
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 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—

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, Section 26. (See end of Document for details)

- (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

- II** Reg. 26 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, Section 26.