
Status: Point in time view as at 09/04/2018.

Changes to legislation: Social Security Contributions and Benefits Act 1992, SCHEDULE 5A is up to date with all changes known to be in force on or before 23 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 5A

PENSION INCREASE OR LUMP SUM WHERE ENTITLEMENT TO SHARED ADDITIONAL PENSION IS DEFERRED

Textual Amendments

- F1** Sch. 5A inserted (18.11.2004 for specified purposes, 6.4.2005 in so far as not already in force) by Pensions Act 2004 (c. 35), s. 322(3)(a), **Sch. 11 para. 15**

Modifications etc. (not altering text)

- C1** Sch. 5A modified (6.4.2005) by The Social Security (Retirement Pensions etc.) (Transitional Provisions) Regulations 2005 (S.I. 2005/469), regs. 1(1), **3**

Choice between pension increase and lump sum where entitlement to shared additional pension is deferred

- 1 (1) Where a person's entitlement to a shared additional pension is deferred and the period of deferment is at least 12 months, the person shall, on claiming his pension or within a prescribed period after claiming it, elect in the prescribed manner either—
- (a) that paragraph 2 (entitlement to increase of pension) is to apply in relation to the period of deferment, or
 - (b) that paragraph 4 (entitlement to lump sum) is to apply in relation to the period of deferment.
- (2) If no election under sub-paragraph (1) is made within the period prescribed under that sub-paragraph, the person is to be treated as having made an election under sub-paragraph (1)(b).
- (3) Regulations—
- (a) may enable a person who has made an election under sub-paragraph (1) (including one that the person is treated by sub-paragraph (2) as having made) to change the election within a prescribed period and in a prescribed manner, if prescribed conditions are satisfied, and
 - (b) if they enable a person to make an election under sub-paragraph (1)(b) in respect of a period of deferment after receiving any increase of pension under paragraph 2 by reference to that period, may for the purpose of avoiding duplication of payment—
 - (i) enable an amount determined in accordance with the regulations to be recovered from the person in a prescribed manner and within a prescribed period, or
 - (ii) provide for an amount determined in accordance with the regulations to be treated as having been paid on account of the amount to which the person is entitled under paragraph 4.

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Increase of pension where entitlement deferred

- 2 (1) This paragraph applies where a person's entitlement to a shared additional pension is deferred and either—
- (a) the period of deferment is less than 12 months, or
 - (b) the person has made an election under paragraph 1(1)(a) in relation to the period of deferment.
- (2) The rate of the person's shared additional pension shall be increased by an amount equal to the aggregate of the increments to which he is entitled under paragraph 3, but only if that amount is enough to increase the rate of the pension by at least 1 per cent.

Modifications etc. (not altering text)

- C2** [Sch. 5A para. 2](#): sums amended (with effect in accordance with arts. 1(3)(4), 7 of the amending S.I.) by [The Social Security Benefits Up-rating Order 2018 \(S.I. 2018/281\)](#), arts. 1(2)(c), **4(5)(b)**

Calculation of increment

- 3 (1) A person is entitled to an increment under this paragraph for each complete incremental period in his period of deferment.
- (2) The amount of the increment for an incremental period shall be 1/ 5th per cent. of the weekly rate of the shared additional pension to which the person would have been entitled for the period if his entitlement had not been deferred.
- (3) Amounts under sub-paragraph (2) shall be rounded to the nearest penny, taking any 1/2p as nearest to the next whole penny.
- (4) Where an amount under sub-paragraph (2) would, apart from this sub-paragraph, be a sum less than 1/2p, the amount shall be taken to be zero, notwithstanding any other provision of this Act, the Pensions Act or the Administration Act.
- (5) In this paragraph “incremental period” means any period of six days which are treated by regulations as days of increment for the purposes of this paragraph in relation to the person and pension in question.
- (6) Where one or more orders have come into force under section 150 of the Administration Act during the period of deferment, the rate for any incremental period shall be determined as if the order or orders had come into force before the beginning of the period of deferment.
- (7) The sums which are the increases in the rates of shared additional pension under this paragraph are subject to alteration by order made by the Secretary of State under section 150 of the Administration Act.

Lump sum where entitlement to shared additional pension is deferred

- 4 (1) This paragraph applies where—
- (a) a person's entitlement to a shared additional pension is deferred, and
 - (b) the person has made (or is treated as having made) an election under paragraph 1(1)(b) in relation to the period of deferment.

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- (2) The person is entitled to an amount calculated in accordance with paragraph 5 (a “lump sum”).

Calculation of lump sum

- 5 (1) The lump sum is the accrued amount for the last accrual period beginning during the period of deferment.

- (2) In this paragraph—

‘accrued amount’ means the amount calculated in accordance with sub-paragraph (3);

‘accrual period’ means any period of seven days beginning with a prescribed day of the week, where that day falls within the period of deferment.

- (3) The accrued amount for an accrual period for a person is—

$$(A+P) \times (1+R100)^{52}$$

where—

A is the accrued amount for the previous accrual period (or, in the case of the first accrual period beginning during the period of deferment, zero);

P is the amount of the shared additional pension to which the person would have been entitled for the accrual period if his entitlement had not been deferred;

R is—

- (a) a percentage rate two per cent. higher than the Bank of England base rate, or
 (b) if a higher rate is prescribed for the purposes of paragraphs 3B and 7B of Schedule 5, that higher rate.

- (4) For the purposes of sub-paragraph (3), any change in the Bank of England base rate is to be treated as taking effect—

- (a) at the beginning of the accrual period immediately following the accrual period during which the change took effect, or
 (b) if regulations so provide, at such other time as may be prescribed.

- (5) For the purpose of the calculation of the lump sum, the amount of the shared additional pension to which the person would have been entitled for an accrual period does not include, in prescribed circumstances, such amount as may be prescribed.

- (6) The lump sum must be rounded to the nearest penny, taking any 1/2p as nearest to the next whole penny.]

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