the CEP, ie they remain contracted-out earnings, and as such do not count for MC purposes. Regulation 15 of SI 1997 No. 470 excludes from the calculation any earnings on which contributions have been paid at the contracted-out rate.

Q A request has been received for the clerical return of MCs. Why are these not automatically recovered?

A If we ask for the return of MCs clerically it is because our system cannot make an automatic recovery.

Q If the reason for non-payment of MCs is 'no earnings recorded', is it possible to speed up the payment?

A If the reason for non-payment of MCs is still shown as 'no earnings recorded' when you process the tape issued in March, you should forward a copy of the member's P60 with an explanatory letter to Services to Pensions Industry.

## **9.4 General**

Q Why is the full **Lower Earnings Limit** (LEL) deducted from MC calculations where individuals have not been in Class 1 employment for the whole tax year?

A To qualify for the basic State Pension in a particular tax year, an individual has to have qualifying earnings of at least 52 x LEL. This amount is therefore deducted irrespective of the period of employment to protect the member's qualifying earnings for the basic State Pension.

# **Chapter 10 Services available to scheme administrators**

## **10.1 Change of membership number**

If an incorrect membership number has been notified to Services to Pensions Industry on form CA1542, or it has been changed subsequently by the scheme for internal administrative purposes, the correct or revised number can be notified to Services to Pensions Industry by using form CA1642.

This form can also be used where the membership number was not inserted on form CA1542.

## **10.2 Non-payment of minimum contributions**

Services to Pensions Industry provides an information service for APP providers which supplies them with reasons for non-payment of MCs for individual scheme members.

This information is provided twice yearly, in:

- October when the bulk of employers End of Year Summaries for the previous tax year have been processed, and
- March to identify cases for which no payment has been made for that earlier tax year.

## Example

From April 2002, the End of Year Summaries for 2001-02 are received and processed. The non-payment sweeps covering the 2001-02 tax year will take place in October 2002 and March 2003.

The reasons for non-payment are categorised as follows:

Code	Reason
1	earnings not recorded
2	earnings are below qualifying level for year (ie 52 x LEL)
3	employment does not qualify for payment of MCs, ie the member has been in contracted-out employment or in self-employment
4	earnings have been received but further enquiries are being made
5	payments have been suspended
6	form CA1542 cancelled from the end of previous tax year
7	earnings recorded, payment to be made
8	effect has not been given to the <b>protected rights</b> , see paragraphs 6.8 and 7.5

This information is provided on magnetic media see manual CA70, Magnetic Media Transmission of Data to Appropriate Personal Pension, Contracted-out Occupational Schemes, or paper schedule.

## Chapter 11 Pension Sharing on Divorce or Dissolution of Civil Partnership

### 11.1 Background

Pension sharing on divorce or on dissolution of a civil partnership is an option available to the Courts when considering the sharing of a couple's assets as part of the overall divorce or dissolution settlement. Apart from the basic State Pension and survivor's pensions (which are not shareable), it is possible to share the **additional State Pension** and most types of occupational and personal pensions.

This provision has been available in all divorce, nullity or dissolution proceedings which began on or after 1 December 2000. From that date the Courts have been able to issue a **pension sharing order** or agreement to the pension scheme provider as part of the divorce or dissolution settlement.

### 11.2 Safeguarded Rights

**Protected rights** transferred to a former spouse or civil partner as part of a **pension sharing order**, are known as **safeguarded rights** and are wholly separate from the residual **protected rights** remaining with the APP member.

Whilst the rules that apply to **safeguarded rights** are broadly the same as those that apply to **protected rights**, there are a number of significant differences. For example, **safeguarded rights** cannot be used to provide a pension commencement **lump sum** or given effect to before age 60 (except in certain prescribed circumstances). Nor can pensions or annuities derived from **safeguarded rights** make provision for survivors.

As H M Revenue & Customs do not track **safeguarded rights** in the same way as it tracks **protected rights**, it is important that schemes maintain accurate records when a former spouse's rights are preserved in the scheme, transferred, or bought out through an insurance policy. Schemes should also keep details of the pension share order, in order to record the percentage of the share on the member's pension account.

### **11.3 Calculation Service**

APP schemes are required to provide a valuation of accrued pension rights to enable the courts to decide on an overall settlement of assets.

To assist schemes with this process, the calculation services currently available can be used to request a COD/GMP calculation at any time during the pension sharing on divorce procedures.

As with the existing Individual COD/GMP Calculation Service, calculations for pension sharing cases will be provided free of charge.

### **11.4 Pension Sharing on Divorce or Dissolution of Civil Partnership Notification**

Where pension rights have been shared, the courts, (or in Scotland, the party who will benefit from the pension sharing) will formally notify the scheme which has 4 months to implement the order. The scheme must then complete form CA2202 and send it to Services to Pensions Industry. This must be done .

- following the implementation of the **pension sharing order**, or
- within six months following the date of termination of contracted-out employment.

In respect of couples obtaining a divorce in Scotland, a monetary value or percentage rate will be awarded to the former spouse or civil partner, however, the scheme will be required to notify Services to Pensions Industry as a percentage.

On receipt of the notification Services to Pensions Industry will update the National Insurance records of both the member and the former spouse to show that a "Pension Share" has occurred.

Details from form CA2202 will be held on a stand-alone computer system, which can be used to answer any specific enquiries received about pension shares. Information held on the database may be provided on request.

### **11.5 Contracted-out Deduction**

When a member's pre 1997 pension rights are shared with a former spouse or civil partner, a full COD will always be made from the member's **additional State Pension** earned up to 5 April 1997. The COD will not be reduced to take account of any **protected rights** that are subject to a **pension sharing order** or agreement.

### **11.6 Personal Pension scheme ceases to be Appropriate**

When a Personal scheme ceases to be Appropriate, Services to Pensions Industry will be unable to issue a schedule identifying those members with **safeguarded rights**, as these rights are not subject to tracking or monitoring.

The scheme managers or administrators must ensure that all **safeguarded rights** held within the scheme are either

- discharged to an appropriate home (see 11.7), or
- preserved within the scheme.

A **protected rights** premium cannot be paid to secure a former spouse or civil partnership member's **safeguarded rights** because the former spouse would not have built up a notional entitlement in their own right to an **additional State Pension** which would have broadly equated to those **safeguarded rights**.

Schemes must advise Services to Pensions Industry, in writing, once all **safeguarded rights** held by the scheme have been secured. Details of individual arrangements are not required.

### **11.7 Securing safeguarded rights**

**Safeguarded rights** can be secured by

- preservation within the scheme, but not if the scheme is winding-up
- transfer to an **Appropriate Personal Pension (APP)/Appropriate Personal Pension Stakeholder Pension scheme (APPSHP)**
- transfer to a Contracted-out Money Purchase (COMP) scheme/Contracted-out Money Purchase Stakeholder Pension scheme (COMPSHP) or the active COMP part of a COMB scheme
- transfer to a Contracted-out Salary Related (COSR) scheme or the active COSR part of a COMB scheme
- purchase of an Annuity
- provision of a pension, but not if the scheme is winding-up
- income withdrawal, but not if the scheme is winding-up
- commutation.

# Appendices

## **Appendix 1**

### Forms

Using forms - the options available

There are three options available to APP schemes for forms. A scheme can use

- Services to Pensions Industry forms. You can order the forms you need using form CA1586 or
- download the forms from HMRC internet , or
- it's own forms. Layouts of proposed forms must be sent to Services to Pensions Industry for approval before they are printed. Non-standard forms will only be approved if they follow strictly the layout and wording of the standard Services to Pensions Industry forms.

See the below for the list of available forms.

### List of forms

The forms available are:

Form	Description	Chapter
CA1542 (APP1)	joint notice to start payment of MCs	2
CA1543 (APP2)	cancellation notice to stop payment of MCs	3
Transferring from an Appropriate Personal Pension scheme to:		
CA1544 (APP3)	another APP/APPSHP scheme	5
CA1545 (APP4)	a COMP/COMP SHP scheme (including the COMP part of a COMBS)	5
CA1548 (APP13)	a COSR scheme (including the COSR part of a COMBS)	5
CA1881	an overseas scheme/arrangement	5
Protected rights:		
CA1550 (APP5)	used to provide a pension from an APP scheme, insurance company or friendly society for the member or the member's qualifying widow/widower	6
	used for the APP scheme to commute the <b>protected rights</b> on the grounds of triviality for the member or the member's qualifying widow or widower	6
CA1552 (APP17)	paid in a lump sum or used to buy or provide a pension if there is a non qualifying widow/widower/nominated beneficiary(ies)	6/7

CA1872	Income Withdrawal	6/7
Request for:		
CA1554 (APP9)	earnings details for APP calculations	7
CA1555	COD/GMP calculation	10
CA1642 (APP21)	change of membership number	10
CA2202	Pension Sharing on Divorce Notification	11

## Appendix 2

Statements/Notifications issued

The statements/notifications issued are:

Number	Description
CA1546 (APP8)	letter issued to scheme asking them to obtain earnings information for a member who has died, or for a member who has attained SPA prior to 6 April 1998
CA1625	statement issued to the receiving scheme on transfer from APP to COSR when the period involved is entirely before or spans 6 April 1997
CA1626	statement of pension entitlement issued to a widow, widower or surviving civil partner when the late spouse/civil partner was contracted-out of the <b>additional State Pension</b> and a claim to widow's benefit/bereavement benefit has been processed
CA1627	statement of pension entitlement issued to an individual who was contracted-out of the <b>additional State Pension</b> when a claim to State Pension has been processed
CA1641	statement of pension entitlement issued to a widower/civil partner when there may be entitlement to receive a widower's/bereavement pension from their late wife's/civil partner's APPSHP scheme
CA1689	acknowledgement issued to a member of an appropriate scheme on successful processing of CA1542 (APP1) or CA8057
CA1702	statement of possible widow/widower/civil partner's <b>protected rights</b> liability issued to the scheme when a member dies on/after 6 April 2002 and no claim to bereavement benefit is recorded
CA1720	acknowledgement issued to a member on successful processing of CA1543 (APP2)
CA1721	letter to APP member when the APP scheme ceases to <b>contract out</b>
CA1722	statement of MCs paid issued on request to the member of an APP scheme
CA1882*	statement of <b>protected rights</b> liability issued to receiving APP/APPSHP and COMP/COMPSP schemes on successful processing of a CA1544 (APP3) or CA1545 (APP4)
CA1883	statement of pension liability issued to the receiving scheme when a pension has been provided by the APP scheme, insurance company or friendly society
CA1884	statement issued to the member, widow, widower or civil partner when the <b>protected rights</b> have been commuted on the grounds of triviality
CA1885*	notice issued to the scheme advising that the member has either reached SPA, reached age 75, or died, and Services to Pensions Industry has not been notified that <b>protected rights</b> have been given effect to
CA1899	statement of contracted-out liability issued to the receiving scheme on transfer from an APP scheme to a COSR scheme when the benefits comprise entirely of post 5 April 1997 accruals

- CA2126A statement issued to the scheme when the member has opted to draw an income from their **protected rights** and form CA1872 has been successfully processed
- CA2126B statement issued to the scheme when a widow, widower or surviving civil partner has opted to draw (or continue to draw) an income from the late spouse/civil partner's **protected rights** and form CA1872 has been successfully processed
- CA8017 statement issued to scheme administrators when the **protected rights** have been commuted on the grounds of serious ill-health by the member

\* only issued if the receiving scheme does not get payments information via magnetic media. If the receiving scheme does get payment information via magnetic media, confirmation of any incoming transfers will be included in this information.

### Appendix 3

#### Tables

Table 1 - Annual Earnings Limits and Thresholds used to calculate Minimum Contributions

Tax Year	Lower Earnings Limit	Lower Earnings Threshold	Upper Earnings Threshold	Employee's Earnings Threshold	Employer's Earnings Threshold	Upper Earnings Limit
1987/88	£2028	-	-	-	-	£15635
1988/89	£2132	-	-	-	-	£16165
1989/90	£2236	-	-	-	-	£17225
1990/91	£2392	-	-	-	-	£18550
1991/92	£2704	-	-	-	-	£20670
1992/93	£2808	-	-	-	-	£21465
1993/94	£2912	--	--	--	--	£22260
1994/95	£2964	-	-	-	-	£22790
1995/96	£3016	-	-	-	-	£23320
1996/97	£3172	-	-	-	-	£24115
1997/98	£3224	-	-	-	-	£24645
1998/99	£3328	-	-	-	-	£25705
1999/00	£3432	-	-	-	£4335	£26500
2000/01	£3484	-	-	£3952	£4385	£28335
2001/02	£3744	-	-	£4535	£4535	£30475
2002/03	£3900	£10800	£24600	£4615	£4615	£31005
2003/04	£4004	£11200	£25600	£4615	£4615	£31535
2004/05	£4108	£11600	£26600	£4745	£4745	£32330
2005/06	£4264	£12100	£27800	£4895	£4895	£33390
2006/07	£4368	£12500	£28800	£5035	£5035	£34185
2007/08	£4524	£13000	£30000	£5225	£5225	£35510
2008/09	£4680	£13500	£31100	£5435	£5435	£40810

**Note:** The figures quoted for the yearly Upper Earnings Limits are based on 53 x the weekly Upper Earnings Limit. This is because the maximum earnings to count for minimum contributions in any tax year will be

53 x weekly Upper Earnings Limit minus

52 x weekly Lower Earnings Limit

The annual UEL for National Insurance purposes can be found in leaflets CA38, CA39, CA43 and E12 PAYE and NICs Rates and Limits.

Table 2 - Contracted-out rebates for the period 1987-1988 - 1996-1997

Tax year	Contracted-out rebate	Employee's share	Employer's share
1987-88	6.25%	2.15%	4.10%
1988-89	5.80%	2.00%	3.80%
1989-90	5.80%	2.00%	3.80%
1990-91	5.80%	2.00%	3.80%
1991-92	5.80%	2.00%	3.80%
1992-93	5.80%	2.00%	3.80%
1993-94	4.80%	1.80%	3.00%
1994-95	4.80%	1.80%	3.00%
1995-96	4.80%	1.80%	3.00%
1996-97	4.80%	1.80%	3.00%

Table 3 - Contracted-out rebates for the period 1997-1998 - 2001-2002

Age on the last day of preceding tax year	Appropriate age-related percentage for the tax-year				
	1997-98	1998-99	1999-2000	2000-01	2001-02
15	3.4	3.4	3.8	3.8	3.8
16	3.4	3.4	3.8	3.8	3.8
17	3.5	3.5	3.9	3.9	3.9
18	3.5	3.5	3.9	3.9	3.9
19	3.6	3.6	4.0	4.0	4.0
20	3.6	3.6	4.0	4.0	4.0
21	3.7	3.7	4.1	4.1	4.1
22	3.7	3.7	4.1	4.1	4.1
23	3.8	3.8	4.2	4.2	4.2
24	3.8	3.8	4.2	4.2	4.2
25	3.9	3.9	4.3	4.3	4.3
26	3.9	3.9	4.3	4.3	4.3
27	4.0	4.0	4.4	4.4	4.4
28	4.0	4.0	4.4	4.4	4.4
29	4.1	4.1	4.5	4.5	4.5
30	4.2	4.2	4.5	4.5	4.5
31	4.2	4.2	4.6	4.6	4.6
32	4.3	4.3	4.6	4.6	4.6
33	4.3	4.3	4.7	4.7	4.7
34	4.4	4.4	4.7	4.7	4.7
35	4.5	4.4	4.8	4.8	4.8
36	4.7	4.6	4.8	4.8	4.8
37	4.9	4.8	5.0	4.9	4.9

38	5.0	4.9	5.1	5.0	4.9
39	5.2	5.1	5.3	5.2	5.1
40	5.4	5.3	5.5	5.4	5.3
41	5.6	5.5	5.7	5.5	5.4
42	6.0	5.7	5.9	5.7	5.6
43	6.7	6.1	6.1	5.9	5.8
44	7.4	6.8	6.5	6.1	6.0
45	8.2	7.5	7.1	6.6	6.2
46	9.0	8.3	7.9	7.2	6.6
47	9.0	9.0	8.7	8.0	7.3
48	9.0	9.0	9.0	8.8	8.1
49	9.0	9.0	9.0	9.0	8.9
50	9.0	9.0	9.0	9.0	9.0
51	9.0	9.0	9.0	9.0	9.0
52	9.0	9.0	9.0	9.0	9.0
53	9.0	9.0	9.0	9.0	9.0
54	9.0	9.0	9.0	9.0	9.0
55	9.0	9.0	9.0	9.0	9.0
56	9.0	9.0	9.0	9.0	9.0
57	9.0	9.0	9.0	9.0	9.0
58	9.0	9.0	9.0	9.0	9.0
59	9.0	9.0	9.0	9.0	9.0
60	9.0	9.0	9.0	9.0	9.0
61	9.0	9.0	9.0	9.0	9.0
62	9.0	9.0	9.0	9.0	9.0
63	9.0	9.0	9.0	9.0	9.0

Note: The employee's share of the rebate is 1.6% in all cases. The employer's share varies with the age of the member.

Table 4 – Contracted-out rebates for the period 2002-2003 - 2006-2007

Appropriate age-related percentages for the tax year 2002-2003			
Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £3,900 and £10,800	Band 2 - Earnings between £10,800 and £24,600	Band 3 – Earnings between £24,600 and £31005
15	8.4	2.1	4.2
16	8.4	2.1	4.2
17	8.4	2.1	4.2
18	8.6	2.15	4.3
19	8.6	2.15	4.3
20	8.8	2.2	4.4
21	8.8	2.2	4.4
22	9.0	2.25	4.5
23	9.0	2.25	4.5
24	9.0	2.25	4.5
25	9.2	2.3	4.6
26	9.3	2.3	4.6
27	9.4	2.35	4.7
28	9.4	2.35	4.7
29	9.6	2.4	4.8
30	9.6	2.4	4.8
31	9.8	2.45	4.9
32	9.8	2.45	4.9
33	10.0	2.5	5.0
34	10.0	2.5	5.0
35	10.0	2.5	5.0
36	10.2	2.55	5.1
37	10.2	2.55	5.1
38	10.4	2.6	5.2
39	10.4	2.6	5.2
40	10.8	2.7	5.4
41	11.2	2.8	5.6
42	11.4	2.85	5.7
43	11.8	2.95	5.9
44	12.2	3.05	6.1
45	12.6	3.15	6.3
46	13.0	3.25	6.5
47	14.0	3.5	7.0
48	15.6	3.9	7.8
49	17.6	4.4	8.8
50	19.8	4.95	9.9
51	21.0	5.25	10.5

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £3,900 and £10,800	Band 2 - Earnings between £10,800 and £24,600	Band 3 – Earnings between £24,600 and £31005
52	21.0	5.25	10.5
53	21.0	5.25	10.5
54	21.0	5.25	10.5
55	21.0	5.25	10.5
56	21.0	5.25	10.5
57	21.0	5.25	10.5
58	21.0	5.25	10.5
59	21.0	5.25	10.5
60	21.0	5.25	10.5
61	21.0	5.25	10.5
62	21.0	5.25	10.5
63	21.0	5.25	10.5

Appropriate age-related percentages for the tax year 2003-2004			
Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4004 and £11,200	Band 2 - Earnings between £11,200 and £25,600	Band 3 – Earnings between £25,600 and £31,535
15	8.4	2.1	4.2
16	8.4	2.1	4.2
17	8.4	2.1	4.2
18	8.6	2.15	4.3
19	8.6	2.15	4.3
20	8.8	2.2	4.4
21	8.8	2.2	4.4
22	9.0	2.25	4.5
23	9.0	2.25	4.5
24	9.0	2.25	4.5
25	9.2	2.3	4.6
26	9.2	2.3	4.6
27	9.4	2.35	4.7
28	9.4	2.35	4.7
29	9.6	2.4	4.8
30	9.6	2.4	4.8
31	9.8	2.45	4.9
32	9.8	2.45	4.9
33	10.0	2.5	5.0
34	10.0	2.5	5.0
35	10.0	2.5	5.0
36	10.2	2.55	5.1
37	10.2	2.55	5.1
38	10.4	2.6	5.2
39	10.4	2.6	5.2
40	10.6	2.65	5.3
41	11.0	2.75	5.5
42	11.2	2.8	5.6
43	11.6	2.9	5.8
44	12.0	3.0	6.0
45	12.4	3.1	6.2
46	12.8	3.2	6.4
47	13.2	3.3	6.6
48	14.2	3.55	7.1
49	15.8	3.95	7.9
50	17.8	4.45	8.9
51	20.0	5.0	10.0
52	21.0	5.25	10.5
53	21.0	5.25	10.5
54	21.0	5.25	10.5
55	21.0	5.25	10.5

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4004 and £11,200	Band 2 - Earnings between £11,200 and £25,600	Band 3 – Earnings between £25,600 and £31,535
56	21.0	5.25	10.5
57	21.0	5.25	10.5
58	21.0	5.25	10.5
59	21.0	5.25	10.5
60	21.0	5.25	10.5
61	21.0	5.25	10.5
62	21.0	5.25	10.5
63	21.0	5.25	10.5

Appropriate age-related percentages for the tax year 2004-2005

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4108 and £11,600	Band 2 - Earnings between £11,600 and £26,600	Band 3 – Earnings between £26,600 and £32,330
15	8.4	2.10	4.2
16	8.4	2.10	4.2
17	8.4	2.10	4.2
18	8.6	2.15	4.3
19	8.6	2.15	4.3
20	8.8	2.2	4.4
21	8.8	2.2	4.4
22	9.0	2.25	4.5
23	9.0	2.25	4.5
24	9.0	2.25	4.5
25	9.2	2.3	4.6
26	9.2	2.3	4.6
27	9.4	2.35	4.7
28	9.4	2.35	4.7
29	9.6	2.4	4.8
30	9.6	2.4	4.8
31	9.8	2.45	4.9
32	9.8	2.45	4.9
33	10.0	2.5	5.0
34	10.0	2.5	5.0
35	10.2	2.55	5.1
36	10.2	2.55	5.1
37	10.2	2.55	5.1
38	10.4	2.6	5.2
39	10.4	2.6	5.2
40	10.6	2.65	5.3
41	10.6	2.65	5.3
42	11.0	2.75	5.5
43	11.4	2.85	5.7
44	11.8	2.95	5.9
45	12.0	3.0	6.0
46	12.4	3.1	6.2
47	12.8	3.2	6.4
48	13.2	3.3	6.6
49	14.4	3.6	7.2
50	16.0	4.0	8.0
51	18.0	4.5	9.0
52	20.2	5.05	10.1
53	21.0	5.25	10.5
54	21.0	5.25	10.5
55	21.0	5.25	10.5

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4108 and £11,600	Band 2 - Earnings between £11,600 and £26,600	Band 3 – Earnings between £26,600 and £32,330
56	21.0	5.25	10.5
57	21.0	5.25	10.5
58	21.0	5.25	10.5
59	21.0	5.25	10.5
60	21.0	5.25	10.5
61	21.0	5.25	10.5
62	21.0	5.25	10.5
63	21.0	5.25	10.5

Appropriate age-related percentages for the tax year 2005-2006

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4264 and £12,100	Band 2 - Earnings between £12,100 and £27,800	Band 3 – Earnings between £27,800 and £33,390
15	8.4	2.10	4.2
16	8.4	2.10	4.2
17	8.4	2.10	4.2
18	8.6	2.15	4.3
19	8.6	2.15	4.3
20	8.8	2.2	4.4
21	8.8	2.2	4.4
22	9.0	2.25	4.5
23	9.0	2.25	4.5
24	9.0	2.25	4.5
25	9.2	2.3	4.6
26	9.2	2.3	4.6
27	9.4	2.35	4.7
28	9.4	2.35	4.7
29	9.6	2.4	4.8
30	9.6	2.4	4.8
31	9.8	2.45	4.9
32	9.8	2.45	4.9
33	10.0	2.5	5.0
34	10.0	2.5	5.0
35	10.2	2.55	5.1
36	10.2	2.55	5.1
37	10.4	2.6	5.2
38	10.4	2.6	5.2
39	10.4	2.6	5.2
40	10.6	2.65	5.3
41	10.6	2.65	5.3
42	10.8	2.7	5.4
43	11.2	2.8	5.6
44	11.4	2.85	5.7
45	11.8	2.95	5.9
46	12.2	3.05	6.1
47	12.6	3.15	6.3
48	13.0	3.25	6.5
49	13.4	3.35	6.7
50	14.6	3.65	7.3
51	16.0	4.0	8.0
52	18.0	4.5	9.0
53	20.4	5.1	10.2
54	21.0	5.25	10.5
55	21.0	5.25	10.5

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4264 and £12,100	Band 2 - Earnings between £12,100 and £27,800	Band 3 – Earnings between £27,800 and £33,390
56	21.0	5.25	10.5
57	21.0	5.25	10.5
58	21.0	5.25	10.5
59	20.4	5.1	10.2
60	21.0	5.25	10.5
61	21.0	5.25	10.5
62	21.0	5.25	10.5
63	21.0	5.25	10.5

Appropriate age-related percentages for the tax year 2006-2007

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4368 and £12,500	Band 2 - Earnings between £12,500 and £28,800	Band 3 – Earnings between £28,800 and £34,185
15	8.4	2.10	4.2
16	8.4	2.10	4.2
17	8.4	2.10	4.2
18	8.6	2.15	4.3
19	8.6	2.15	4.3
20	8.8	2.2	4.4
21	8.8	2.2	4.4
22	9.0	2.25	4.5
23	9.0	2.25	4.5
24	9.0	2.25	4.5
25	9.2	2.3	4.6
26	9.2	2.3	4.6
27	9.4	2.35	4.7
28	9.4	2.35	4.7
29	9.6	2.4	4.8
30	9.6	2.4	4.8
31	9.8	2.45	4.9
32	9.8	2.45	4.9
33	10.0	2.5	5.0
34	10.0	2.5	5.0
35	10.2	2.55	5.1
36	10.2	2.55	5.1
37	10.4	2.6	5.2
38	10.4	2.6	5.2
39	10.6	2.65	5.3
40	10.6	2.65	5.3
41	10.8	2.70	5.4
42	10.8	2.7	5.4
43	11.0	2.75	5.5
44	11.2	2.8	5.6
45	11.6	2.9	5.8
46	12.0	3.0	6.0
47	12.4	3.1	6.2
48	12.8	3.2	6.4
49	13.2	3.3	6.6
50	13.6	3.4	6.8
51	14.6	3.65	7.3
52	16.2	4.05	8.1
53	18.2	4.55	9.1
54	20.6	5.15	10.3
55	21.0	5.25	10.5

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4368 and £12,500	Band 2 - Earnings between £12,500 and £28,800	Band 3 – Earnings between £28,800 and £34,185
56	21.0	5.25	10.5
57	21.0	5.25	10.5
58	21.0	5.25	10.5
59	19.6	4.9	9.8
60	20.6	5.15	10.3
61	21.0	5.25	10.5
62	21.0	5.25	10.5
63	21.0	5.25	10.5

Table 5 – Contracted-out rebates for the period 2007-2008 - 2011-2012

Appropriate age-related percentages for the tax year 2007-2008			
Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4524 and £13,000	Band 2 - Earnings between £13,000 and £30,000	Band 3 – Earnings between £30,000 and £35,510
15	9.4	2.35	4.7
16	9.4	2.35	4.7
17	9.6	2.4	4.8
18	9.8	2.45	4.9
19	9.8	2.45	4.9
20	10.0	2.5	5.0
21	10.2	2.55	5.1
22	10.4	2.6	5.2
23	10.4	2.6	5.2
24	10.6	2.65	5.3
25	10.8	2.7	5.4
26	11.0	2.75	5.5
27	11.0	2.75	5.5
28	11.2	2.8	5.6
29	11.4	2.85	5.7
30	11.6	2.9	5.8
31	11.8	2.95	5.9
32	12.0	3.0	6.0
33	12.0	3.0	6.0
34	12.2	3.05	6.1
35	12.6	3.15	6.3
36	12.8	3.2	6.4
37	13.0	3.25	6.5
38	13.4	3.35	6.7
39	13.6	3.4	6.8
40	14.0	3.5	7.0
41	14.2	3.55	7.1
42	14.4	3.6	7.2
43	14.8	3.7	7.4
44	14.8	3.7	7.4
45	14.8	3.7	7.4
46	14.8	3.7	7.4
47	14.8	3.7	7.4
48	14.8	3.7	7.4
49	14.8	3.7	7.4
50	14.8	3.7	7.4

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4524 and £13,000	Band 2 - Earnings between £13,000 and £30,000	Band 3 – Earnings between £30,000 and £35,510
51	14.8	3.7	7.4
52	14.8	3.7	7.4
53	14.8	3.7	7.4
54	14.8	3.7	7.4
55	14.8	3.7	7.4
56	14.8	3.7	7.4
57	14.8	3.7	7.4
58	14.8	3.7	7.4
59	14.8	3.7	7.4
60	14.8	3.7	7.4
61	14.8	3.7	7.4
62	14.8	3.7	7.4
63	14.8	3.7	7.4

Appropriate age-related percentages for the tax year 2008-2009			
Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4680 and £13,500	Band 2 - Earnings between £13,500 and £31,100	Band 3 – Earnings between £31,500 and £40,810
15	9.4	2.35	4.7
16	9.4	2.35	4.7
17	9.6	2.4	4.8
18	9.8	2.45	4.9
19	9.8	2.45	4.9
20	10.0	2.5	5.0
21	10.2	2.55	5.1
22	10.4	2.6	5.2
23	10.4	2.6	5.2
24	10.6	2.65	5.3
25	10.8	2.7	5.4
26	11.0	2.75	5.5
27	11.0	2.75	5.5
28	11.2	2.8	5.6
29	11.4	2.85	5.7
30	11.6	2.9	5.8
31	11.8	2.95	5.9
32	12.0	3.0	6.0
33	12.0	3.0	6.0
34	12.2	3.05	6.1
35	12.6	3.15	6.3
36	12.8	3.2	6.4
37	13.2	3.3	6.6
38	13.4	3.35	6.7
39	13.6	3.4	6.8
40	14.0	3.5	7.0
41	14.2	3.55	7.1
42	14.4	3.6	7.2
43	14.8	3.7	7.4
44	14.8	3.7	7.4
45	14.8	3.7	7.4
46	14.8	3.7	7.4
47	14.8	3.7	7.4
48	14.8	3.7	7.4
49	14.8	3.7	7.4
50	14.8	3.7	7.4
51	14.8	3.7	7.4
52	14.8	3.7	7.4
53	14.8	3.7	7.4
54	14.8	3.7	7.4

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between £4680 and £13,500	Band 2 - Earnings between £13,500 and £31,100	Band 3 – Earnings between £31,500 and £40,810
55	14.8	3.7	7.4
56	14.8	3.7	7.4
57	14.8	3.7	7.4
58	14.8	3.7	7.4
59	14.8	3.7	7.4
60	14.8	3.7	7.4
61	14.8	3.7	7.4
62	14.8	3.7	7.4
63	14.8	3.7	7.4

Appropriate age-related percentages for the tax year 2009-2010

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between Lower Earnings Limit and Low Earnings Threshold	Band 2 - Earnings between Low Earnings Threshold and Upper Earnings Threshold	Band 3 – Earnings between Upper Earnings Threshold and Upper Earnings Limit
15	9.4	2.35	4.7
16	9.4	2.35	4.7
17	9.6	2.4	4.8
18	9.8	2.45	4.9
19	9.8	2.45	4.9
20	10.0	2.5	5.0
21	10.2	2.55	5.1
22	10.4	2.6	5.2
23	10.4	2.6	5.2
24	10.6	2.65	5.3
25	10.8	2.7	5.4
26	11.0	2.75	5.5
27	11.2	2.8	5.6
28	11.2	2.8	5.6
29	11.4	2.85	5.7
30	11.6	2.9	5.8
31	11.8	2.95	5.9
32	12.0	3.0	6.0
33	12.0	3.0	6.0
34	12.2	3.05	6.1
35	12.6	3.15	6.3
36	12.8	3.2	6.4
37	13.2	3.3	6.6
38	13.4	3.35	6.7
39	13.6	3.4	6.8
40	14.0	3.5	7.0
41	14.2	3.55	7.1
42	14.4	3.6	7.2
43	14.8	3.7	7.4
44	14.8	3.7	7.4
45	14.8	3.7	7.4
46	14.8	3.7	7.4
47	14.8	3.7	7.4
48	14.8	3.7	7.4
49	14.8	3.7	7.4
50	14.8	3.7	7.4
51	14.8	3.7	7.4
52	14.8	3.7	7.4

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between Lower Earnings Limit and Low Earnings Threshold	Band 2 - Earnings between Low Earnings Threshold and Upper Earnings Threshold	Band 3 – Earnings between Upper Earnings Threshold and Upper Earnings Limit
53	14.8	3.7	7.4
54	14.8	3.7	7.4
55	14.8	3.7	7.4
56	14.8	3.7	7.4
57	14.8	3.7	7.4
58	14.8	3.7	7.4
59	14.8	3.7	7.4
60	14.8	3.7	7.4
61	14.8	3.7	7.4
62	14.8	3.7	7.4
63	14.8	3.7	7.4

Appropriate age-related percentages for the tax year 2010-2011

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between Lower Earnings Limit and Low Earnings Threshold	Band 2 - Earnings between Low Earnings Threshold and Upper Earnings Threshold	Band 3 – Earnings between Upper Earnings Threshold and Upper Earnings Limit
15	9.4	2.35	4.7
16	9.4	2.35	4.7
17	9.6	2.4	4.8
18	9.8	2.45	4.9
19	9.8	2.45	4.9
20	10.0	2.5	5.0
21	10.2	2.55	5.1
22	10.4	2.6	5.2
23	10.4	2.6	5.2
24	10.6	2.65	5.3
25	10.8	2.7	5.4
26	11.0	2.75	5.5
27	11.2	2.8	5.6
28	11.2	2.8	5.6
29	11.4	2.85	5.7
30	11.6	2.9	5.8
31	11.8	2.95	5.9
32	12.0	3.0	6.0
33	12.0	3.0	6.0
34	12.2	3.05	6.1
35	12.6	3.15	6.3
36	12.8	3.2	6.4
37	13.2	3.3	6.6
38	13.4	3.35	6.7
39	13.6	3.4	6.8
40	14.0	3.5	7.0
41	14.2	3.55	7.1
42	14.6	3.65	7.3
43	14.8	3.7	7.4
44	14.8	3.7	7.4
45	14.8	3.7	7.4
46	14.8	3.7	7.4
47	14.8	3.7	7.4
48	14.8	3.7	7.4
49	14.8	3.7	7.4
50	14.8	3.7	7.4
51	14.8	3.7	7.4
52	14.8	3.7	7.4

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between Lower Earnings Limit and Low Earnings Threshold	Band 2 - Earnings between Low Earnings Threshold and Upper Earnings Threshold	Band 3 – Earnings between Upper Earnings Threshold and Upper Earnings Limit
53	14.8	3.7	7.4
54	14.8	3.7	7.4
55	14.8	3.7	7.4
56	14.8	3.7	7.4
57	14.8	3.7	7.4
58	14.8	3.7	7.4
59	14.8	3.7	7.4
60	14.8	3.7	7.4
61	14.8	3.7	7.4
62	14.8	3.7	7.4
63	14.8	3.7	7.4

Appropriate age-related percentages for the tax year 2011-2012			
Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between Lower Earnings Limit and Low Earnings Threshold	Band 2 - Earnings between Low Earnings Threshold and Upper Earnings Threshold	Band 3 – Earnings between Upper Earnings Threshold and Upper Earnings Limit
15	9.4	2.35	4.7
16	9.4	2.35	4.7
17	9.6	2.4	4.8
18	9.8	2.45	4.9
19	10.0	2.5	5.0
20	10.0	2.5	5.0
21	10.2	2.55	5.1
22	10.4	2.6	5.2
23	10.4	2.6	5.2
24	10.6	2.65	5.3
25	10.8	2.7	5.4
26	11.0	2.75	5.5
27	11.2	2.8	5.6
28	11.2	2.8	5.6
29	11.4	2.85	5.7
30	11.6	2.9	5.8
31	11.8	2.95	5.9
32	12.0	3.0	6.0
33	12.2	3.05	6.1
34	12.2	3.05	6.1
35	12.6	3.15	6.3
36	12.8	3.2	6.4
37	13.2	3.3	6.6
38	13.4	3.35	6.7
39	13.8	3.45	6.9
40	14.0	3.5	7.0
41	14.2	3.55	7.1
42	14.6	3.65	7.3
43	14.8	3.7	7.4
44	14.8	3.7	7.4
45	14.8	3.7	7.4
46	14.8	3.7	7.4
47	14.8	3.7	7.4
48	14.8	3.7	7.4
49	14.8	3.7	7.4
50	14.8	3.7	7.4
51	14.8	3.7	7.4
52	14.8	3.7	7.4

Column A	Column B	Column C	Column D
Age on last day of preceding tax year	Band 1- Earnings between Lower Earnings Limit and Low Earnings Threshold	Band 2 - Earnings between Low Earnings Threshold and Upper Earnings Threshold	Band 3 – Earnings between Upper Earnings Threshold and Upper Earnings Limit
53	14.8	3.7	7.4
54	14.8	3.7	7.4
55	14.8	3.7	7.4
56	14.8	3.7	7.4
57	14.8	3.7	7.4
58	14.8	3.7	7.4
59	14.8	3.7	7.4
60	14.8	3.7	7.4
61	14.8	3.7	7.4
62	14.8	3.7	7.4
63	14.8	3.7	7.4



Appendix 4 Payment/Recovery schedule

PAYMENT/RECOVERY SCHEDULE

Provider/Scheme:xxxxxxxxxxxxxxxxxxxx  
 Name: xxxxxxxxxxxxxxxxxxxxxxxx  
 Address: xxxxxxxxxxxxxxxxxxxxxxxx  
 xxxxxxxxxxxxxxxxxxxxxxxx  
 xxxxxxxxxxxxxxxxxxxxxxxx

ASCN/SCON:xxxxxxxxxxxx  
 Date Payment Due: dd/mm/ccyy  
 Date of Calculation: dd/mm/ccyy

PAYMENTS

NAME	NI NUMBER	MEMBERSHIP NUMBER	TAX YEAR	TOTAL REBATE	ADDITIONAL REBATE	INCENTIVE	TAX RELIEF	DATE OF BIRTH
A H BROWN	AB123456A	369258147025815357	1987-88	890.83	592.02	215.28	83.53	
P R SMITH	BC789012B	123456789012345678	1987-88	1058.98	702.42	256.88	99.68	
A J GREEN	PT345678C	234567890123456789	1997-98	985.43	879.61		105.82	29/12/1966
A W HOUSE	AB987654D	987654321098765432	1993-94	884.95	687.42	118.52	79.01	

RECOVERIES

AB BROWNE	AB123462B	123456712345671234	1987-88	398.91	265.10	96.40	37.41	
MA SMYTHE	AB234664C	987654321123456789	1987-88	327.09	210.39	85.22	31.48	
LB CATCH	AB765432A	271116789013498765	1993-94	488.48	346.85	72.26	69.37	

Note: This layout represents the information provided on form CA1784. Please refer to Manual CA70, Magnetic Media Transmission of Data to Appropriate Personal Pension, Contracted-out Occupational Schemes for details of the magnetic media version of this information.

**Appendix 5 Acknowledgement records**

Date: dd/mm/ccyy

ACKNOWLEDGEMENT OF PP TERMINATIONS RECEIVED

NAME	MEMBERSHIP NUMBER	NI NUMBER	TAX YEAR
A B BROWN	123456789123456789	XY479247B	1993-94
A L JONES	012345678901234567	LT454545C	1995-96
J L SMITH	123451234512345666	ZY545454D	1997-98

Total of 003 terminations received during this month

Page n

Date: dd/mm/ccyy

ACKNOWLEDGEMENT OF JOINT NOTIFICATIONS RECEIVED

NAME	MEMBERSHIP NUMBER	NI NUMBER	TAX YEAR	DATE OF BIRTH
A H BROWN	345671234567123456	HE123456C	1995-96	
B L JONES	098765432123456789	PP149177A	1996-97	
L SMITH	018498212234865692	BF341690D	1997-98	29/12/1966

Total of 003 options received during this month

**Appendix 6 Net payments and recoveries**

NET PAYMENTS AND RECOVERIES

Provider/Scheme: ASCN:nnnnnnnnnn Date Payment Due: dd/mm/ccyy  
 Name: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx Date of Calculation: dd/mm/ccyy  
 Address: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx Schedule No: nnnnnnnn xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

PAYMENTS

	TOTAL	REBATE	ADDITIONAL REBATE	INCENTIVE	TAX RELIEF
Payments	3812.00	2636.09	118.52	707.59	349.80
Recoveries	1214.48	822.34	72.26	181.62	138.26
Net payable	2597.52	1813.75	46.26	525.97	211.54

Note: This layout represents the information provided on form CA1784. Please refer to manual CA70, Magnetic Media Transmission of Data to Appropriate Personal Pension, Contracted-out Occupational Schemes for details of the magnetic media version of this information.

## **Appendix 7**

### The Payment Rules

#### *Introduction*

This appendix sets out the rules for payment of MCs. It is split into calculations in respect of tax years

- up to and including 1996-97, and
- 1997-98 and later.

If the MCs are being calculated in respect of 1997-98 or later tax years, the rule applying to payment of the MCs may depend on whether the payment has arisen as a result of new or adjusted earnings or a change to the date of birth.

#### *Glossary of terms used in this Appendix*

##### New Earnings

This refers to any earnings relevant to the period of the APP which are being recorded to the National Insurance account for the first time, but after the recording of a notice of cancellation or termination.

##### Adjusted Earnings

If an employer supplies earnings which are subsequently found to be incorrect and at a later date provides the correct details, ie adjusted earnings, the National Insurance account will be amended accordingly.

##### Change to the date of birth

For tax years from 1997-98 the level of rebate calculated is based on the age of the member. If a change is made to the recorded date of birth and the change means that the date of birth falls in a different tax year, this could alter the amount of rebate payable. Any further rebate due as a result of a change to the date of birth will be paid/offered.

##### 10 x weekly LEL

The level applied in certain circumstances to determine whether and to whom an amount of MCs is paid. The LEL applied is the level for the tax year current when the calculation is being performed.

## The Payment Rules

Circumstances	Payment in respect of the 1996-97, or earlier tax year	Payment in respect of the 1997-98 or later tax-year
Open APP	APP scheme	APP scheme
Closed APP	APP scheme	APP scheme
Protected Rights Transferred from One APP/APPSHP Scheme to another	New APP/APPSHP scheme	New AP/APPSHP scheme
Protected Rights transferred to a COMP/COMPSHP scheme	COMP/COMPSHP scheme	COMP/COMPSHP scheme
Protected Rights transferred to a COSR scheme	No-one Earnings will accrue SERPS/State Second Pension	New earnings: No-one Earnings will accrue SERPS/State Second Pension entitlement  Adjusted earnings: No-one
Note : For tax years from 1997-98 onwards  the rule will depend upon whether the payment has been calculated using new and/or adjusted earnings  or a change to the date of birth		Earnings will accrue SERPS/ State Second Pension entitlement  Change to the date birth: Offered to the COSR scheme. If refused, monies will be retained in the National Insurance fund
Protected Rights transferred to an overseas scheme	No-one Earnings will accrue SERPS/State Second pension entitlement	New Earnings No-one Earnings will accrue SERPS/ State Second Pension Entitlement
Note: For tax years  from 1997-98 onwards the  rule will depend upon		Adjusted earnings:  No-one  Earnings will accrue SERPS/State  Second Pension entitlement

whether the payment has been calculated using new and/or adjusted earnings or a change to the date of birth

Change to the date of birth:  
Offered to the COSR scheme.  
If refused, monies will be retained in the National Insurance fund

Circumstances	Payment in respect of the 1996-97, or earlier tax year	Payment in respect of the 1997-98, or later tax year
<p>Provision or purchase of a pension by the APP scheme/ Insurance company or Friendly Society in respect of the member</p>	<p>Provider of the pension if MC's are at least 10 x weekly LEL current at the time payment arises</p>	<p>Any payment of at least 10 x weekly LEL current at the time payment</p>
<p>Notes: For tax years from 1997-98 onwards the rule will depend upon whether the payment has been calculated using new and/or adjusted earnings or a change to the date of birth. Payment will not be made for the tax year in which SPA is reached if the tax year is 1997-98 or later</p>	<p>Member, if MCs fall below 10 x weekly LEL current at the time payment arises and the tax year in question is that in which</p>	<p>arises to be made to the provider of the pension</p>
	<p>SPA is reached</p>	<p>New and/or Adjusted earnings: No-one if the payment falls below 10 x weekly LEL current at the time payment arises Earnings will accrue</p>
	<p>No-one if MCs fall below 10 x weekly LEL current at the time payment arises and the tax year in question is prior to that in which SPA is reached. Earnings will accrue SERPS/State</p>	<p>SERPS entitlement</p>
	<p>Second Pension entitlement</p>	<p>Change to the date of birth: Member if the payment falls below 10 x weekly LEL current at the time payment arises</p>

Circumstances	Payment in respect of the 1996-97, or earlier tax year	Payment in respect of the 1997-98, or later tax year
<p>Provision or purchase of a pension by the APP scheme/ Insurance company or Friendly Society in respect of the widow or widower or nominated beneficiary</p>	<p>Provider of the pension if MC's are at least 10 x weekly LEL current at the time payment arises</p> <p>Widow/widower or nominated beneficiary</p>	<p>Any payment of at least 10 x weekly LEL current at the time payment arises to be made to the provider of the pension</p>
<p>Notes: For tax years from 1997-98 onwards the rule will depend upon whether the payment has been calculated using new and/or adjusted earnings or a change to the date of birth.</p>	<p>if MCs fall below 10 x weekly LEL current at the time payment arises and the tax year in question is that in which the member died or reached SPA (whichever is earlier)</p>	<p>Any payment in respect of the tax year of death, which falls below 10 x weekly LEL current at the</p>
<p>Payment will not be made for the tax year in which SPA is reached if the tax year is 1997-98 or later</p>	<p>No-one if MCs fall below 10 x weekly LEL current at the time payment arises and the tax-year in question is prior to that in which the member died or reached SPA (whichever is earlier) Earnings will accrue SERPS entitlement</p>	<p>time payment arises to be made to the widow or widower or nominated beneficiary</p>
		<p>New and/or adjusted earnings: No-one if the payment falls below 10 x weekly LEL current at the time payment arises and it is in respect of a tax year prior to that in which the member died. Earnings will accrue SERPS/State Second Pension entitlement (if appropriate)</p>
		<p>Changes to the date of birth: Widow or widower or</p>

nominated beneficiary if the payment falls below 10 x weekly LEL current at the time payment arises and it is in respect of a tax year prior to that in which the member died

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Circumstances	Payment in respect of the 1996-97, or earlier tax year	Payment in respect of the 1997-98, or later tax year
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Commutation in respect of the member	Member if the tax year in question is that in which death or SPA is reached (whichever is earlier)	Any payment to be made to the member
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Notes: Payment will not be made for the tax year in which SPA is reached if the tax year is 1997-98 or later	No-one, if it is in respect of an earlier tax year Earnings will accrue SERPS entitlement	
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Commutation in respect of the widow or widower	Widow or widower if the tax year in question is that in which death or SPA is reached (whichever is earlier)	Any payment to be made to the widow or widower
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Notes: Payment will not be made for the tax year in which SPA is reached if the tax year is 1997-98 or later	No-one if it is in respect of an earlier tax year Earnings will accrue SERPS entitlement (if appropriate)	
--	--	--

Lump Sum Payment in respect of widow or widower/ nominated beneficiary Notes: Payment will not be made	Widow or widower if the tax year in question is that in which death or SPA is reached (whichever	Any payment to be made to the widow/ widower/ nominated beneficiary
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for the tax year in which SPA is reached if the tax year is 1997-98 or later	is earlier)	
Income Withdrawal in respect of the member	No-one if it is not in respect of this tax-year APP scheme	APP scheme
Income Withdrawal in respect of the widow or widower	APP scheme	APP scheme

## **Appendix 8**

How membership of an **Appropriate Personal Pension** scheme affects **additional State Pension**

### **Introduction**

1 The **additional State Pension** (AP) is the earnings-related part of both the state pension and bereavement benefit.

The amount of AP an individual can get is based on the amount and type of earnings on which National Insurance contributions has been paid from 6 April 1978.

2 Between 6 April 1997 and 5 April 2002 members of APP schemes will cease to build up any further entitlement to AP. However they will retain their entitlement to any AP accrued between 6 April 1978 and 5 April 1997. From 6 April 2002 members of APP schemes earning between the **Lower Earnings Limit** (LEL) and the Low Earnings Threshold (LET) will also build up a reduced entitlement to AP.

3 AP is payable from State Pension age (SPA) on receipt of a claim for State Pension. Widows, widowers and surviving civil partners may also qualify for an AP that is based on their late spouse/civil partner's earnings.

### **Deductions from the additional State Pension for the member**

4 Any AP earned between the 1978-79 and 1996-97 tax years (inclusive) will be reduced as a result of membership of an APP scheme. The amount by which the AP is reduced is known as the Contracted-out deduction (COD).

5 For members of APP schemes, the COD is equal to the GMP that would have accrued had they been in a COSR scheme. The COD may be more or less than the pension provided by the scheme. This is because the pension is based on the value of the member's fund built up in the scheme (ie, money paid in together with investment return), known as the **protected rights**.

6 This deduction also takes into account any contracted-out rights transferred into the scheme from

- another appropriate scheme
- a COMP/COMPSPH scheme (or COMP part of a COMB scheme) and
- a COSR scheme (or COSR part of a COMB scheme).

The AP will be reduced by the COD even where pension rights have been commuted on the grounds of triviality or where pension rights have been subject to a **Pension Sharing Order**. Schemes should tell any members who opt for commutation about this.

### **Deductions from the additional State Pension for the widow, widower or surviving civil partner**

7 Where a member of an APP scheme dies leaving a widow, widower or surviving civil partner, the amount of COD taken from their inherited **additional State Pension** will depend on when the member died.

#### **Member died prior to 6 April 1996**

8 The AP inherited by the widow or widower will be reduced by

- a COD at half the rate attributable to the member, if the member died on or after attaining SPA, or
- a COD at the full rate attributable to the member, if the member died before attaining SPA.

### **Member died on or after 6 April 1996**

9 The AP inherited by the widow, widower or surviving civil partner will be reduced by

- a COD at half the rate attributable to the member, if effect had been given to the **protected rights** at the date of death, or if the member had drawn an income from the **protected rights** prior to the date of death, or
- a COD at the full rate attributable to the member, if effect had not been given to the **protected rights** at the date of death and an income had not been drawn from the **protected rights** prior to the date of death.

### **Date of effect/start date of income withdrawal**

10 To enable the correct AP calculation to be performed, we need to know and record the date the member gave effect to the **protected rights** or the start date of the income withdrawal. This means

- the date entitlement to payment first arises for the income withdrawal option or for the provision of a pension by the scheme, insurance company or friendly society, or
- the date the **lump sum** was paid to the member for trivial commutation.

Example

'A' and 'B' both commence their retirement on the same date, 12 February 2008, and both elect to have their pension paid monthly.

'A' receives payment in advance; so first payment will be made on 12 February 2008

'B' receives payments in arrears; so first payment will be made on 11 March 2008.

In each case, the effective date for giving effect to the **protected rights** will be 12 February 2008.

### **Inflation-proofing**

From 6 April 2005

11 Where a pension or annuity derived from **protected rights** comes into payment on or after 6 April 2005, there is no legislative requirement to pay increases on that pension. From that date, individuals have been able to choose for themselves whether or not to opt for a level annuity or an index-linked annuity; providing that this is permitted by the scheme rules.

Up to 5 April 2005

12 Pensions and annuities derived from **protected rights** accrued up to and including 5 April 1997 and purchased before 6 April 2005, must be increased yearly by the annual percentage increase in the Retail Prices Index (RPI) or 3%, whichever is the lower. Any increase in RPI above 3% is provided through a corresponding increase to the AP.

Pensions and annuities derived from **protected rights** accrued between 6 April 1997 and 5 April 2005 and purchased during that period, must be increased yearly by the annual percentage increase in RPI or 5%, whichever is the lower.

The above indexation requirements apply also to pensions and annuities derived from **protected rights** inherited by widows, widowers and surviving civil partners.

## Appendix 9 Quick reference guide

Circumstances	Form Required	Responsibility for completion	Outcome	Payment of MCs	Manual reference
Starting an APP	CA1542 Joint Notice(APP1)	<b>Both the scheme and the member</b>	Member will receive a form CA1689(APP6) which is automatically issued once the CA1542 (APP1) is registered Scheme will receive an acknowledgement issued via paper schedule (CA2125) or magnetic media	Any relevant MCs will be paid to the APP scheme	Part 2
Cancelling an APP	CA1543 Cancellation Notice(APP2)	Either the scheme or member, or both	Member will receive a form CA1720 (APP15) which is automatically issued once the form CA1543(APP2) is registered Scheme will receive an acknowledgement issued via paper schedule (CA2125) or magnetic media	Any relevant MCs will be paid to the APP scheme	Part 3
Transferring from one APP to an APP/APPSHP	CA1544 Transfer Notice (APP3)	Both the transferring scheme and the member	If the cancellation has previously been notified and acknowledged, then no further acknowledgement will be issued to the scheme or member when the form CA1544 (APP3) is processed. If not, then the cancellation will be acknowledged to the importing scheme via the processing of the form  CA1544 (APP3) The receiving scheme will receive a Protected Rights Liability statement (CA1882)*	Any outstanding MCs will be paid to the receiving APP/APPSHP scheme	Part 5
Transferring from an APP to a COMP/COMPSPH scheme or the COMP part of a COMBS	CA1545 Transfer Notice (APP4)	Both the transferring scheme and the member	If the cancellation has previously been notified and acknowledged, then no further acknowledgement will be issued to the scheme or member when the form CA1545 (APP4) is processed. If not, then the cancellation will be acknowledged to the importing scheme via the processing of the form CA1545 (APP4)  The receiving scheme will receive a Protected Rights Liability statement (CA1882) *	Any outstanding MCs will be paid to the receiving scheme	Part 5
Transferring from an APP to a COSR scheme or the COSR part of a COMBS	CA1548 Transfer Notice (APP13)	Both the transferring scheme and the member	If the cancellation has previously been notified and acknowledged, then no further acknowledgement will be issued to the scheme or member when the form CA1548 (APP13) is processed. If not, then the cancellation will be acknowledged to the importing scheme via the	Any outstanding MCs in respect of the 1987-88 - 1996-97 tax years will not be paid to the transferring or receiving scheme Any payment for 1997-98	Part 5

			processing of the form CA1548(APP13) For periods prior to and spanning 6 April 1997 a form CA1625 will continue to be issued For any periods that are entirely post 5 April 1997 a statement of Contracted-out Pension Liability (CA1899) will be issued to the receiving scheme	onwards that falls payable due to a change to the date of birth will be offered to the receiving scheme	
Transferring to an overseas scheme /arrangement	CA1881	Both the transferring scheme and the member	If the cancellation has previously been notified and acknowledged, then no further acknowledgement will be issued to the scheme or member when the form CA1881 is processed. If not, then the cancellation will be acknowledged via the processing of the form CA1881 No statements will be issued	Any outstanding MCs in respect of the 1987-88 to 1996-97 tax-years will not be paid to the transferring or receiving scheme. Any payment for 1997-98 onwards that falls payable due to a change to the date of birth will be offered to the receiving scheme	Part 5
Using protected rights for pension purposes (including commutation) (member or qualifying widow or widower)	CA1550 (APP5)	Both the scheme and the member (or the member's widow or widower)	A statement CA1883 will be issued to the provider of the pension A statement CA1884 will be issued to the member (or member's widow or widower) where the protected rights have been commuted	Payment will depend on how effect has been given to the protected rights and the amount involved. See Appendix 7	Part 6
Using protected rights for pension or lump sum purposes (unmarried member or non-qualifying widow or widower)	CA1552 (APP17)	Both the scheme and the nominated beneficiary	No statements issued	Payment will depend on how effect has been given to the protected rights and the amount involved. See Appendix 7	Part 7
Income withdrawal	CA1872	Both the scheme and the member or widow/widower or surviving civil partner	Statements will be issued to the scheme as follows: – CA2126A, where the member elects to take income withdrawal – CA2126B, where the widow or widower elects to take income withdrawal	Any outstanding MCs will be paid to the receiving scheme	Part 6

Note : For statements marked \*, if the receiving scheme gets payment information via magnetic media, then confirmation of any incoming transfers will be included in this information.(See the CA70, Magnetic Media Transmission of Data to Appropriate Personal Pension, Contracted-out Occupational Schemes)



## **Appendix 10 Member died before 6 April 2002**

Where the member died before 6 April 2002 and, at the date of death was in receipt of a pension or annuity derived from **protected rights**, the surviving spouse would have been entitled to a survivor's pension, providing that certain conditions were are met.

The conditions were:

- the widow or widower was entitled to Child Benefit for a child under 18, or was residing with a child under 16, who was
  - the son or daughter of the widow or widower of the deceased, or
  - a child for whom the deceased, immediately before his or her death, was (or would have been if the child had not been absent from Great Britain (GB)) entitled to Child Benefit, or
  - a child for whom the widow or widower was entitled to Child Benefit (or would have been if the child had not been absent from GB) and the widow or widower and the deceased were residing together immediately before the deceased's death, or
- the widow or widower was age 45 or over
  - at the date of the deceased's death, or
  - during a period of real or notional entitlement to Child Benefit.

This leaflet gives general guidance only and should not be treated as a complete and authoritative statement of the law.

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