

SCHEDULES

SCHEDULE 12

Regulation 111

Lump sum on death

Interpretation

1. In this Schedule, the words and expressions listed in column 1 of the table have the meaning given by the corresponding entry in column 2.

Table

| <i>Column 1</i> | <i>Column 2</i> |
|------------------------------|---|
| <i>Word or expression</i> | <i>Meaning</i> |
| re-employed pensioner | A person (P) who at P's date of death was both— (a) an active member otherwise than in service in an employment in respect of which P had exercised an election under regulation 83; and (b) a pensioner member. |
| Partial retirement pensioner | A person (P) who, at P's date of death was both— (a) an active member in service in an employment in respect of which P had exercised an election under regulation 83, and (b) a pensioner member by virtue of being entitled to a pension under that regulation. |
| earnings reference period | The period ending on— (a) in the case of an active member, the last day of the scheme year immediately preceding the scheme year in which the member (M) died and beginning on the later of— (i) the first day of the scheme year in which M first joined the scheme; (ii) the first day of the tenth scheme year preceding the scheme year in which M died; |

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

| <i>Column 1</i> | <i>Column 2</i> |
|---------------------------|--|
| <i>Word or expression</i> | <i>Meaning</i> |
| | <p>(b) in the case of a partial retirement member, the last date on which an election under regulation 83 was exercised;</p> <p>(c) in the case of a pension credit member, the valuation date.</p> |
| recent leaver | <p>A person—</p> <p>(a) who left pensionable service less than 12 months before the date of the person’s death,</p> <p>(b) who is neither qualified for a retirement pension pursuant to regulation 72 nor is a pensioner member because of rights resulting from that employment; and</p> <p>(c) in respect of whom no transfer value or refund of contributions has been paid in respect of that employment.</p> |
| relevant earnings | <p>Where the member (M) has—</p> <p>(a) 365 days of pensionable earnings in the period of 12 months ending on the last day of pensionable service, the amount of those pensionable earnings; or</p> <p>(b) less than 365 days of pensionable earnings in the period of 12 months ending on the last day of pensionable service, the amount of earnings represented by the formula:-</p> $\frac{PE \times 365}{N}$ <p>where—</p> <p>PE is the amount of pensionable earnings in the period of 12 months ending on the last day of M’s pensionable service; and</p> <p>N is the number of days of pensionable service in that 12 month period.</p> |

Death of active member

2.—(1) Except where paragraph 6 or 7 applies, a lump sum on death is payable under this paragraph in respect of the death of an active member before the member reaches the age of 75.

(2) The amount of the lump sum on death payable is equal to the higher of—

- (a) twice the member's relevant earnings; or
 - (b) twice the member's re-valued pensionable earnings for the scheme year falling in the earnings reference period which has the largest re-valued pensionable earnings.
- (3) Re-valued pensionable earnings must be construed in accordance with paragraph 7(3).

Death of deferred member

3.—(1) A lump sum on death is payable under this paragraph in respect of the death of a deferred member before the member reaches the age of 75.

(2) The amount of the lump sum on death payable is equal to 2.025 times the amount of the member's deferred annual pension.

Death of pensioner member

4.—(1) Except where paragraph 6 or 7 applies, a lump sum on death is payable under this paragraph in respect of the death of a pensioner member (P).

- (2) The amount of the lump sum on death payable is equal to the lesser of—
- (a) five times the annual rate of pension (excluding any element in respect of additional pension), less the amount of the pension payments already made to the member; and
 - (b) the amount that would have been payable under paragraph 2 had the member died on the member's last day of pensionable service, less any lump sum paid to the member when the pension came into payment as a result of the member exercising the option under regulation 76.

(3) If P exercised the option under regulation 50, for the purposes of sub-paragraph (2)(a), the reference to the amount of the pension payments already made to the member is a reference to the amount of the pension payments that would have been made apart from the election.

Death of recent leaver

5.—(1) A lump sum on death is payable under this paragraph in respect of the death of a recent leaver before the person reaches the age of 75.

(2) The amount of the lump sum on death payable is equal to 2.025 times the amount of the deferred annual pension to which the recent leaver would have been entitled had that pension been calculated by reference to the pensionable service the recent leaver was entitled to count in the employment that has ceased.

Death of re-employed pensioner

6.—(1) A lump sum on death is payable under this paragraph in respect of the death of a re-employed pensioner (P).

- (2) The lump sum is an amount equal to the sum of—
- (a) five times the annual rate of the relevant pension; and
 - (b) the amount found by virtue of paragraph 4(2) in respect of each pension to which P has been entitled for less than 5 years.
- (3) The relevant pension is—
- (a) if P dies before reaching normal pension age, a Tier 2 IHP (within the meaning of regulation 89);
 - (b) if P dies on or after reaching normal pension age, a pension to which P would have been entitled under regulation 72 at the date of death.

(4) If P exercised the option under regulation 50, for the purposes of sub-paragraph (2)(b), the reference in paragraph 4(2) to the amount of the pension payments already made to the member is a reference to the amount of the pension payments that would have been made apart from the election.

Death of partial retirement pensioner

7.—(1) A lump sum on death is payable under this paragraph in respect of the death of a partial retirement pensioner (partial pension).

(2) The amount of the lump sum on death payable is equal to the sum of—

(a) the appropriate fraction of an amount that is the better of—

(i) twice the member’s relevant earnings; and

(ii) twice the member’s re-valued pensionable earnings for the scheme year falling in the earnings reference period which has the largest re-valued pensionable earnings; and

(b) the lesser of—

(i) the total of the amounts found by virtue of paragraph 4(2)(a) for each pension drawn down under regulation 83; and

(ii) the appropriate fraction of an amount that is the better of—

(aa) twice the member’s re-valued pensionable earnings for the period of 12 months ending on the date on which the member last exercised the option under regulation 82; and

(bb) twice the member’s re-valued pensionable earnings for the scheme year falling in the earnings reference period which has the largest re-valued pensionable earnings.

less any lump sum paid to the member in exchange for pension under regulation 76 as a result of the member exercising the option under regulation 83.

(3) In this paragraph—

“appropriate fraction” means—

$$\frac{DPS}{TDPS}$$

where—

DPS is, where the member continues in pensionable service as an active member on the election day (or the last such election day if the option has been exercised more than once), the total number of days of pensionable service which do not relate to the specified percentage of pension at the election day, and

TDPS is the aggregate of DPS and the total number of days pensionable service (at the election day or the last such election day if the election has been exercised more than once) which relate to the specified percentage of pension payable;

“election day” has the meaning given in regulation 83.

“re-valued pensionable earnings” means, in relation to a scheme year, an amount equal to the actual pensionable earnings for the year increased by the rate of change in prices specified by an order of the Department of Finance and Personnel under section 9 of the 2014 Act.

Death of pension credit member

8.—(1) A lump sum on death is payable under this paragraph in respect of the death of a pension credit member.

- (2) Paragraph (1) does not apply if—
- (a) the pension credit member dies after benefits attributable to the pension credit have become payable; and
 - (b) the death occurs more than five years after the member's pension becomes payable.
- (3) If the pension credit member dies before benefits derived from the credit have become payable, the amount of the lump sum is equal to 2.025 times the amount of the annual pension to which the pension credit member would have been entitled under regulation 75 if the member had reached whichever is the later of 65 or state pension age on the date of death.
- (4) If the pension credit member dies after a pension under regulation 75 has become payable, the amount of the lump sum is equal to the lesser of amount A and amount B minus any lump sum paid to the pension credit member when the pension came into payment as a result of the member exercising the option under regulation 76.
- (5) For the purposes of sub-paragraph (4)—
- (a) amount A is an amount which is five times the annual amount of pension payable to the member at the date of death, less the amount of the pension payments already made to the member;
 - (b) amount B is the amount which is the higher of—
 - (i) twice the pension debit member's re-valued pensionable earnings for the period of 12 months ending on the valuation day; and
 - (ii) twice the pension debit member's re-valued pensionable earnings for the scheme year falling in the earnings reference period which has the largest re-valued pensionable earnings.
- (6) In this paragraph—
- “annual amount of pension” means the sum of—
- (a) the annual rate of pension payable to the member as at the beginning date for that pension, and
 - (b) the increase (if any) in that annual rate under the Pensions (Increase) Act (Northern Ireland) 1971⁽¹⁾ payable as at the date of death;
- “the beginning date”, in relation to a pension, has the meaning given by section 8(2A) of the Pensions (Increase) Act (Northern Ireland) 1971⁽²⁾;
- “valuation day” means the day referred to in Article 26(7) of the 1999 Order.

Payment of lump sums or pensions on death

9.—(1) A lump sum payable under paragraphs 1 to 8 must be paid in accordance with this paragraph.

(2) The lump sum must be paid to the member's personal representatives, except so far as it payable to a different person or body under sub-paragraph (4) or (6).

- (3) A member may give notice to the scheme manager—
- (a) specifying—
 - (i) the member's personal representatives;
 - (ii) one or more other individuals; or
 - (iii) one incorporated or unincorporated body, to whom the lump sum is to be paid; and

⁽¹⁾ 1971 c.35 (N.I.)

⁽²⁾ Section 8(2A) was inserted by Article 36(1) and (4) of the Welfare Reform and Pensions (Northern Ireland) Order 1999 (S.I. 1999/3147 (N.I. 11))

(b) where two or more individuals are specified, specifying the percentage of the payment payable to each of them.

(4) If the member has—

- (a) given notice under sub-paragraph (3) specifying a person; and
- (b) not revoked that notice,

the lump sum (or, as the case may be, the percentage of it specified in respect of the person) may be paid to the person unless sub-paragraph (5) or (7) applies.

(5) This sub-paragraph applies if—

- (a) the person specified in the notice has died before the payment can be made; or
- (b) the payment to that person is not, in the opinion of the scheme manager, reasonably practicable.

(6) If the member—

- (a) leaves a surviving adult dependant; and
- (b) has not given notice under sub-paragraph (3) or has revoked any notice so given,

the lump sum may be paid to that person unless sub-paragraph (7) applies.

(7) This sub-paragraph applies if the person to whom the lump sum (or a specified percentage of the lump sum) would otherwise be payable has been convicted of an offence specified in paragraph 12 of Schedule 3 (Forfeiture of rights to benefit) and the Secretary of State has directed, as a consequence of that conviction, that the person's right to a payment in respect of the member's death is forfeited.

(8) A notice under sub-paragraph (3)—

- (a) must be given in writing; and
- (b) may be revoked at any time by a further notice in writing.

(9) The scheme manager may pay the lump sum to any person claiming to be the member's personal representative or otherwise to fall within sub-paragraph (3)(a), without requiring proof that the person is such a person concerned, if the lump sum does not exceed—

- (a) £5,000; or
- (b) any higher amount specified in an order made under section 6(1) of the Administration of Estates (Small Payments) Act (Northern Ireland) 1967⁽³⁾ as the amount to be treated as substituted for references to £500 in section 1 of that Act.

(10) The prohibition on assignment of benefits in paragraph 10 of Schedule 3 does not apply to an assignment by personal representatives under this paragraph.

(3) 1967 c.5 (N.I.)