

SCHEDULES

SCHEDULE 13

Regulation 74

Calculation of pension

PART 1

Age retirement pension

Annual rate of age retirement pension

- 1.—(1) The annual rate of age retirement pension payable to the member (M) is found by—
- (a) taking the amount of full retirement earned pension specified in M's pensioner member's account;
 - (b) subtracting the conversion amount (if any) specified in that account in relation to that amount;
 - (c) subtracting the allocation amount (if any) specified in that account in relation to that amount;
 - (d) adding the amount of full retirement additional pension (if any) specified in that account;
 - (e) subtracting the conversion amount (if any) specified in that account in relation to that amount; and
 - (f) adding the amount of late payment actuarial increase (if any) calculated in accordance with paragraph 2.
- (2) In calculating the pension under this paragraph the scheme manager must take account of—
- (a) any buy-out election under Chapter 3 of Part 4;
 - (b) the scheme years that fall within the buy-out period (see regulation 45(6)); and
 - (c) in relation to each such scheme year, the number of years in respect of which the actuarial reduction is bought out.

Late payment of pension with actuarial increase

- 2.—(1) The late payment actuarial increase must be calculated in relation to so much of the amount of pension to which the member would otherwise be entitled under paragraph 1(a) and (d) as is attributable to—
- (a) all of the member's pensionable service; and
 - (b) any contributions paid under regulation 60.
- (2) The amount of late payment actuarial increase must be calculated in accordance with guidance and tables provided by the scheme actuary to the scheme manager for the purposes of this regulation.
- (3) In preparing that guidance and those tables the scheme actuary must use such factors as the scheme actuary considers appropriate having regard, in particular, to—

Status: This is the original version (as it was originally made).

- (a) the period after reaching normal pension age before the member becomes entitled to payment of the pension; and
 - (b) the life expectancy of the member.
- (4) In calculating the amount of actuarial increase under sub-paragraph (2), the scheme manager must take account of—
- (a) any buy-out election under Chapter 3 of Part 4;
 - (b) the scheme years that fall within the buy-out period (see regulation 45(6)); and
 - (c) in relation to each such scheme year, the number of years in respect of which the actuarial reduction is bought out.

PART 2

Conversion of part of pension into lump sum

Conversion of part of pension

- 3.—(1) Subject to sub-paragraphs (2) and (3), an application under regulation 77 must—
- (a) be in writing in such form as the scheme manager may require;
 - (b) be made—
 - (i) when the member applies under paragraph 4 of Schedule 3 for payment of the pension; or
 - (ii) before such later time as the scheme manager specifies in writing; and
 - (c) specify—
 - (i) the amount of the lump sum which the member wishes to receive (which must be a multiple of £12); or
 - (ii) the conversion amount (which must be a whole number of pounds and a multiple of 12).
- (2) If the pension is an ill-health pension under regulation 90 an application under regulation 77 must be made—
- (a) at the time of claiming that ill-health pension; or
 - (b) before such later time as the scheme manager specifies in writing.
- (3) If the pension is an ill-health pension at Tier 2 paid in substitution for an ill-health pension at Tier 1 by virtue of regulation 93(5), an application under regulation 77—
- (a) may only be made in relation to the difference between those pensions; and
 - (b) must be made—
 - (i) at the time the member becomes aware of the determination under regulation 93(5); or
 - (ii) before such later time as the scheme manager specifies in writing.
- (4) A member must not exchange pension for a lump sum under regulation 77 to the extent that it would result in a scheme chargeable payment for the purposes of Part 4 (pension schemes etc.) of the 2004 Act (see section 241 of that Act⁽¹⁾).

(1) Section 241 has been amended by section 158(1) of, and paragraphs 2 and 9 of Schedule 21 to, the Finance Act 2006 (c.25), section 69 of, and paragraphs 1 and 15 of Schedule 19 to, the Finance Act 2007 (c.11) and section 65 of, and paragraphs 62 and 74 of Schedule 16 to, the Finance Act 2011 (c.11).

Member declaration

4.—(1) The scheme manager must not pay a member a lump sum under regulation 77 unless the member declares in writing that, on payment of the lump sum, paragraph 3A of Schedule 29 to the 2004 Act⁽²⁾ would not apply.

(2) The declaration must be—

- (a) signed by the member;
- (b) in a form specified by the scheme manager; and
- (c) provided by a date determined by the scheme manager.

Protection of guaranteed minimum pension

5. If the member has a guaranteed minimum under section 14 of the 1993 Act⁽³⁾ in relation to the whole or part of a pension, regulation 77 only applies to so much of the pension as exceeds that guaranteed minimum, multiplied by such factor as is indicated for a person of the member's description in tables provided to the scheme manager by the scheme actuary.

PART 3

Early retirement pension

Calculation of amount of early retirement pension

6.—(1) The annual rate of early retirement pension payable to the member (M) is found by—

- (a) taking the amount of full retirement earned pension specified in M's pensioner member's account;
- (b) applying the actuarial reduction (if any) specified in that account in relation to that amount;
- (c) subtracting the conversion amount (if any) specified in that account in relation to that amount;
- (d) subtracting the allocation amount (if any) specified in that account in relation to that amount;
- (e) adding the amount of full retirement additional pension (if any) specified in that account;
- (f) applying the actuarial reduction (if any) specified in that account in relation to that amount; and
- (g) subtracting the conversion amount (if any) specified in that account in relation to that amount.

(2) For the purposes of sub-paragraph (1)(b), the actuarial reduction must take account of—

- (a) any buy-out election under Chapter 3 of Part 4;
- (b) the scheme years that fall within the buy-out period (see regulation 45(6)); and
- (c) in relation to each such scheme year, the number of years in respect of which the actuarial reduction is bought out.

(2) Paragraph 3A of Schedule 29 was inserted by section 159 of the Finance Act 2006.

(3) Section 14 has been amended by sections 151 and 177 of, and paragraphs 27(a) and (b) of Schedule 5 and Part 3 of Schedule 7 to, the Pensions Act 1995 (c.26), section 1(1) of, and paragraph 38(a) to (c) of Schedule 1 to, the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c.2), section 456 of, and paragraphs 1 and 22(1) and (3) of Schedule 11 to, the Proceeds of Crime Act 2002 (c.29), and is prospectively amended by section 24(1) of, and paragraphs 1 and 15(1) to (3) of Schedule 13 to, the Pensions Act 2014 (c.19).

PART 4

Premature retirement pension

Calculation of amount of premature retirement pension

- 7.—(1) The annual rate of premature retirement pension payable to the member (M) is found by—
- (a) taking the amount of full retirement earned pension specified in M's pensioner member's account;
 - (b) applying the actuarial reduction (if any) specified in that account in relation to that amount;
 - (c) subtracting the conversion amount (if any) specified in that account in relation to that amount;
 - (d) subtracting the allocation amount (if any) specified in that account in relation to that amount;
 - (e) adding the amount of full retirement additional pension (if any) specified in that account;
 - (f) applying the actuarial reduction (if any) specified in that account in relation to that amount; and
 - (g) subtracting the conversion amount (if any) specified in that account in relation to that amount.
- (2) Sub-paragraph (3) applies if—
- (a) M has received a related payment in respect of the termination of the employment;
 - (b) the terms and conditions relating to the employment require the payment to be reduced to take account of any contribution the employing authority is required to make to the scheme manager pursuant to regulation 35; and
 - (c) the payment has not been reduced.
- (3) The amount of the payment (or, if there is more than one payment, the aggregate amount of those payments) is deducted from the amount of the pension.
- (4) Sub-paragraph (5) applies if—
- (a) the reason for the termination is redundancy; and
 - (b) the contribution paid by the employing authority under regulation 35 is insufficient to meet the cost of the pension.
- (5) The amount of pension is reduced by the appropriate amount.
- (6) The appropriate amount is the amount determined by the scheme manager as being necessary to ensure that the cost does not exceed the payment, unless and to the extent that a contribution paid by M under regulation 32 makes up the insufficiency.
- (7) In sub-paragraph (2) a related payment is—
- (a) a redundancy payment under the Employment Rights Act 1996⁽⁴⁾,
 - (b) a corresponding payment under the arrangements of the Whitley Councils for the Health Services of Great Britain, or
 - (c) a payment made by virtue of any of the arrangements made pursuant to paragraph 26(3) of Schedule 4 to the 2006 Act⁽⁵⁾ or paragraph 26(3) of Schedule 3 to the 2006 (Wales) Act.

(4) 1996 c.18.

(5) Paragraph 26(3) is prospectively repealed by section 179(2) of the Health and Social Care Act 2012 (c.7).

(8) The cost referred to in sub-paragraph (4) is the amount which the scheme manager determines is necessary to buy out the cost of the actuarial reduction that would apply if the pension were calculated under paragraph 6 of this Schedule.

(9) The cost does not include the cost of early payment of an additional pension under Chapter 5 of Part 4.

(10) In determining the amount under sub-paragraph (6) or (8), the scheme manager must have regard to the advice of the scheme actuary.

(11) For the purposes of sub-paragraph (1)(b), the actuarial reduction must take account of—

- (a) any buy-out election under Chapter 3 of Part 4;
- (b) the scheme years that fall within the buy-out period (see regulation 45(6)); and
- (c) in relation to each such scheme year, the number of years in respect of which the actuarial reduction is bought out.