

## SCHEDULE 1

### Payments for extra pension

## PART 2

### Payments for added pension

#### CHAPTER 1

#### Exercising the added pension option

##### **Added pension option exercisable by member**

- 7.—(1) An active member of this scheme may opt to make added pension payments to increase—
- (a) the member's retirement benefits for a period of service; or
  - (b) both the member's retirement benefits and death benefits payable in respect of the member for a period of service.
- (2) A member may exercise the added pension option by notice to the scheme manager in a form required by the scheme manager.
- (3) The option notice must state whether the added pension payments are to be made by—
- (a) periodical payments; or
  - (b) a lump sum payment.
- (4) A member may exercise the added pension option more than once but an option to make a lump sum payment for added pension may only be exercised once in any scheme year.
- (5) An option to make a lump sum payment for added pension may only be exercised if the member—
- (a) has been an active member of this scheme in relation to a continuous period of pensionable service for at least 12 months; and
  - (b) has been provided with a statement of the amount of added pension (if paragraph 18 applies).

##### **Added pension option exercisable by employer or third party**

- 8.—(1) A third party or the employer of an active member of this scheme may, if the scheme manager approves, opt to make a lump sum payment for added pension to increase—
- (a) the member's retirement benefits for a period of service; or
  - (b) both the member's retirement benefits and death benefits payable in respect of the member for a period of service.
- (2) The employer or third party may exercise an added pension option by notice to the scheme manager in a form required by the scheme manager.
- (3) The employer or third party may exercise an added pension option more than once but only once in any scheme year.

## CHAPTER 2

### Periodical payments for added pension

#### **Application of Chapter**

9. This Chapter applies in relation to an active member of this scheme who opts to make periodical payments for added pension.

#### **Member's option to make periodical payments for added pension**

10.—(1) An option notice must specify—

- (a) the periodical payment period; and
- (b) the amount of the periodical payment to be deducted by the member's employer from the member's pensionable earnings in each pay period.

(2) The amount of the periodical payment may be expressed as—

- (a) a percentage of the member's pensionable earnings; or
- (b) a fixed sum.

(3) The amount of the periodical payment must not be less than any minimum amount determined by the scheme manager.

#### **Cancellation of option by member**

11.—(1) The member may, by notice to the scheme manager, cancel the option at any time during the periodical payment period.

(2) If the member cancels the option, the periodical payments cease to be payable from the beginning of the next scheme year after the scheme manager receives the notice of cancellation.

#### **Periodical payments**

12.—(1) The periodical payments are payable by deduction by the member's employer from the member's pensionable earnings during the periodical payment period.

(2) The periodical payment period—

- (a) begins with—
  - (i) if the member exercises the option within 3 months after joining this scheme, the first appropriate pay period beginning on or after the date on which the scheme manager receives the option notice; or
  - (ii) in any other case, the first appropriate pay period of the scheme year beginning on or after the date on which the scheme manager receives the option notice; and

(b) ends on the earlier of—

- (i) the date on which the member ceases to be an active member of this scheme; and
- (ii) the date specified in the option notice.

(3) Subject to sub-paragraph (4), during a period of assumed pay the member may—

- (a) stop the periodical payments; or
- (b) continue the periodical payments as if the member were receiving pensionable earnings at the full rate.

(4) During any period in which the member is receiving statutory maternity pay within the meaning of Part 12 (statutory maternity pay) of the Social Security Contributions and Benefits

(Northern Ireland) Act 1992<sup>(1)</sup> or is on paid ordinary maternity leave, paid adoption leave or paid paternity leave, the member may—

- (a) stop the periodical payments; or
- (b) make periodical payments of an amount determined by reference to the member's actual pay during that period.

(5) If a member stops the periodical payments during a period of assumed pay, the member may, by notice to the scheme manager in a form required by the scheme manager, resume the periodical payments in the next pay period after the period of assumed pay ends.

#### **Amount of added (self only) pension for a scheme year (periodical payments)**

**13.**—(1) This paragraph applies in relation to each scheme year during which a member makes periodical payments to increase the member's retirement benefits only.

(2) An amount of added (self only) pension is credited to the active member's account for that scheme year.

(3) The amount is determined by the scheme manager by reference to actuarial tables, having regard to the cost in the scheme year of providing retirement benefits to a person of the member's age and gender.

#### **Amount of added (all beneficiaries) pension for a scheme year (periodical payments)**

**14.**—(1) This paragraph applies in relation to each scheme year during which a member makes periodical payments to increase—

- (a) the member's retirement benefits; and
- (b) death benefits payable in respect of the member.

(2) An amount of added (all beneficiaries) pension is credited to the active member's account for that scheme year.

(3) The amount is determined by the scheme manager by reference to actuarial tables, having regard to the cost in the scheme year of providing retirement benefits to—

- (a) a person of the member's age; and
- (b) dependants of a person of that age.

### CHAPTER 3

#### Lump sum payments for added pension made by member

##### **Application of Chapter**

**15.** This Chapter applies in relation to an active member of this scheme who opts to make a lump sum payment for added pension.

##### **Member's option to make a lump sum payment for added pension**

**16.**—(1) A member may exercise the option to make a lump sum payment for added pension by notice to the scheme manager in a form required by the scheme manager.

(2) The option notice must specify the amount of the lump sum, which must not be less than any minimum amount determined by the scheme manager.

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(1) 1992 c. 7.

(3) The lump sum is payable immediately to the scheme manager by deduction by the member's employer from the member's pensionable earnings or otherwise.

**Statement of amount of added pension**

17.—(1) If the scheme manager so requires, the member before exercising the option to make a lump sum payment for added pension must ask the scheme manager to provide a statement of the amount of added pension.

(2) A statement of the amount of added pension must set out the amount that would be credited to the active member's account if the lump sum is received by the scheme manager within one month after the date of the statement.

(3) The statement must also—

- (a) specify the overall limit of extra pension; and
- (b) inform the member if it appears to the scheme manager that the overall limit of extra pension would be exceeded if the active member's account is credited with the amount of added pension set out in the statement.

**Amount of added (self only) pension (lump sum payment)**

18.—(1) This paragraph applies if a member opts to make a lump sum payment to increase the member's retirement benefits only.

(2) Following payment of the lump sum by the member, an amount of added (self only) pension is credited to the active member's account for the relevant scheme year.

(3) The amount credited to the account is—

- (a) if the scheme manager has provided a statement of the amount of added pension and the lump sum is received by the scheme manager within one month after the date of the statement, the amount specified in the statement; or
- (b) otherwise, an amount determined by the scheme manager by reference to actuarial tables, having regard to—
  - (i) the amount of the lump sum;
  - (ii) the cost as at the relevant day of providing retirement benefits to a person of the member's age and gender;
  - (iii) factors relating to the member's circumstances as at the relevant day; and
  - (iv) any other factors as at the date of the statement of the amount of added pension to which the scheme actuary considers regard should be had.

**Amount of added (all beneficiaries) pension (lump sum payment)**

19.—(1) This paragraph applies if a member opts to pay a lump sum to increase—

- (a) the member's retirement benefits; and
- (b) death benefits payable in respect of the member.

(2) On payment of the lump sum by the member an amount of added (all beneficiaries) pension is credited to the active member's account in the relevant scheme year.

(3) The amount credited to the account is—

- (a) if the scheme manager has provided a statement of the amount of added pension and the lump sum is received by the scheme manager within one month after the date of the statement, the amount specified in the statement; or

- (b) otherwise, an amount determined by the scheme manager by reference to actuarial tables, having regard to—
- (i) the amount of the lump sum;
  - (ii) the cost as at the relevant day of providing retirement benefits to a person of the member's age and dependants of a person of that age;
  - (iii) factors relating to the member's circumstances as at the relevant day; and
  - (iv) any other factors as at the date of the statement of the amount of added pension to which the scheme actuary considers regard should be had.

#### CHAPTER 4

##### Lump sum payments for added pension made by employer or third party

#### **Application of Chapter**

**20.** This Chapter applies in relation to an employer or third party who opts to make a lump sum payment for added pension in relation to an active member of this scheme.

#### **Employer or third party option to make a lump sum payment for added pension**

**21.**—(1) An employer or third party may exercise the option to make a lump sum payment for added pension by notice to the scheme manager in a form required by the scheme manager.

(2) The option notice must specify the amount by which the member's added (self only) pension or added (all beneficiaries) pension for the relevant scheme year is to be increased.

(3) The amount of the lump sum payment is—

- (a) if the option notice specifies an increase in the member's added (self only) pension, an amount determined by the scheme manager, after consultation with the scheme actuary, having regard to the cost as at the relevant day of providing retirement benefits to a person of the member's age and gender; and
- (b) if the option notice specifies an increase in the member's added (all beneficiaries) pension, an amount determined by the scheme manager, after consultation with the scheme actuary, having regard to the cost as at the relevant day of providing retirement benefits to—
  - (i) a person of the member's age; and
  - (ii) the dependants of such a person.

(4) The lump sum payment must be paid in a manner determined by the scheme manager after consultation with the scheme actuary.

(5) The scheme manager must notify the employer or third party of the amount of the lump sum and the manner in which it is to be paid.

#### **Amount of added (self only) pension (lump sum payment)**

**22.**—(1) This paragraph applies if an employer or third party opts to make a lump sum payment to increase the member's added (self only) pension.

(2) On payment of the lump sum by the employer or third party an amount of added (self only) pension is credited to the active member's account in the relevant scheme year.

(3) The amount credited to the account is an amount determined by the scheme manager, after consultation with the scheme actuary, having regard to the amount of the lump sum payment.

**Amount of added (all beneficiaries) pension (lump sum payment)**

**23.**—(1) This paragraph applies if an employer or third party opts to pay a lump sum to increase the member's added (all beneficiaries) pension.

(2) On payment of the lump sum by the employer or third party an amount of added (all beneficiaries) pension is credited to the active member's account in the relevant scheme year.

(3) The amount credited to the account is an amount determined by the scheme manager, after consultation with the scheme actuary, having regard to the amount of the lump sum payment.