

## SCHEDULE 1

### Payments for extra pension

## PART 4

### Enhanced effective pension age payments

#### CHAPTER 1

#### Eligibility for enhanced effective pension age option

##### **Eligibility**

**34.**—(1) The scheme manager must publish a list of scheme employments in respect of which an enhanced effective pension age option may be exercised (“eligible employments”) and, in relation to each employment, the date by which persons in that employment or the dates by which specified persons within that employment must exercise the option.

(2) An enhanced effective pension age option may only be exercised by a person to whom paragraph 35 or 36 applies.

(3) A member may only exercise an enhanced effective pension age option once.

(4) A tapered protection member of the PCSPS (T) to whom paragraph 28(1) of Schedule 2 applies may only exercise the enhanced effective pension age option if T has opted to begin pensionable service under this scheme on the day after the scheme closing date<sup>(1)</sup>.

##### **Opting for enhanced effective pension age of 60**

**35.**—(1) This paragraph applies to a transition member with continuity of service who—

- (a) is in pensionable service under this scheme in an eligible employment;
- (b) began that pensionable service on the day after the scheme closing date; and
- (c) has a normal pension age of 60 under the PCSPS.

(2) The member may opt, in relation to that pensionable service, to make periodical payments for an enhanced effective pension age of 60.

##### **Opting for enhanced effective pension age of 65**

**36.**—(1) This paragraph applies to a person (P)—

- (a) who is in pensionable service under this scheme in an eligible employment; and
- (b) whose normal pension age under this scheme is above 65.

(2) P may opt, in relation to that pensionable service, to make periodical payments for an enhanced effective pension age of 65.

#### CHAPTER 2

#### Exercising the enhanced effective pension age option

##### **Exercise of option**

**37.**—(1) An enhanced effective pension age option may only be exercised—

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(1) The option for tapered protection members of the PCSPS is provided for in paragraph 28 of Schedule 2.

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- (a) by notice to the scheme manager in a form required by the scheme manager (“the option notice”); and
  - (b) with the approval of the Minister.
- (2) An option notice must state the enhanced effective pension age which is to apply under the option.
- (3) A member may not exercise an enhanced effective pension age option during—
- (a) a period of assumed pay; or
  - (b) any scheme year in which the member has reached the overall limit of extra pension for that year.

### **Payment of pension at enhanced effective pension age**

**38.**—(1) For any part of a scheme year in which a member makes periodical payments for an enhanced effective pension age option, the member is entitled to payment of a full retirement earned pension or partial retirement earned pension attributable to the option at the enhanced effective pension age stated in the option without actuarial reduction.

(2) The amount of pension attributable to the option is reduced if the periodical payments are stopped before the end of the periodical payment period.

(3) For any period in which the periodical payments are stopped, an amount of standard earned pension is credited to the active member’s account instead of an amount of earned pension attributable to the option.

### **Member ceases to be in pensionable service in an eligible employment**

**39.**—(1) An enhanced effective pension age option in relation to pensionable service in an eligible employment ceases to have effect when the member ceases to be in that pensionable service.

(2) Periodical payments cease to be payable from the member’s last day of pensionable service in relation to that employment.

(3) If the member re-enters pensionable service in that employment after a gap in pensionable service not exceeding 5 years, the periodical payments resume from the first pay period of the next scheme year beginning after the date on which the member re-enters pensionable service.

(4) Sub-paragraph (3) does not apply if before the member re-enters pensionable service in that employment the member notifies the scheme manager that the payments are not to resume.

(5) If the member re-enters pensionable service in that employment after a gap in pensionable service of more than 5 years, the member may not resume periodical payments in relation to that option without the approval of the Minister.

### **Cancellation of option**

**40.**—(1) A member may, by notice to the scheme manager, cancel an enhanced effective pension age option at any time during the periodical payment period.

(2) If the member cancels the option, the periodical payments cease to be payable from the beginning of the next scheme year after the scheme manager receives notice of the cancellation.

(3) A member may cancel that part of the periodical payments which relate to the years after the member would reach 60 and before the member would reach 65 without cancelling that part of the periodical payments which relate to the years after the member would reach 65 and before the member would reach normal pension age.

(4) A member who has cancelled an enhanced effective pension age option may not resume periodical payments in relation to that option without the approval of the Minister.

### **Determining the value of an enhanced effective pension age option**

**41.**—(1) The value of an enhanced effective pension age option at any time is a value determined by the scheme manager as at that time.

- (2) A member who has exercised an enhanced effective pension age option—
  - (a) may at any time ask the scheme manager to provide a statement of the value of the enhanced effective pension age option; and
  - (b) must ask the scheme manager to provide a statement of the value of the enhanced effective pension age option before an added pension option may be exercised in relation to the member.

## **CHAPTER 3**

### **Making enhanced effective pension age payments**

#### **Amount of periodical payments**

**42.**—(1) Periodical payments for an enhanced effective pension age are payable by deduction by the member's employer from the member's pensionable earnings for every pay period during the periodical payment period.

(2) The member's employer must pay a proportion of the periodical payments as determined by the scheme manager which relate to the years after the member would reach 65 and before the member would reach normal pension age.

(3) The member's employer is not required to pay any proportion of the periodical payments which relate to the years after the member would reach 60 and before the member would reach 65.

(4) The amount of the periodical payments is an amount—

- (a) determined by the scheme manager; and
- (b) set out in a notice to the member and the member's employer.

(5) The scheme manager must determine the amount by reference to published actuarial tables having regard to—

- (a) the member's age and gender; and
- (b) the number of years before the member will reach normal pension age.

(6) Before the start of every scheme year, the scheme manager must—

- (a) review the amount of the periodical payments; and
- (b) if the scheme manager re-determines the amount, send the member and, if applicable, the member's employer notice of the amount payable from the start of the next scheme year.

#### **Periodical payment period**

**43.** The periodical payment period—

- (a) begins with—
  - (i) if the member exercises the option within 3 months after joining this scheme, the beginning of the first appropriate pay period beginning on or after the date on which the scheme manager receives the option notice; or
  - (ii) in any other case, the beginning of the first appropriate pay period of the scheme year beginning on or after the date on which the scheme manager receives the option notice; and
- (b) ends on the earlier of—

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- (i) the date on which the member ceases to be in pensionable service in the eligible employment to which the option relates; and
- (ii) the date on which the member reaches the enhanced effective pension age.

**Making periodical payments during period of assumed pay**

44.—(1) Subject to sub-paragraph (2), during a period of assumed pay, the member may—

- (a) stop the periodical payments payable under an enhanced effective pension age option; or
- (b) continue the periodical payments as if the member were receiving pensionable earnings at the full rate.

(2) During any period in which the member is receiving statutory maternity pay within the meaning of the Social Security Contributions and Benefits Act 1992 or is on paid ordinary maternity leave, paid adoption leave or paid paternity leave, the member may—

- (a) stop the periodical payments; or
- (b) make periodical payments of an amount determined by reference to the member's actual pay during that period.

(3) A member may stop that part of the periodical payments which relates to the years after the member would reach 60 and before the member would reach 65 without stopping that part of the periodical payments which relates to the years after the member would reach 65 and before the member would reach normal pension age.

(4) If a member stops the periodical payments during a period of assumed pay, the member may, with the approval of the Minister, resume the periodical payments at the beginning of the next pay period after the period of assumed pay ends.