

SCHEDULES

SCHEDULE 29

FURTHER PROVISION ABOUT PENSION SCHEMES

Benefit crystallisation event 3

8 After that paragraph insert—

“Benefit crystallisation event 3: threshold annual rate

10A (1) This paragraph applies for the purposes of benefit crystallisation event 3.

(2) The threshold annual rate is the annual rate of the pension on the date of which the increase date is the first anniversary, increased by the greatest of—

- (a) the relevant percentage rate,
- (b) the relevant indexation percentage, and
- (c) £250,

and rounded up in accordance with sub-paragraph (8).

(3) But if the person became entitled to the pension after the date of which the increase date is the first anniversary, the threshold annual rate is the annual rate of the pension on the date on which the person became entitled to the pension, increased and rounded up as mentioned in sub-paragraph (2).

(4) The increase date is the date on which the individual becomes entitled to payment of the pension at the increased annual rate.

(5) The relevant percentage rate is—

- (a) in a case where the pension is paid under a pension scheme, or an arrangement under a pension scheme, in relation to which the relevant valuation factor is a number greater than 20, the rate agreed by the Commissioners for Her Majesty’s Revenue and Customs and the scheme administrator, and
- (b) otherwise, 5%.

(6) The relevant indexation percentage means—

- (a) if the retail prices index for the reference month is higher than the retail prices index for the same calendar month in the previous year, the percentage increase in the retail prices index, and
- (b) if it is not, 0%.

Status: This is the original version (as it was originally enacted).

- (7) The scheme administrator may select as the reference month any month in the period of 12 months ending with the month in which the increase date falls.
- (8) An amount is rounded up in accordance with this sub-paragraph if it is rounded up to the next greatest amount which—
 - (a) where the pension is payable monthly, gives an amount of whole pounds when divided by 12, or
 - (b) where the pension is payable weekly, gives an amount of whole pounds when divided by 52.
- (9) If the pension is under a public service pension scheme, any abatement of the pension is to be left out of account in determining for the purposes of this paragraph the annual rate of the pension on the date of which the increase date is the first anniversary (or, where sub-paragraph (3) applies, the date on which the person became entitled to the pension).
- (10) An individual who becomes entitled to payment of a scheme pension at an increased annual rate on 29 February in any year is to be treated for the purposes of this paragraph as having become so entitled on 28 February in that year.
- (11) The Treasury may by order substitute for the amount for the time being specified in sub-paragraph (2)(c) a different amount (including an amount to be calculated as a percentage of the standard lifetime allowance)."