

SCOTTISH TRANSPORT GROUP PENSION SCHEME PROPOSED CRITERIA FOR DISTRIBUTING EX-GRATIA PAYMENTS

1. The Scottish Executive's proposals for the distribution of *ex-gratia* payments are set out below.

The Criteria

- To qualify potential beneficiaries will have been a member of either, or both of the
 - Scottish Transport Group Transport Operatives Pension Scheme, or, and
 - Scottish Transport Group Staff Pension Fund
- all members and deferred members (i.e. those not yet receiving pension payments) of either of the two pension schemes as at 1 April 1988 who currently have an entitlement to a pension (or deferred pension) should share in the distribution;
- in the case of a deceased male member, any widow or child who is currently receiving a pension from the scheme should also share in the distribution. The eligibility of widows and children accords with the terms of the rules of the pension schemes;
- the Executive proposes, however, to go beyond the requirements of those rules by also including widowers as an eligible category in the distribution, in line with wider current pension practices;
- established unmarried and same sex partners of deceased former members of either scheme will be eligible. To qualify under this criterion, it will be necessary to demonstrate a relationship of at least two years duration.
- members of the schemes, as at 1 April 1988, who subsequently transferred to a successor pension scheme or who transferred to a private pension scheme, would also be eligible;
- individuals who left the pension schemes and whose contributions were refunded in full or those for whom there are no surviving beneficiaries, will not be included;
- each eligible person's share of the total distribution will be in proportion to the amount of pension to which they were entitled under the scheme; we intend to use the pension or pension equivalent before any cash lump sum was taken. This means different calculations in the two schemes.
- in addition there will be a minimum pay-out of £300 to avoid any member receiving a trivial sum.

2. It is necessary to establish a cut-off date for eligibility. The Scottish Executive has decided upon a cut-off date of 1 April 1988. This date represents the date when personal pensions were introduced. The proposals therefore exclude former members who left service and transferred their benefits before 1 April 1988. The Executive have taken the view that anyone leaving the pension schemes before 1 April 1988 will have done so voluntarily and can therefore have no reasonable expectation of a share in the surplus.

3. It has also been necessary to set a final date for determining the entitlement of a living beneficiary. The Executive has decided that the effective date for this determination will be the date of the Dissolution Order which winds up the Scottish Transport Group. The Dissolution Order came into force on 7 June 2002.

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