
STATUTORY RULES OF NORTHERN IRELAND

2008 No. 256

The Health and Social Care (Pension Scheme) Regulations (Northern Ireland) 2008

PART 2

BENEFITS FOR OFFICERS

CHAPTER 4

MEMBERS' RETIREMENT BENEFITS

Options to exchange pension for lump sum

General option to exchange part of pension for lump sum

58.—(1) A member other than a pension credit member may opt to exchange part of a pension to which the member would otherwise be entitled for a lump sum.

(2) If a member so opts, for every £1 by which the member's annual amount of a pension is reduced, the member is to be paid a lump sum of £12.

(3) An option under paragraph (1) must relate to an annual amount of pension that is a whole number of pounds (and accordingly the lump sum will be exactly divisible by 12).

(4) In paragraphs (2) and (3) "annual amount", in relation to a pension, means the amount of the annual pension to which the member would be entitled under this Chapter apart from the option, together with any increases payable under the Pensions (Increase) Act (Northern Ireland) 1971, calculated as at the time payment would first be due.

(5) 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 of the Finance Act 2004 (see, in particular, section 241 of, and paragraph 1 of Schedule 29 to, that Act).

(6) If the member has a guaranteed minimum under section 10 of the 1993 Act in relation to the whole or part of a pension, paragraph (1) 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 by the Scheme actuary.

(7) The option under this regulation may only be exercised by giving notice in writing to the Department in such form as it requires—

- (a) at the time of claiming the pension, or
- (b) before such later time as the Department specifies in writing.

Option for members in serious ill-health to exchange whole pension for lump sum

59.—(1) An active member, a deferred member or a pension credit member may opt to exchange a relevant pension for a lump sum if the Department is satisfied that the conditions for the lump

sum to be a serious ill-health lump sum for the purposes of the Finance Act 2004 will be met (see paragraph 4 of Schedule 29 to that Act).

(2) For the purposes of paragraph (1), a “relevant pension” is a pension payable to that member under—

- (a) regulation 45 (normal retirement pensions),
- (b) regulation 46 (pension credit members' pensions),
- (c) regulation 52 (early payment of pensions: ill-health), or
- (d) regulation 54 (early retirement on ill-health (deferred members)).

(3) The option may only be exercised—

- (a) in the case of a pension payable under regulation 45 or 46, before or at the time when the pension becomes payable,
- (b) in the case of a pension payable under regulation 52 or 54, before the pension becomes payable to the member.

(4) An active member aged 65 or over who exercises the option is to be paid, as soon as is reasonably practicable and before reaching the age of 75, an amount equal to the sum of—

- (a) the maximum lump sum to which the member could have become entitled on exercising the option under regulation 58 if at the appropriate time the member had become entitled to a pension under regulation 45, and
- (b) the total annual amount of the pension to which the member would have been entitled under regulation 45 after exercising that option, multiplied by 5.

(5) A pension credit member who exercises the option is to be paid, as soon as is reasonably practicable and before reaching the age of 75, an amount equal to the annual amount of the pension to which the member would have been entitled under regulation 46, multiplied by 5.

(6) An active member entitled to a pension under regulation 52 who exercises the option is to be paid, as soon as is reasonably practicable, an amount equal to the sum of—

- (a) the maximum lump sum to which the member could have become entitled on exercising the option under regulation 58 at the appropriate time, and
- (b) the total annual amount of the pension to which the member is entitled under regulation 52 after exercising that option, multiplied by 5.

(7) A deferred member entitled to a pension under regulation 54 who exercises the option is to be paid, as soon as is reasonably practicable, an amount equal to the sum of—

- (a) the maximum lump sum to which the member could have become entitled on exercising the option under regulation 58 at the appropriate time, and
- (b) the total annual amount of the pension to which the member is entitled under regulation 54 after exercising that option, multiplied by 5.

(8) In this regulation “the appropriate time” means—

- (a) for the purposes of paragraphs (4) and (5) the time when the option under this regulation is exercised, and
- (b) for the purposes of paragraphs (6) and (7) the time payment of the pension under regulation 52 or, as the case may be, regulation 54 would otherwise first be due.

(9) In this regulation references to the “annual amount” of a pension are to the amount of the annual pension to which the member would be entitled, together with any increases payable under the Pensions (Increase) Act (Northern Ireland) 1971, calculated as at the appropriate time.

(10) The option under this regulation may only be exercised by notice in writing to the Department in such form as the Department requires.