

## SCHEDULES

### SCHEDULE 6

#### PENSION COMPENSATION PROVISIONS

*Active members who have not attained normal pension age at assessment date*

**11.**—(1) Compensation is payable in accordance with this paragraph where a person who, under the admissible rules, is (immediately before the assessment date) an active member of the scheme has not, before that date, attained normal pension age in respect of his rights under the admissible rules of the scheme to a pension.

(2) If the active member survives to attain normal pension age in respect of that pension (“the pension”), he is entitled to periodic compensation in respect of the pension commencing at that age and continuing for life.

(3) The annual rate of the periodic compensation is 90% of the aggregate of—

- (a) the protected notional pension, and
- (b) any increases under paragraph 28 (annual increases in periodic compensation).

(4) In sub-paragraph (3) “the protected notional pension” means the aggregate of—

- (a) the accrued amount, and
- (b) the revaluation amount for the revaluation period (see paragraph 12).

(5) Subject to sub-paragraphs (6) and (7), the accrued amount is—

$AR \times PE \times PS$

where—

AR is the active member’s annual accrual rate in respect of the pension under the admissible rules,

PE is the active member’s annual pensionable earnings in respect of the pension under the admissible rules, and

PS is the active member’s pensionable service in respect of the pension under the admissible rules in years (including any fraction of a year).

(6) If the accrual rates or pensionable earnings differ in respect of different parts of the active member’s pensionable service relating to the pension, an amount is calculated in accordance with the formula in sub-paragraph (5) in respect of each of those parts and the accrued amount is the aggregate of those amounts.

For this purpose the references in sub-paragraph (5) to the active member’s pensionable service, accrual rate and pensionable earnings are to be read as references to the part of his pensionable service in question and to his accrual rate and pensionable earnings in respect of that part.

(7) In any case where the Board is satisfied that it is not possible to identify one or more of the elements of the formula in sub-paragraph (5), the Board may, having regard to the admissible rules, determine how the accrued amount is to be calculated.

(8) This paragraph is subject to—

- (a) paragraph 20 (compensation in respect of scheme right to transfer payment or contribution refund),
- (b) paragraph 24 (commutation),
- (c) paragraph 26 (compensation cap), and
- (d) paragraph 30 (power of Department to change percentage rates by order).

**12.**—(1) This paragraph applies for the purposes of paragraph 11(4)(b).

(2) The revaluation period is the period which—

- (a) begins with the assessment date, and
- (b) ends with the day before the day on which the active member attains normal pension age in respect of the pension.

(3) The revaluation amount for the revaluation period is—

- (a) in a case where the revaluation period is less than one month, nil, and
- (b) in any other case, the revaluation percentage of the accrued amount.

(4) In sub-paragraph (3) “the revaluation percentage” means the lesser of—

- (a) the percentage increase referred to in paragraph 12(4)(a) of Schedule 7 to the Pensions Act 2004 (c. 35), and
- (b) the maximum revaluation rate.

(5) For the purposes of sub-paragraph (4)(b) “the maximum revaluation rate” in relation to the revaluation period is—

- (a) if that period is a period of 12 months, 5%, and
- (b) in any other case, the percentage referred to in paragraph 12(5)(b) of Schedule 7 to the Pensions Act 2004.

This is subject to paragraph 29 (power of Board to determine maximum revaluation rate etc.).

(6) In this paragraph “the active member”, “the accrued amount” and “the pension” are to be construed in accordance with paragraph 11.

**13.**—(1) This paragraph applies where the active member dies on or after the assessment date.

(2) Subject to sub-paragraph (4), the widow or widower of the active member is entitled to periodic compensation commencing on the day following the active member’s death and continuing for life.

(3) The annual rate of the periodic compensation at any time is—

- (a) where the active member died after attaining normal pension age, half of the annual rate of the periodic compensation (including any increases under paragraph 28) to which the member would at that time have been entitled under paragraph 11 in respect of the pension had the member not died, and
- (b) where the active member died before attaining normal pension age, half of the annual rate of the periodic compensation (including any increases under paragraph 28) to which the member would have been entitled at normal pension age under paragraph 11 if—
  - (i) normal pension age had been the member’s actual age immediately before the date of the member’s death, and
  - (ii) the member had not died.

(4) The active member’s widow or widower is not entitled to periodic compensation under this paragraph in such circumstances as may be prescribed.

(5) In this paragraph “the pension” and “the active member” are to be construed in accordance with paragraph 11.

**14.—**(1) Compensation is payable in accordance with this paragraph where immediately before the assessment date, under the admissible rules of the scheme, an active member of the scheme has not attained normal pension age in respect of his rights to a lump sum (“the scheme lump sum”).

(2) If the active member survives to attain normal pension age in respect of the scheme lump sum, he is entitled to compensation in respect of the scheme lump sum when he attains that age.

(3) The compensation is a lump sum equal to 90% of the protected amount.

(4) In sub-paragraph (3) “the protected amount” means the aggregate of—

(a) the accrued amount, and

(b) the revaluation amount for the revaluation period.

(5) Subject to sub-paragraphs (6) and (7), the accrued amount is—

$AR \times PE \times PS$

where—

AR is the active member’s annual accrual rate in respect of the scheme lump sum under the admissible rules,

PE is the active member’s annual pensionable earnings in respect of the scheme lump sum under the admissible rules, and

PS is the active member’s pensionable service in respect of the scheme lump sum, under the admissible rules, in years (including any fraction of a year).

(6) If the accrual rates or pensionable earnings differ in respect of different parts of the active member’s pensionable service relating to the scheme lump sum, an amount is calculated in accordance with the formula in sub-paragraph (5) in respect of each of those parts and the accrued amount is the aggregate of those amounts.

For this purpose the references in that sub-paragraph to the active member’s pensionable service, accrual rate and pensionable earnings are to be read as references to the part of his pensionable service in question and to his accrual rate and pensionable earnings in respect of that part.

(7) In any case where the Board is satisfied that it is not possible to identify one or more of the elements of the formula in sub-paragraph (5), the Board may, having regard to the admissible rules, determine how the accrued amount is to be calculated.

(8) Paragraph 12 applies for the purpose of determining the revaluation amount except that—

(a) in that paragraph the references to the pension are to be read as references to the scheme lump sum, and

(b) in sub-paragraph (6) of that paragraph the reference to paragraph 11 is to be read as a reference to this paragraph.

(9) This paragraph is subject to—

(a) paragraph 20 (compensation in respect of scheme right to transfer payment or contribution refund),

(b) paragraph 26 (compensation cap), and

(c) paragraph 30 (power of Department to change percentage rates by order).