
DRAFT STATUTORY RULES OF NORTHERN IRELAND

2015 No.

The Judicial Pensions Regulations (Northern Ireland) 2015

PART 6

Retirement benefits

CHAPTER 5

Payment options

Options under this Chapter

72. The options under this Chapter are—

- (a) the option under regulation 74 to buy out the early payment reduction;
- (b) the option under regulation 75 to defer payment of a full retirement added pension;
- (c) the option under regulation 76 to exchange part of a retirement pension for a lump sum;
- (d) the option under regulation 77 to exchange the whole of the member's accrued pensions for a lump sum in cases of serious ill-health.

Exercising an option under this Chapter

73.—(1) A member may exercise an option under this Chapter by notice to the scheme manager in a form required by the scheme manager.

(2) In this Chapter, "option notice" means a notice by which a member exercises an option under this Chapter.

Option to buy out early payment reduction

74.—(1) This regulation applies if—

- (a) a member of this scheme becomes entitled under Chapter 2 or 3 to the immediate payment of a full retirement pension or a partial retirement pension; and
- (b) the member has not reached—
 - (i) normal pension age under this scheme; or
 - (ii) if applicable, the member's effective pension age.

(2) The member may opt under this regulation to buy out the early payment reduction that would otherwise apply to the calculation of the annual rate of retirement pension.

(3) The cost must be met by way of a special payment to this scheme made by—

- (a) the member;
- (b) the member's employer; or
- (c) both the member and the employer.

(4) Any special payment by the employer must be made with the consent of the scheme manager.

(5) The cost of buying out the early payment reduction is an amount determined by the scheme manager after consulting the scheme actuary.

Option to defer payment of added pension

75.—(1) This regulation applies if a member of this scheme—

- (a) becomes entitled to the immediate payment of a full retirement added pension of any description; and
- (b) has not reached normal pension age under this scheme.

(2) The member may opt under this regulation to defer payment of the full retirement added pension of that description.

(3) A member who exercises the option under this regulation becomes a deferred member of this scheme in respect of the full retirement added pension of that description and accordingly—

- (a) a deferred member's account must be established under Part 5; and
- (b) the amount of full retirement added pension of that description must be specified in the deferred member's account as the provisional amount of deferred added pension of that description.

(4) The member is entitled to payment of the full retirement added pension of that description when the member gives notice to the scheme manager, in a form required by the scheme manager, that the member wishes to take that full retirement added pension.

(5) The annual rate of full retirement added pension is calculated in accordance with regulation 58.

Option to commute part of pension

76.—(1) A member who becomes entitled to the immediate payment of a retirement pension under this scheme may opt under this regulation to exchange part of the pension for a lump sum.

(2) An option under this regulation may only be exercised before the first payment of the pension is made.

(3) If a member exercises the option, for every £1 by which the amount of the member's annual rate of pension is reduced, the member must be paid a lump sum of £12.

(4) A member may not exchange pension for lump sum under this regulation 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⁾).

(5) If paragraph (6) applies, the member may opt to exchange only so much of the pension (after subtracting the allocation amount, if any) that exceeds the guaranteed minimum, multiplied by such factor as is indicated for a person of the member's description in tables provided by the scheme actuary.

(6) This paragraph applies if the member has a guaranteed minimum under section 10 (earner's guaranteed minimum) of the 1993 Act⁽²⁾ in relation to the whole or part of a pension as a result of receipt by this scheme of a transfer value payment from another pension scheme in respect of which the member had such a guaranteed minimum.

(1) Section 241 was amended by the Finance Act 2006 (c. 25) Schedule 21 paragraphs 2 and 9, the Finance Act 2007 (c. 11) Schedule 19 paragraphs 1 and 15 and the Finance Act 2011 (c. 11) Schedule 16 paragraphs 62 and 74.

(2) Section 10 was amended by the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) Articles 147, 168, Schedule 5 Part 3, the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) Article 3(1) and Schedule 1 paragraph 41 and the Proceeds of Crime Act 2002 (c. 29) Schedule 11 paragraph 23.

Option to commute whole of member’s accrued pensions (serious ill-health)

77.—(1) This regulation applies where there is a medical certificate stating that an active member or deferred member of this scheme has a life-expectancy of less than 12 months.

(2) The member may opt under this regulation to exchange the whole of the member’s accrued pensions for a lump sum.

(3) An option under this regulation may only be exercised before the first payment of the pension is made.

(4) The lump sum payable to the member is an amount equal to—

$$(A + B + C) \times 5$$

where—

A means the total annual amount of full retirement pension;

B means the total annual amount of partial retirement pension; and

C means the total annual amount of ill-health pension.

(5) For the purpose of paragraph (4), “total annual amount” means—

(a) in relation to a full retirement pension or partial retirement pension to which the member would be entitled apart from this option, the sum of—

(i) the annual rate of pension to which the member would be entitled apart from this option, calculated as at the date the option is exercised, but without subtracting the early payment reduction (if any); and

(ii) the amount of increase (if any) in the annual rate of that pension under the 1971 Act calculated as at that date; and

(b) in relation to an ill-health pension, the sum of—

(i) the annual rate of pension to which the member would be entitled apart from this option, calculated as at the date when payment would first be due, but without subtracting the early payment reduction (if any); and

(ii) the amount of increase (if any) in the annual rate of that pension under the 1971 Act calculated as at that date.

(6) The lump sum must be paid to the member as soon as is reasonably practicable after the option is exercised.