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*Changes to legislation: Pensions (No. 2) Act (Northern Ireland) 2008, Cross Heading: Annual increase in periodic compensation is up to date with all changes known to be in force on or before 06 April 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) View outstanding changes*

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## SCHEDULES

### SCHEDULE 4

#### PENSION COMPENSATION PAYABLE ON DISCHARGE OF PENSION COMPENSATION CREDIT

#### PART 4

#### PROVISIONS APPLICABLE IRRESPECTIVE OF AGE OF TRANSFEREE ON TRANSFER DAY

##### *Annual increase in periodic compensation*

**17.—**(1) This paragraph provides for annual increases to compensation payable to the transferee.

(2) The transferee is entitled, on each indexation date, to an increase of the appropriate percentage of the underlying rate.

(3) The increase to which the transferee is entitled on the first indexation date is restricted to 1/12 of the amount calculated under sub-paragraph (2) for each full month in the period beginning with the transfer day and ending with that indexation date.

(4) For the purposes of sub-paragraph (2)—

“the appropriate percentage”, as at an indexation date, is the lesser of—

- (a) the percentage increase referred to in paragraph (a) of the definition of “the appropriate percentage” in paragraph 17(4) of Schedule 5 to the Pensions Act 2008, and
- (b) 2.5%;

“the indexation date” means—

- (a) the 1st January next falling after the transferee first becomes entitled to the periodic compensation, and
- (b) each subsequent 1st January during the transferee's lifetime;

“the underlying rate”, as at an indexation date, is the aggregate of—

- (a) the indexed proportion (as determined under sub-paragraph (5) or (6)) of the aggregate of the initial annual rate of compensation and (in the case of compensation payable under paragraph 6) the revaluation amount,<sup>F1</sup>...

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- (aa) [<sup>F2</sup>so much of any actuarial increase under paragraph 16A as relates to the amount in paragraph (a), and]
- (b) any annual increase to which the transferee is entitled under this paragraph in respect of earlier indexation dates.

(5) Where the transferor's PPF compensation is payable in accordance with paragraph 3, 5, 8, 11, 15 or 22 of Schedule 6 to the 2005 Order (“the relevant paragraph of Schedule 6”), “the indexed proportion” is the proportion of the amount mentioned in sub-paragraph (3)(a) of the relevant paragraph of Schedule 6 that is attributable to the transferor's post-1997 service.

Paragraph 28(4) of that Schedule applies for the purpose of attributing amounts to the transferor's post-1997 service under this sub-paragraph.

(6) Where the transferor's PPF compensation is payable otherwise than as mentioned in sub-paragraph (5), “the indexed proportion” is such proportion as is determined in accordance with regulations made by the Department.

(7) Where the compensation payable to the transferee is—

- (a) reduced as a result of the commutation of periodic compensation under paragraph 9, or
- (b) restricted under regulations under paragraph 18 (compensation cap),

the references in [<sup>F3</sup>paragraph (a) of ] the definition of “the underlying rate” in sub-paragraph (4) to the initial annual compensation rate and the revaluation amount are to that rate and that amount as so restricted or reduced [<sup>F4</sup>(and paragraph (aa) of the definition applies accordingly). ] .

[<sup>F5</sup>(7A) Where the commencement of periodic compensation has been postponed by virtue of paragraph 16A, this paragraph applies as if the transferee first becomes entitled to the periodic compensation on the day on which the periodic compensation commences.]

(8) the definition of “the appropriate percentage” in sub-paragraph (4) is subject to paragraph 20 (power of Board to alter rates of revaluation and indexation).

(9) In this paragraph “post-1997 service” has the same meaning as in paragraph 28 of Schedule 6 to the 2005 Order (annual increase in periodic pension compensation).

#### Textual Amendments

- F1** Word in Sch. 4 para. 17(4)(a) omitted (27.3.2013) by virtue of [Pensions Act \(Northern Ireland\) 2012 \(c. 3\), s. 34\(3\), Sch. 4 para. 35\(2\)\(a\)](#); S.R. 2013/83, art. 2(b)(iii)
- F2** Sch. 4 para. 17(4)(aa) inserted (27.3.2013) by [Pensions Act \(Northern Ireland\) 2012 \(c. 3\), s. 34\(3\), Sch. 4 para. 35\(2\)\(b\)](#); S.R. 2013/83, art. 2(b)(iii)
- F3** Words in Sch. 4 para. 17(7) inserted (27.3.2013) by [Pensions Act \(Northern Ireland\) 2012 \(c. 3\), s. 34\(3\), Sch. 4 para. 35\(3\)\(a\)](#); S.R. 2013/83, art. 2(b)(iii)

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- F4** Words in Sch. 4 para. 17(7) inserted (27.3.2013) by Pensions Act (Northern Ireland) 2012 (c. 3), s. 34(3), **Sch. 4 para. 35(3)(b)**; S.R. 2013/83, art. 2(b)(iii)
- F5** Sch. 4 para. 17(7A) inserted (27.3.2013) by Pensions Act (Northern Ireland) 2012 (c. 3), s. 34(3), **Sch. 4 para. 35(4)**; S.R. 2013/83, art. 2(b)(iii)

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**Commencement Information**

- I1** Sch. 4 para. 17 wholly in operation; Sch. 4 para. 17 in operation for certain purposes at Royal Assent see s. 118(2); Sch. 4 para. 17 in operation at 6.4.2011 in so far as not already in operation by S.R. 2011/108, **art. 2(2)**, Sch.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24(1)(c) inserted by [2016 c. 1 \(N.I.\) Sch. 2 para. 39\(2\)\(d\)](#)