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STATUTORY RULES OF NORTHERN IRELAND

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**2016 No. 107**

**The Occupational Pension Schemes  
(Schemes that were Contracted-out)  
Regulations (Northern Ireland) 2016**

**PART 4**

**ADDITIONAL REQUIREMENTS IN RELATION  
TO GUARANTEED MINIMUM PENSIONS**

**Payment of a lump sum instead of a pension**

**16.**—(1) The scheme may provide for the payment of a lump sum instead of a pension that the scheme is required to provide in accordance with section 9(1) or 13 of the 1993 Act if—

- (a) a guaranteed minimum pension has become payable (but see also paragraph (3)), and
  - (b) the payment of a lump sum is authorised under section 164 of the 2004 Act and the payment fulfils the conditions in paragraph (2).
- (2) The conditions are that the payment is—
- (a) permitted by the lump sum rule in section 166 of the 2004 Act and qualifies as—
    - (i) a trivial commutation lump sum for the purposes of paragraph 7 of Schedule 29 to the 2004 Act, or
    - (ii) a winding-up lump sum for the purposes of paragraph 10 of that Schedule;
  - (b) permitted by the lump sum death benefit rule in section 168 of the 2004 Act and qualifies as a trivial commutation lump sum death benefit for the purposes of paragraph 20 of Schedule 29 to the 2004 Act, or
  - (c) made by a registered pension scheme (within the meaning of section 150(2) of the 2004 Act), is a payment that is described in Part 2 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 and is made to or in respect of a member.
- (3) The condition in paragraph (1)(a) does not apply in cases where—
- (a) the scheme is being wound up or an earner retires before pensionable age;
  - (b) a premium under section 51(2)(2) of the 1993 Act (contributions equivalent premium) has been paid or treated as paid or the scheme has made the provision mentioned in section 12(2) and (3)(3) of the 1993 Act, and
  - (c) the conditions in paragraph (4) are met.

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- (1) Section 9 was amended by paragraph 19 of Schedule 3 to the Pensions (Northern Ireland) Order 1995 and section 12(1) of the Pensions Act (Northern Ireland) 2008
- (2) Section 51(2) was substituted by Article 138(1) of the Pensions (Northern Ireland) Order 1995 and amended by paragraph 7(2)(a) of Schedule 2 to the Welfare Reform and Pensions Act 1999 (c. 30) and paragraph 26 of Schedule 4 to the Pensions Act (Northern Ireland) 2008
- (3) Section 12(3) was amended by paragraph 21(a) of Schedule 3 to the Pensions (Northern Ireland) Order 1995

- (4) The conditions are—
- (a) the aggregate amount of the benefits that have accrued to the earner at the date of winding-up or, as the case may be, of the earner’s retirement, increased—
    - (i) in accordance with section 12(2) and (3) of the 1993 Act, or
    - (ii) in a case where section 12(2) and (3) applies, to the amount that would have been payable at pensionable age,is to be treated as the amount of benefits currently payable to the earner under the scheme;
  - (b) in the case of an earner who retires before normal pension age, commutation is not permitted before the date on which benefits become payable to the earner under the scheme’s early retirement provisions;
  - (c) in cases where the earner is a member of more than one scheme relating to the same employment, all those schemes are being wound up or, as the case may be, the earner is treated by all those schemes as having retired and, in each case, all those schemes have paid a contributions equivalent premium or have made the provisions mentioned in section 12(2) and (3) of the 1993 Act.
- (5) Subject to paragraph (6), the scheme may provide for the payment of a lump sum instead of a pension that the scheme is required to provide in accordance with section 9 or 13 of the 1993 Act if the payment—
- (a) is authorised under section 164 of the 2004 Act;
  - (b) is permitted by the lump sum rule in section 166 of the 2004 Act, and
  - (c) qualifies as a serious ill-health lump sum for the purposes of paragraph 4 of Schedule 29 to the 2004 Act.
- (6) Where—
- (a) under the scheme, an earner qualifies for a lump sum payment on the ground of serious ill-health, and
  - (b) the scheme also provides for the payment of a guaranteed minimum pension to the widow, widower or surviving civil partner of the earner (“a survivor’s pension”),
- the scheme is to continue to include provision for a survivor’s pension notwithstanding the payment of a lump sum to the earner.

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**Commencement Information**

**II** [Reg. 16](#) in operation at 6.4.2016, see [reg. 1\(a\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the The Occupational Pension Schemes (Schemes that were Contracted-out) Regulations (Northern Ireland) 2016, Section 16.