

SCOTTISH PARLIAMENTARY PENSIONS ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part I Ill-Health

Rule 55: Ill-health lump sums: life expectancy of less than one year

225. In terms of paragraph 4 of Schedule 29 to the Finance Act 2004, a serious ill-health lump sum benefit may be made from registered pension schemes instead of a pension, provided certain conditions are met. Rule 55 provides for such a payment and lists the conditions applicable.
226. Rule 55(1) lists the conditions which must be met before the individual becomes entitled to be paid an ill-health lump sum. The individual must make an application (condition 1), no longer be an MSP or holder of a pensionable office (condition 2) and have reckonable service in the pension scheme (condition 3).
227. Condition 4 requires that the conditions in paragraph 4 of Schedule 29 to the Finance Act 2004 are met. Those conditions require: that the Fund trustees receive medical evidence that the member is expected to live for less than one year; that all or part of the member's Lifetime Allowance is available (see paragraph 4); it is paid in respect of an uncrystallised arrangement (see paragraph 180); payment extinguishes all of the member's entitlement to benefits from the scheme (see paragraph 233); and (see paragraph 272) the member is under 75 years of age.
228. Rule 55(2) sets out the amount payable as an ill-health lump sum which is five times the annual scheme pension, and sets out how that pension is calculated for these purposes.
229. Under rule 55(2)(a), for those over age 65 it is the amount of scheme pension that would otherwise be payable to the individual. That amount would be calculated as set out in Part F of Schedule 1 (rules 37 and 38, see paragraphs 141-152).
230. For persons under age 65, rule 55(2)(b) provides that the amount of annual scheme pension is calculated as if the individual were entitled to a serious ill-health pension (see paragraphs 196-200).
231. Rule 55(3) provides that payment of the ill-health lump sum extinguishes all of the recipient's rights to receive scheme benefits.