
STATUTORY RULES OF NORTHERN IRELAND

2011 No. 113

**The Pension Protection Fund (Pension
Compensation Sharing and Attachment on
Divorce etc.) Regulations (Northern Ireland) 2011**

PART 7

Commutation of periodic compensation

Circumstances in which periodic compensation may be commuted

25.—(1) The circumstances prescribed for the purposes of paragraph 9(1) of Schedule 4 (commutation of periodic compensation) are specified in paragraph (2).

(2) The circumstances are that—

- (a) the transferor must not have previously exercised an option to commute for a lump sum either—
 - (i) a portion of the pension from which the pension compensation credit was derived, or
 - (ii) a portion of the relevant pension compensation from which the pension compensation credit was derived;
- (b) the transferee must not have previously exercised an option to commute for a lump sum a portion of the pension compensation credit in respect of which the transferee is entitled to periodic compensation, and
- (c) the transferee exercises the option to commute within the period of 6 months beginning with the day on which payment of periodic compensation commences.

Commencement Information

II Reg. 25 in operation at 6.4.2011, see **reg. 1(1)**

Circumstances in which the portion of compensation to be commuted may exceed 25%

26.—(1) The prescribed circumstances for the purposes of paragraph 9(2) of Schedule 4 (commutation of periodic compensation) are that—

- (a) the transferee must have attained the age of 60 but not have attained the age of 75 on the date specified in paragraph (4), and
 - (b) the portion to be commuted is a PPF trivial commutation lump sum.
- (2) A payment is a PPF trivial commutation lump sum if—
- (a) either—

- (i) no trivial commutation lump sum or PPF trivial commutation lump sum has previously been paid to the transferee by either a registered pension scheme, or the Board, or
 - (ii) if such a lump sum has previously been paid, the PPF trivial commutation lump sum is paid before the end of the commutation period;
 - (b) on the nominated date the value of the transferee's pension rights and entitlement to PPF compensation does not exceed the commutation limit;
 - (c) it is paid when all or part of the transferee's standard lifetime allowance is available, and
 - (d) it extinguishes the transferee's entitlement to PPF compensation.
- (3) "The commutation period" is the period beginning with the day on which a trivial commutation lump sum or PPF trivial commutation lump sum was first paid to the transferee and ending 12 months after that day.
- (4) The nominated date is—
- (a) a date nominated by the transferee which is within the period of 3 months ending with the day on which the transferee proposes to exercise the option to commute, or
 - (b) if no date is nominated by the transferee, a date within that period nominated by the Board.
- (5) The commutation limit is 1% of the standard lifetime allowance on the nominated date.
- (6) For the purposes of paragraph (2)(b)—
- (a) the value of the transferee's pension rights is the aggregate of—
 - (i) the value of the transferee's relevant crystallised pension rights (calculated in accordance with paragraph 8 of Schedule 29 to the Finance Act), and
 - (ii) the value of the transferee's uncrystallised rights (calculated in accordance with paragraph 9 of Schedule 29 to the Finance Act), and
 - (b) the value of the transferee's entitlement to PPF compensation is the aggregate of—
 - (i) any entitlement to lump sum compensation under the pension compensation provisions, and
 - (ii) any entitlement to periodic compensation under the pension compensation provisions.
- (7) For the purposes of paragraph (6)(b)—
- (a) the value of any entitlement to lump sum compensation is the full amount of lump sum compensation to which the transferee is entitled on the nominated date, and
 - (b) the value of periodic compensation is to be calculated by multiplying the annual periodic compensation to which the transferee [^{F1}is] entitled on the nominated date by 20.
- (8) In this regulation—
- "the Finance Act" means the Finance Act 2004(1);
- "registered pension scheme" has the same meaning as in section 150(2) of the Finance Act (meaning of "pension scheme");
- "standard lifetime allowance" means the amount specified in the relevant order for the tax year, made under section 218(3) of the Finance Act (individual's lifetime allowance and standard lifetime allowance);
- "tax year" has the same meaning [^{F2}as in section 4(2), (3) and (4) of the Income Tax Act 2007 (income tax an annual tax);]

“trivial commutation lump sum” has the same meaning as in paragraph 7 of Schedule 29 to the Finance Act.

- F1** Word in reg. 26(7)(b) substituted (30.4.2013) by [The Pension Protection Fund and Occupational and Personal Pension Schemes \(Miscellaneous Amendments\) Regulations \(Northern Ireland\) 2013 \(S.R. 2013/95\)](#), regs. 1(2), **10(5)(a)**
- F2** Words in reg. 26(8) substituted (30.4.2013) by [The Pension Protection Fund and Occupational and Personal Pension Schemes \(Miscellaneous Amendments\) Regulations \(Northern Ireland\) 2013 \(S.R. 2013/95\)](#), regs. 1(2), **10(5)(b)**

Commencement Information

- I2** Reg. 26 in operation at 6.4.2011, see [reg. 1\(1\)](#)

Manner in which an option to commute may be exercised

27.—(1) The manner in which an option to commute periodic compensation under paragraph 9 of Schedule 4 may be exercised is specified in paragraphs (2) to (4).

(2) A transferee may only exercise an option to commute a portion of the periodic compensation to which the transferee is entitled by giving notice to the Board in writing.

(3) A notice given under paragraph (2) must include—

- (a) the name, address, date of birth and national insurance number of the transferee, and
- (b) the percentage of the periodic compensation which the transferee opts to commute.

(4) The Board may require a transferee exercising an option to commute to produce any document or provide any other information relevant to the Board’s functions in relation to the transferee’s request for commutation.

Commencement Information

- I3** Reg. 27 in operation at 6.4.2011, see [reg. 1\(1\)](#)

Changes to legislation:

There are currently no known outstanding effects for the The Pension Protection Fund (Pension Compensation Sharing and Attachment on Divorce etc.) Regulations (Northern Ireland) 2011, PART 7.