

SCHEDULE 1

ARRANGEMENT OF RULES

PART J

MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

Commutation of Small Pensions

J.8 Commutation of small pensions

(1) Where the annual rate of any of the pensions specified in paragraph (2) does not exceed the small pensions commutation maximum, the Scheme administrator may pay the person entitled to the pension a lump sum of such an amount as the Scheme actuary advises represents the capital value of the pension if—

- (a) that person consents, and
- (b) in a case where that person is a member and the pension is one which may not be less than his guaranteed minimum, he has reached state pension age.

(2) The pensions are—

- (a) a pension to which a member is entitled under Part D,
- (b) a pension payable to any person under Part E (death benefits) in respect of a particular member.

(3) If—

- (a) a member is entitled to more than one pension in respect of the service by virtue of which he is eligible for membership of the Scheme, or
- (b) a person is entitled to more than one pension in respect of the same member and the same service of the member, or
- (c) a pension credit member is entitled—
 - (i) to more than one pension under rule D.3, or
 - (ii) to one or more pensions within sub-paragraph (a) in addition to one or more pensions under rule D.3,

those pensions may only be commuted under this rule if they do not in aggregate exceed the amount that is permitted to be commuted under all the commutation requirements that apply in the circumstances in question.

(4) The payment of a lump sum under this rule in respect of a pension discharges all liabilities under these Rules in respect of that pension.

(5) In this rule—

“the small pensions commutation maximum” means the amount that is permitted to be commuted, having regard to all the commutation requirements that apply in the circumstances in question, and

“the commutation requirements” means requirements permitting the commutation of small pensions that are imposed—

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) by regulation 19, 20 or 60 of the Occupational Pension Schemes (Contracting-out) Regulations 1996⁽¹⁾,
- (b) by regulation 2 of the Occupational Pension Scheme (Assignment, Forfeiture, Bankruptcy etc.) Regulations 1997⁽²⁾,
- (c) by regulation 3(2)(b) of the Pension Sharing (Pension Credit Benefit) Regulations 2000⁽³⁾, or
- (d) by paragraph 7 of Schedule 29 to the Finance Act 2004⁽⁴⁾ (which defines trivial commutation lump sums for the purposes of Part 1 of that Schedule).

(1) S.I.1996/1172. Regulation 20 was amended by regulation 2(3) of S.I. 2000/2975. Regulation 60 was amended by regulation 4(12) of S.I. 1997/786.

(2) S.I. 1997/785.

(3) S.I. 2000/1054.

(4) 2004 c. 12.