

SCHEDULE 2

Scheme flexibilities

PART 2

Additional pension election

CHAPTER 1

Making an additional pension election

Election to pay contributions for additional pension

6.—(1) A member (P), or P’s employer with the consent of P, may elect to pay contributions for an additional pension in respect of P (“additional pension election”).

(2) An additional pension election must—

(a) state whether the election is for—

(i) an additional (self only) pension; or

(ii) an additional (self only) pension and an additional (surviving adult) pension; and

(b) specify the annual rate of additional (self only) pension to be paid with P’s retirement pension.

Annual rate of additional (self only) pension

7. The annual rate of additional (self only) pension specified in an additional pension election must be a multiple of—

(a) £250; or

(b) any other amount determined by the scheme manager.

Lump sum or monthly payments

8.—(1) An employer’s contributions for additional pension must be made by lump sum.

(2) A member’s additional pension contributions may be paid by lump sum or by monthly payments.

Making an additional pension election

9.—(1) An additional pension election in relation to a member (P)—

(a) must be made by written notice to the scheme manager; and

(b) must be accompanied by a declaration by P that P is in normal health.

(2) When the election is made, P must be—

(a) in pensionable service; and

(b) under normal pension age.

(3) The notice must state whether additional pension contributions are to be paid—

(a) as a lump sum; or

(b) by monthly payments.

(4) If monthly payments are to be made, the notice must—

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- (a) state the number of monthly payments, which must not be more than 240; and
 - (b) if P is in pensionable service in relation to more than one employment, specify which employer is to deduct the contributions.
- (5) The scheme manager may request further information to be provided.

Accepting an additional pension election

10.—(1) The scheme manager may accept an additional pension election by giving written notice to the person who made the election (P).

(2) An additional pension election is accepted when P receives notice that the scheme manager has accepted the election.

CHAPTER 2

Amount of additional pension contributions

Determination of contributions payable

11.—(1) The scheme manager must determine the amount to be paid as a lump sum or as a monthly payment.

(2) The amount of the lump sum or monthly payment must reflect the cost of paying an additional (self only) pension and any additional (surviving adult) pension.

(3) The scheme manager may determine different amounts of lump sum or monthly payment—

- (a) for different classes or descriptions of member; and
- (b) depending on whether the additional pension election is for—
 - (i) an additional (self only) pension; or
 - (ii) an additional (self only) pension and an additional (surviving adult) pension.

(4) The scheme manager—

- (a) may determine the amount of a monthly payment by reference to the length of the contributions payment period; and
- (b) may exercise the functions under this paragraph so as to re-determine the amount of a monthly payment during the contributions payment period.

(5) Unless the scheme manager re-determines the amount, monthly payments following a gap in service during which an ill health pension was payable are the same as before the gap.

CHAPTER 3

Additional pension contributions paid by lump sum

Lump sum contributions: payment of contributions and credit of additional pension

12.—(1) This paragraph applies to a member—

- (a) in respect of whom an additional pension election is accepted; and
- (b) whose notice of election states that contributions are to be paid by lump sum.

(2) The member's additional pension account is to be credited with an amount equal to the annual rate of additional (self only) pension stated in the notice of election (“the amount of additional pension”) if the lump sum contribution is paid within one month after the additional pension election is accepted.

(3) The member's additional pension account is not to be credited with the amount of additional pension unless the lump sum contribution is paid within that time.

Refund of lump sum contribution

13.—(1) This paragraph applies if a member (P) has paid a lump sum contribution for additional pension.

(2) The lump sum contribution must be refunded if, before the end of the refund period—

- (a) P dies;
- (b) an ill-health pension becomes payable to P; or
- (c) P leaves all pensionable service and P is neither qualified nor re-qualified for retirement benefits in respect of that service.

CHAPTER 4

Additional pension contributions by monthly payments

Application of Chapter

14. This Chapter applies to a member (P)—

- (a) in respect of whom an additional pension election is accepted; and
- (b) whose notice of election states that contributions are to be paid by monthly payments.

Payment of contributions

15.—(1) P must—

- (a) make the first monthly payment within 2 months after the end of the month in which the additional pension election is accepted; and
- (b) continue to make the monthly payments until the end of the contributions payment period.

(2) The final monthly payment must be made before P reaches normal pension age.

(3) If the scheme manager re-determines the amount of the monthly payment during the contributions payment period, P must pay the re-determined amount from the beginning of the next financial year.

(4) P is taken to revoke an additional pension election if—

- (a) a monthly payment is missed; and
- (b) the payment is not made within 3 months after P receives a written demand from the scheme manager.

Member leaves all pensionable service before end of contributions payment period

16.—(1) This paragraph applies if P leaves all pensionable service before the end of the contributions payment period.

(2) If this paragraph applies—

- (a) monthly payments for additional pension cease to be payable at the end of the period of one month beginning with the last day of pensionable service (“the one-month period”); and
- (b) the amount of accrued additional pension as at the last day of pensionable service is an amount determined by the scheme manager.

(3) This paragraph does not apply if, within 2 months after the last day of pensionable service, P pays the scheme manager a lump sum of an amount determined by the scheme manager.

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- (4) For the purpose of this paragraph, P is not taken to have left all pensionable service if—
 - (a) during the one-month period, P begins a period of non-pensionable sick leave; and
 - (b) during the period of non-pensionable sick leave, an ill-health pension becomes payable to P.

Retirement pension (other than ill health pension) becomes payable before end of contributions payment period

17.—(1) This paragraph applies if any of the following retirement pensions becomes payable to a member (P) before the end of the contributions payment period—

- (a) an age retirement pension;
 - (b) a phased retirement pension (if P has elected to receive additional pension with it);
 - (c) a premature retirement pension;
 - (d) an early retirement pension.
- (2) If this paragraph applies—
- (a) monthly payments for additional pension cease to be payable on the entitlement day for that pension; and
 - (b) the amount of accrued additional pension as at the relevant last day is an amount determined by the scheme manager.

CHAPTER 5

Revocation and refund

Revoking an additional pension election

18.—(1) P may revoke an additional pension election at any time before the end of the contributions payment period.

- (2) P is taken to revoke an additional pension election if—
 - (a) P leaves all pensionable service before the end of the contributions payment period; and
 - (b) P is qualified or re-qualified for retirement benefits in respect of that service.
- (3) On the date of revocation—
 - (a) monthly payments for additional pension under that election cease to be payable; and
 - (b) the amount of accrued additional pension as at that date is an amount determined by the scheme manager.
- (4) A revocation must be by written notice to the scheme manager.
- (5) A revocation has effect from the date it is received by the scheme manager (“date of revocation”).

Ill health pension becomes payable before end of contributions payment period

19.—(1) This regulation applies if an ill-health pension becomes payable to a member (P) before the end of the contributions payment period for an additional pension election.

- (2) If an ill-health pension becomes payable to P before the end of the refund period—
 - (a) any monthly payments that have been made under that additional pension election must be refunded to P; and

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- (b) the amount of accrued additional pension as at the last day of pensionable service must be adjusted by deducting the amount of accrued additional pension attributable to that election.
- (3) If an ill-health pension becomes payable to P after the end of the refund period—
 - (a) the monthly payments under the additional pension election are treated as being paid until the earlier of—
 - (i) the end of the contributions payment period for that election; or
 - (ii) the day on which an ill health pension ceases to be payable under regulation 111; and
 - (b) for the purpose of calculating the annual rate of ill health pension, the amount of accrued additional pension is—
 - (i) if the declaration that accompanied the additional pension election was made in good faith, the amount of accrued additional pension calculated under regulation 44 or 45 as at the last day of pensionable service; or
 - (ii) if that declaration was not made in good faith, an amount determined by the scheme manager having regard to the contributions paid or treated as being paid.
- (4) If P re-enters pensionable service when an ill health pension ceases to be payable under regulation 111, P may choose to resume the monthly payments.

Death in service before end of contributions payment period

- 20.**—(1) This paragraph applies on the death of a member (D)—
- (a) whose additional pension election is for an additional (self only) pension and an additional (surviving adult) pension;
 - (b) who dies in service within the meaning of Part 6 before the end of the contributions payment period for that election.
- (2) If D dies before the end of the refund period—
- (a) the monthly payments must be refunded to D’s surviving adult; and
 - (b) the additional pension account must be closed.
- (3) If D dies after the end of the refund period—
- (a) the monthly payments cease to be payable as at the date of D’s death; and
 - (b) for the purpose of calculating a survivor’s pension, the amount of accrued additional pension is—
 - (i) if the declaration that accompanied the additional pension election was made in good faith, the amount of accrued additional pension calculated under regulation 44 or 45 as at the day of D’s death; or
 - (ii) if that declaration was not made in good faith, an amount determined by the scheme manager having regard to the contributions paid or treated as being paid.

Member leaves all pensionable service before qualifying for retirement benefits

- 21.** If a member (P) leaves all pensionable service before P is qualified for retirement benefits in respect of that service—
- (a) any monthly payments made before the last day of pensionable service must be refunded to P; and
 - (b) the additional pension account must be closed.