

1962 No. 2793

TRANSPORT

PENSIONS

The British Transport Reorganisation (Pensions of Employees) (No. 4) Order 1962

Made - - - - 19th December 1962

Laid before Parliament 31st December 1962

Coming into Operation 1st January 1963

The Minister of Transport, in exercise of his powers under sections 74 and 75 of, and under paragraph 14 (2) (a) of Schedule 7 to, the Transport Act 1962(a) and of all other enabling powers, hereby makes the following Order:—

Commencement, citation and interpretation

1.—(1) This Order shall come into operation on the 1st January 1963, and shall have effect from the 1st September 1962.

(2) This Order may be cited as the British Transport Reorganisation (Pensions of Employees) (No. 4) Order 1962.

(3) The Interpretation Act 1889(b) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

(4) In this Order, unless the context otherwise requires—

“the Act” means the Transport Act 1962;

“the Act of 1947” means the Transport Act 1947(c);

“accrued pension rights” has the meaning assigned to it by paragraph (6) of this Article;

“an actuary” means a Fellow of the Institute of Actuaries or of the Faculty of Actuaries in Scotland;

“the appropriate body”—

(a) in relation to a discharged officer or servant, means, until the vesting date, the Commission, but on and after the vesting date, the body which would have become his employer under section 34 of the Act if an agreement had subsisted at the vesting date for the rendering by him to the Commission of personal services of the kind which he was rendering to the Commission immediately before his discharge, except where that body is the Hotel Company, and in that case the Railways Board, and

(b) in relation to a transferred officer or servant, means—

(i) where the nationalised transport body whose employment he enters on leaving the employment of the Commission is a Board or the Holding Company, that Board or the Holding Company (as the case may be), and

(ii) where the nationalised transport body whose employment he enters on leaving the employment of the Commission is a body which on the vesting date becomes a subsidiary of a Board or of the Holding Company, the Commission until the vesting date, but on and after the vesting date that Board or the Holding Company (as the case may be);

“a Board” means any of the following bodies, namely:—

- the British Railways Board,
- the London Transport Board,
- the British Transport Docks Board,
- the British Waterways Board;

“the Commission” means the British Transport Commission;

“discharged officer or servant” means an officer or servant who, on leaving the employment of the Commission in consequence of the statutory reorganisation, does not become an employee of a nationalised transport body;

“discharge”, in relation to a discharged officer or servant, means his leaving the employment of the Commission in consequence of the statutory reorganisation;

“funded scheme” means a scheme, not being an insurance scheme, which relates in whole or in part to providing pensions in respect of service rendered in the employment of the Commission, such pensions being payable out of a fund held by any person for the purposes of the scheme;

“general scheme” means a scheme, not being a funded scheme or an insurance scheme, which relates in whole or in part to providing pensions in respect of service rendered in the employment of the Commission;

“the Holding Company” means the Transport Holding Company established by the Act;

“insurance scheme” means a scheme for providing pensions in respect of service rendered in the employment of the Commission, such pensions being provided for by means of contracts or policies made or effected with a life assurance company (including contracts or policies made or effected with such a company for the purpose of implementing any form of private superannuation fund);

“life assurance company” means an insurance company carrying on life assurance business within the meaning of the Insurance Companies Act 1958(a);

“member”, in relation to a pension scheme, means a person who has pension rights thereunder whether or not he is a participant therein, and

“membership” shall be construed accordingly;

“the Minister” means the Minister of Transport;

“nationalised transport body” means any of the following:—

- (a) a Board,
- (b) the Holding Company,
- (c) a subsidiary of a Board or of the Holding Company,
- (d) (until the vesting date) a subsidiary of the Commission;

“non-participating employment” has the meaning assigned to it by section 7 (2) of the National Insurance Act 1959(a);

“normal retiring age” means 65 years for males and 60 years for females;

“officer or servant” means a person who in consequence of the statutory re-organisation leaves the employment of the Commission at any time after the passing of the Act;

“pensionable service”, in relation to a person having pension rights, means any period ranking for benefit under his pension scheme;

“the statutory reorganisation” has the same meaning as the expression “the reorganisation effected by this Act” has in the Act;

“transferred officer or servant” means an officer or servant who, on leaving the employment of the Commission in consequence of the statutory reorganisation, becomes an employee of a nationalised transport body;

“tribunal” means a referee or board of referees appointed by the Minister of Labour after consultation with the Lord Chancellor or, where the proceedings are to be held in Scotland, after consultation with the Secretary of State;

“the vesting date” means the date appointed by the Minister pursuant to section 31 of the Act.

(5) In relation to any officer or servant who immediately before he left the employment of the Commission in consequence of the statutory re-organisation had the right of continuing in that employment beyond normal retiring age, this Order shall have effect as though references therein to “normal retiring age” were references to the minimum age at which he could have been required to retire if he had not so left the employment of the Commission, or, if there is no such age, his actual age at the time when he could have been required to retire if he had not left his employment as aforesaid.

(6) In this Order the expression “accrued pension rights”, in relation to a discharged officer or servant, means any right to the payment on or after his reaching normal retiring age or on or after the happening of any other contingency (which expression includes the exercise of any right to receive a pension on retirement before reaching normal retiring age) carrying entitlement to pension under his scheme—

(a) if his scheme is an insurance scheme, of the pension which would have been payable to or in respect of him by virtue of any premiums paid by or in respect of him under the scheme up to the date of his discharge; or

(b) if his scheme is a funded scheme or a general scheme and the scheme is a scheme under which the pension rights are related by some specific proportion to pensionable service and pensionable emoluments, of a pension payable to or in respect of him calculated at such fraction or fractions of his pensionable emoluments in respect of each year or part of a year of his pensionable service as would have been applicable under that scheme in the calculation of the pension, if he had at the date of his discharge reached normal retiring age, or, as the case may be, if the other contingency had then happened and there had been no requirement of the scheme or provision as to a minimum qualifying period of service; or

(c) if his scheme is a funded scheme or a general scheme and the scheme is a scheme under which the pension rights are not related by some specific proportion to pensionable service and pensionable emoluments, of a pension payable to or in respect of him calculated on reaching normal retiring age or, as the case may be, on the happening of the other contingency, as follows:—

- (i) on reaching normal retiring age, the pension which would have been payable under the scheme had he continued to be a member of the scheme until that age without increase of emoluments, but reduced in the proportion which the number of years of pensionable service under the scheme before the date of his discharge bears to the number of years of pensionable service which he would have rendered had he continued to be a member of the scheme until normal retiring age; or
- (ii) on the happening of the other contingency, the pension which would have been payable under the scheme if the contingency had happened on the date of his discharge with the corresponding emoluments and length of service and there had been no requirement of the scheme as to a minimum qualifying period of service:

Provided that for the purpose of ascertaining the amount of any pension under sub-paragraphs (b) and (c) of this paragraph no account shall be taken of any right to payments of pension on account of temporary periods of incapacity which exceed in total amount or total period of payment the maximum amount or period laid down in the relevant scheme or provision.

(7) In this Order references to leaving the employment of the Commission in consequence of the statutory reorganisation include references to the cessation of such employment by reason of the transfer from the Commission on the vesting date of its rights and liabilities under an agreement for the rendering of personal services, and references to becoming an employee of, or to entering the employment of, a nationalised transport body include references to becoming an employee of, or to entering the employment of, such a body by reason of the transfer to that body under section 34 of the Act of rights and liabilities under an agreement for the rendering of personal services.

Return of contributions

2. Where a discharged officer or servant is entitled under his pension scheme, on his discharge, to receive any payment by way of a return of contributions paid by or in respect of him, with or without interest thereon, he may, at any time within three months of the date of his discharge exercise his right to receive such a payment; and where such a right is exercised by any person the subsequent provisions of this Order shall not apply to him, and the persons administering the scheme, the persons in whom any fund held for the purposes of the scheme is vested, and the appropriate body shall be discharged from all other liability under the scheme to or in respect of that officer or servant or to any other person by reason of that right having been exercised.

Funded schemes

3.—(1) Subject to the provisions of this Order, this and the next two succeeding Articles shall apply to every discharged officer or servant who at the date of his discharge has accrued pension rights under a funded scheme.

(2) In respect of a discharged officer or servant to whom this Article applies, the appropriate body may, not later than three months after the date of his discharge, make such arrangements with the persons administering the scheme as shall secure to him his accrued pension rights. Any arrangements made under this paragraph may be terminated by the appropriate body at any time upon giving to the persons administering the scheme three months' previous notice in writing.

(3) Notwithstanding anything to the contrary in any such scheme as aforesaid or any statutory provisions relating thereto or trust deeds, rules or other instruments made for the purposes thereof, the persons administering the scheme shall be authorised to make such arrangements (including the disposal of funds held for the purposes of the scheme) as are referred to in paragraph (2) of this Article and the said scheme, statutory provisions, trust deeds, rules and other instruments shall be construed accordingly and as though provision was duly made in the scheme for any arrangements so made.

4.—(1) Where no such arrangements as are mentioned in Article 3 of this Order are made in relation to a discharged officer or servant to whom this Article applies, or where such arrangements, if made, have been duly terminated, the persons in whom any funds held for the purposes of the scheme are vested shall transfer to the appropriate body a sum which equals in amount either—

(a) the transfer value at the date of his discharge or the date on which the arrangements are terminated, as the case may be, of his pension rights as defined for the purposes of the scheme, or

(b) in the absence of such a definition, the estimated capital value at that date of his accrued pension rights,

with compound interest from the date of his discharge or the date on which the arrangements are terminated, as the case may be, until such sum is transferred to the appropriate body; and upon such sum being transferred, the appropriate body shall indemnify the persons in whom the said sum is vested against any liability for the payment of income tax in respect of the sum transferred to that body, and, without prejudice to their liability under any arrangements made in accordance with Article 3 of this Order or under the preceding provisions of this Article, as from the date of the discharge of such a discharged officer or servant, the persons administering the scheme, and the persons in whom the said fund is vested, shall be discharged from all liability under the scheme to or in respect of that discharged officer or servant or to any other person by reason of the transfer.

(2) The reference in paragraph (1) of this Article to compound interest shall be construed as a reference to compound interest at the same rate and with the same rests as were applied for the purposes—

(a) where the sum to be transferred is that referred to in sub-paragraph (a) of the said paragraph, of the last periodical actuarial valuation of the fund held for the purposes of the scheme;

(b) in any other case, of calculating the estimated capital value of the accrued pension rights referred to in that paragraph.

(3) The sum to be transferred to the appropriate body under the provisions of paragraph (1) of this Article shall be transferred within six months after the date of the discharge of the officer or servant or, where any such arrangements as are referred to in paragraph (2) of the last preceding Article have been made, the date on which the arrangements are duly terminated, as the case may be.

(4) The sum referred to in sub-paragraph (b) of paragraph (1) of this Article shall be determined by an actuary appointed by the appropriate body and the fees of any actuary so appointed shall be defrayed by the appropriate body.

5.—(1) Subject to the provisions of this Article, where in relation to a discharged officer or servant to whom this Article applies a sum has been transferred to the appropriate body under the provisions of the last preceding Article, the appropriate body shall pay to or in respect of that officer or servant :—

(a) as from his reaching normal retiring age, or as from the happening of any other contingency carrying entitlement to pension under the scheme, the payment or payments comprised in his accrued pension rights ; or

(b) at the option of the appropriate body in any case where the sum does not exceed £250 and where the officer or servant concerned has not at any time before his discharge been in non-participating employment or, if he has so been, a payment in lieu of graduated contributions has been made in respect of his non-participating employment in accordance with section 7 (3) of the National Insurance Act 1959, (such option to be exercised not later than 6 months after the date of his discharge), a lump sum equal in amount to the estimated capital value of his accrued pension rights at the date when the option is exercised, as determined by an actuary appointed by the appropriate body, reduced by the aggregate of—

(i) any sum which the person in whom the fund held for the purposes of that scheme is vested may become liable to pay by way of income tax in respect of the amount transferred by way of transfer value or estimated capital value, and

(ii) in a case where a payment in lieu of graduated contributions has been made under section 7 (3) of the National Insurance Act 1959 on the discharge of the officer or servant concerned and the period taken into account in fixing the amount of that payment includes any period of his pensionable service under that scheme, the smaller of the following two sums—

(A) one-half of so much of that payment in lieu of graduated contributions as is referable to that period of pensionable service, and

(B) the estimated capital value (determined as aforesaid) of the pension rights which have accrued to him under that scheme in respect of that period of pensionable service :

Provided that for the purposes of this paragraph, the expression “accrued pension rights” excludes any pension payable during the period for which any such arrangements as are referred to in Article 3 (2) of this Order are in force.

(2) Except as provided in paragraph (1) (b) of this Article, the payment or payments comprised in the accrued pension rights of a discharged officer or servant to whom this Article applies shall not be capable of surrender, commutation or assignment otherwise than in accordance with the rules of his pension scheme.

(3) The appropriate body may discharge its liability under paragraph (1) (a) of this Article by making such arrangements with a life assurance company as will secure to or in respect of the discharged officer or servant concerned, as from his reaching normal retiring age or as from the

happening of any other contingency carrying entitlement to pension under his pension scheme, the payment or payments comprised in his accrued pension rights.

(4) Except as aforesaid, the appropriate body shall be under no liability to or in respect of the discharged officer or servant concerned by reason of any rights under or arising out of his membership of the scheme.

Insurance schemes

6.—(1) Subject to the provisions of this Order, this Article shall apply to every discharged officer or servant who at the date of his discharge has accrued pension rights under an insurance scheme.

(2) In respect of a discharged officer or servant to whom this Article applies, the appropriate body shall, not later than three months after the date of his discharge, make such arrangements with the persons administering the scheme and the life assurance company concerned as shall secure to or in respect of that discharged officer or servant on his reaching normal retiring age, or on the happening of any other contingency carrying entitlement to pension under the scheme, the payment or payments comprised in his accrued pension rights.

(3) Any arrangements made under paragraph (2) of this Article shall, in any case where the payments to be secured thereunder to or in respect of a discharged officer or servant on his reaching normal retiring age do not exceed £13 per annum and where the officer or servant concerned has not at any time before his discharge been in non-participating employment or, if he has so been, a payment in lieu of graduated contributions has been made in respect of his non-participating employment in accordance with section 7 (3) of the National Insurance Act 1959, provide that the life assurance company may, at any time within three months of the making of the arrangements, discharge its liability thereunder by paying to or in respect of the discharged officer or servant concerned a lump sum equal in amount to the estimated capital value of his accrued pension rights as at the date on which the option is exercised, determined in such manner as may be provided by the arrangements so made, and adjusted, in such manner as may be provided by the arrangements, in respect of the aggregate of :—

(a) any sum which the persons administering the scheme may become liable to pay by way of income tax in consequence of the payment of the said lump sum, and

(b) in a case where a payment in lieu of graduated contributions has been made under section 7 (3) of the National Insurance Act 1959 on the discharge of the officer or servant concerned and the period taken into account in fixing the amount of that payment includes any period of his pensionable service under that scheme, the smaller of the following two sums—

(i) one-half of so much of that payment in lieu of graduated contributions as is referable to that period of pensionable service, and

(ii) the estimated capital value (determined as aforesaid) of the pension rights which have accrued to him under that scheme in respect of that period of pensionable service.

(4) Notwithstanding anything to the contrary in such scheme as aforesaid or any statutory provisions relating thereto or trust deeds, rules or other instruments made for the purposes thereof, the persons administering the scheme and the life assurance company concerned shall be authorised to

make such arrangements (including the disposal of any funds held for the purposes of the scheme) as are referred to in paragraph (2) of this Article and the said scheme, statutory provisions, trust deeds, rules and other instruments shall be construed accordingly and as though provision was duly made in the scheme for any arrangements so made.

(5) Except as provided in paragraph (3) of this Article, the arrangements aforesaid shall ensure that the payment or payments comprised in the accrued pension rights of the officer or servant concerned shall not be capable of surrender, commutation or assignment otherwise than in accordance with the rules of his pension scheme.

General schemes

7.—(1) Subject to the provisions of this Order, this Article shall apply to every discharged officer or servant who at the date of his discharge has accrued pension rights under a general scheme.

(2) The appropriate body shall pay to or in respect of a discharged officer or servant to whom this Article applies—

(a) as from his reaching normal retiring age, or as from the happening of any other contingency carrying entitlement to pension under the scheme, the payment or payments comprised in his accrued pension rights; or

(b) at the option of the appropriate body in any case where the sum does not exceed £250 and where the officer or servant concerned has not at any time before his discharge been in non-participating employment or, if he has so been, a payment in lieu of graduated contributions has been made in respect of his non-participating employment in accordance with section 7 (3) of the National Insurance Act 1959, (such option to be exercised not later than 6 months after the date of his discharge), a lump sum equal in amount to the estimated capital value of his accrued pension rights at the date when the option is exercised, as determined by an actuary appointed by the appropriate body, reduced by the aggregate of—

(i) any sum payable by way of income tax in consequence of the payment of the said lump sum, and

(ii) in a case where a payment in lieu of graduated contributions has been made under section 7 (3) of the National Insurance Act 1959 on the discharge of the officer or servant concerned and the period taken into account in fixing the amount of that payment includes any period of his pensionable service under that scheme, the smaller of the following two sums—

(A) one-half of so much of that payment in lieu of graduated contributions as is referable to that period of pensionable service, and

(B) the estimated capital value (determined as aforesaid) of the pension rights which have accrued to him under that scheme in respect of that period of pensionable service.

(3) Except as provided in paragraph (2) (b) of this Article, the payment or payments comprised in the accrued pension rights of the officer or servant concerned shall not be capable of surrender, commutation or assignment otherwise than in accordance with the rules of his pension scheme.

(4) The appropriate body may discharge its liability under paragraph (2) (a) of this Article by making such arrangements with a life assurance company as will secure to or in respect of the discharged officer or servant

concerned as from his reaching normal retiring age or as from the happening of any other contingency carrying entitlement to pension under the scheme, the payment or payments comprised in his accrued pension rights.

(5) Except as aforesaid, the appropriate body shall be under no liability to or in respect of the discharged officer or servant concerned by reason of any rights under or arising out of his membership of the scheme.

Transfer of pension rights

8.—(1) Subject to the provisions of this Order, this Article shall apply to (and only to) every discharged officer or servant who at the date of his discharge is a participant in a funded scheme, or who, having immediately before entering the employment of the Commission been a participant in a funded scheme, is at the date of his discharge a member of a general scheme by virtue of Regulations made by the Minister under section 98 of the Act of 1947.

(2) In respect of any discharged officer or servant to whom this Article applies, and who, within a period of 12 months from the date of his discharge, obtains other employment in connection with which he has pension rights under another pension scheme (being a scheme approved in whole or in part by the Commissioners of Inland Revenue under section 379 of the Income Tax Act 1952(a)), the appropriate body may, subject to the provisions of this Article, make arrangements with the persons administering that other scheme and, in the case of a participant in a funded scheme, with the persons administering that scheme, for the transfer to the persons administering that other scheme of a sum which equals in amount either—

(a) the transfer value at the date on which the arrangements are made of his pension rights as defined for the purposes of his existing scheme, or

(b) in the absence of such a definition, the estimated capital value at that date of his accrued pension rights,

with compound interest from the date on which the arrangements are made until such transfer is made:

Provided that no such arrangements shall be concluded unless and until the appropriate body shall have communicated the terms thereof to the discharged officer or servant concerned, shall have furnished him with a copy of a certificate given by the actuary of that other pension scheme certifying that the pension rights to be conferred on him under the arrangements, if made, will be actuarially equivalent to his accrued pension rights under his former scheme and shall have obtained his consent to the making of the arrangements.

(3) The reference in paragraph (2) of this Article to compound interest shall be construed as a reference to compound interest at the same rate and with the same rests as were applied for the purposes—

(a) where the sum to be transferred is that referred to in sub-paragraph

(a) of the said paragraph, of the last periodical actuarial valuation of the fund held for the purposes of the scheme;

(b) in any other case, of calculating the estimated capital value of the accrued pension rights referred to in that paragraph.

(4) The sum to be transferred under any such arrangements as are referred to in paragraph (2) of this Article shall be determined by an actuary appointed by the appropriate body and the fees of any actuary so appointed shall be defrayed by the appropriate body.

(5) The persons administering any pension scheme to whom any sum is transferred under any such arrangements as are referred to in paragraph (2) of this Article shall indemnify the appropriate body or, where the sum is transferred in respect of a participant in a funded scheme, the persons in whom any fund held for the purposes of the funded scheme is vested, against any liability for the payment of income tax in respect of the sum so transferred.

(6) Notwithstanding anything to the contrary in any such scheme as is referred to in the foregoing provisions of this Article or any statutory provisions relating thereto or trust deeds, rules or other instruments made for the purposes thereof, the appropriate body and the persons administering the scheme shall be authorised to make such arrangements (including the disposal of funds held for the purposes of any funded scheme) as are referred to in paragraph (2) of this Article and the said scheme, statutory provisions, trust deeds, rules and other instruments shall be construed accordingly and as though provision was duly made in the scheme for any arrangements so made.

Avoidance of diminution in or loss of pension rights of transferred officers or servants

9.—(1) Subject to the provisions of this Order, this Article shall apply to every transferred officer or servant who is a member of a pension scheme under which he has pension rights in connection with his service in the employment of the Commission and in connection with his service in the employment of a nationalised transport body, and who suffers a diminution of his emoluments, or a change in the nature or terms of his employment, in consequence of the statutory reorganisation, the cause of such diminution or change having arisen not later than the end of ten years after the vesting date.

(2) A transferred officer or servant to whom this Article applies as a result of a diminution of his emoluments may (without prejudice to any other power he may have in that behalf) with the consent of the appropriate body and the persons administering the pension scheme continue his premiums or contributions under the scheme and continue to have premiums or contributions paid in respect of him thereunder and to be entitled to the benefits thereof by reference to the amount of his emoluments before they were first so diminished; and notwithstanding anything to the contrary contained therein, every such scheme and any statutory provisions relating thereto and all trust deeds, rules and other instruments made for the purposes thereof, shall be construed accordingly and as though the provisions of this paragraph were a term of the scheme.

(3) A transferred officer or servant to whom this Article applies as a result of a change in the nature or terms of his employment, the change being such as would terminate his membership of the pension scheme, shall have the right, if he gives notice in writing to that effect to the persons administering the scheme, within three months of the date of such change, to continue to be a member of the scheme so long as he remains in the employment of a nationalised transport body and to be treated as having been such from the date of such change and as subject to the like conditions as to payment of premiums or contributions and otherwise in all respects as if that change had not taken place; and notwithstanding anything to the contrary contained therein, every such scheme and any statutory provisions relating thereto and all trust deeds, rules and other instruments made for the purposes thereof, shall be construed accordingly and as though the provisions of this paragraph were a term of the scheme.

(4) Where—

(a) in relation to a transferred officer or servant to whom this Article applies, the diminution of his emoluments, or the change in the nature or terms of his employment, is occasioned by his leaving the employment of a nationalised transport body without entering the employment of another such body, or

(b) a transferred officer or servant who is entitled to give notice under paragraph (3) of this Article to the persons administering a pension scheme, does not give that notice within the time prescribed thereby,

the provisions of this Order (other than the provisions for ascertaining the appropriate body in relation to a discharged officer or servant and also, where sub-paragraph (b) of this paragraph applies, other than the provisions of Article 2 of this Order) shall apply in respect of that transferred officer or servant as if he were a discharged officer or servant, and as if his employment by a nationalised transport body had been employment by the Commission, and as if the date of his leaving the employment of a nationalised transport body, or the date of the change in the nature or terms of his employment which entitles him to give notice under paragraph (3) of this Article (as the case may be), were the date of his discharge.

Payment of contributions towards the British Railways Board's liability by the other bodies

10. The London Transport Board, the British Transport Docks Board, the British Waterways Board and the Holding Company may arrange to make payments to the British Railways Board by way of contributions towards the liability of the British Railways Board under this Order in respect of any transferred officer or servant to whom Article 9 of this Order applies; and if the British Railways Board satisfies the Minister that any of the other Boards or the Holding Company have not made an appropriate contribution towards that liability by the payment of money or otherwise, the Minister may require that other Board or, as the case may be, the Holding Company to make such payment to the British Railways Board as appears to the Minister to be just.

Determination of Disputes

11. Without prejudice to the provisions of Article 10 of this Order, any question arising between the appropriate body and any person as to whether that person is a member of a pension scheme, and any question arising between the appropriate body and a member of a pension scheme as to the application or effect of any of the provisions of Articles 3 (2), 5 (1) (a), 5 (3), 6 (2), 7 (2) (a) or 7 (4) of this Order shall in default of agreement between the parties concerned be referred to a tribunal.

Sealed with the Official Seal of the Minister of Transport the 19th December 1962.

(L.S.)

Ernest Marples,
The Minister of Transport.

EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

The Order provides for the preservation of the pension rights of persons who, in consequence of the reorganisation effected by the Transport Act 1962, leave the employment of the British Transport Commission at any time after the passing of the Act and do not become employees of the British Railways Board, the London Transport Board, the British Transport Docks Board, the British Waterways Board, the Transport Holding Company or of one of their subsidiaries, or who, having become employees of any of these bodies, suffer diminution of emoluments or a change in the nature or terms of their employment in consequence of the reorganisation effected by the Act.

In the case of a person who loses his employment, the pension accrued up to the date on which he was discharged is normally to be paid to him at age 65 (age 60 for a woman) or at any earlier time at which, under the rules of his pension scheme, he would have been entitled to receive pension (Articles 3 (2), 5 (1) (a), 6 (2) and 7 (2) (a)). A discharged person may, however, elect within 3 months of his discharge to have a return of contributions if the rules of his pension scheme permit this; but, if he does so, he will have no other rights under the Order (Article 2). Where the value of the accrued pension rights is small, the appropriate body as defined in Article 1 (4) (or in the case of an insurance scheme, the life assurance company) may, in certain circumstances and at their option, commute their liability by an immediate lump sum payment (Articles 5 (1) (b), 6 (3) and 7 (2) (b)).

The appropriate body may discharge its liability to preserve a discharged person's accrued pension rights by arranging for a life assurance company to make the payments at the appropriate time (Articles 5 (3) and 7 (4)).

In certain cases, where the new employment obtained by a discharged person is pensionable, the appropriate body may, with the prior agreement of the discharged person, pay, or arrange for the payment to that person's new pension scheme of, the sum representing the value of that person's rights in his former scheme (Article 8).

A person who is transferred to and becomes the employee of a Board, the Holding Company or one of their subsidiaries and suffers a reduction in pay may be allowed to continue to contribute to, and benefit from, his pension scheme on the basis of his former pay. If he is transferred from a pensionable to a non-pensionable grade he can choose within three months to remain in his pension scheme, otherwise his accrued pension rights will be preserved as if he had been discharged. Similarly, a person who is transferred to one of the nationalised transport bodies and is subsequently discharged in consequence of the reorganisation effected by the Act will have his accrued pension rights preserved (Article 9).

Provision is also made for the other Boards and the Holding Company to make appropriate contributions to the Railways Board (Article 10) and for the settlement of disputes (Article 11).