

These notes relate to the Scottish Parliamentary Pensions Act 2009 (asp 1) which received Royal Assent on 25 February 2009

SCOTTISH PARLIAMENTARY PENSIONS ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part G Retirement Lump Sums

Rule 43: Payment of retirement lump sum and corresponding reduction in pension

169. When a retirement lump sum is taken the pension payable is reduced. Rule 43 provides detail on the calculation of the amount of lump sum payable and the corresponding reduction to pension.
170. Rule 43(1) allows the Fund trustees to determine the amount of lump sum payable up to the maximum amount of lump sum (permitted maximum) allowable under the Finance Act 2004.¹ The permitted maximum is an amount equivalent to 25% of the pension. Rule 43(1)(a) allows the Fund trustees to commute an amount equivalent to a lower percentage if the individual indicates in the commutation notice that this is what they wish to commute. It is for the Fund trustees to determine the actual amount of lump sum that is equivalent to the pension being commuted. Rule 43(3) requires them to have that amount either certified by the scheme actuary or made in accordance with guidance and tables prepared by the scheme actuary.
171. Under rule 43(2), the amount of pension payable is reduced by the value of any retirement lump sum being paid.

¹ Paragraph 2 of Schedule 29 to the Finance Act 2004