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STATUTORY INSTRUMENTS

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**1996 No. 1680**

**The Local Government (Discretionary  
Payments) Regulations 1996**

**PART VI**

**GRATUITIES AS RESPECTS NON-PENSIONABLE SERVICE**

**Retirement gratuities**

**41.**—(1) Where a person—

- (a) who has been employed by a LGPS employer for at least five years; or
- (b) who has been so employed for at least one year and—
  - (i) has attained the age of 60; or
  - (ii) is incapable of discharging efficiently the duties of his employment by reason of permanent ill-health or infirmity of mind or body,ceases to be so employed (otherwise than as mentioned in regulation 42(1)(b)), the LGPS employer may make him a discretionary grant (“a retirement gratuity”).

(2) A retirement gratuity may consist of a lump sum or an annuity or both.

(3) The amount of a retirement gratuity (including the capital value of any annuity) must not exceed—

- (a) an amount equal to three-eighths of the person’s annual rate of remuneration for each year of service; or
- (b) the prescribed maximum;

and in this paragraph “annual rate of remuneration” has the meaning given in regulation 40(5) and “the prescribed maximum” the meaning given in regulation 40(4).

(4) Where—

- (a) the gratuity granted under paragraph (1) to a person (“the original annuitant”) is or includes an annuity; and
- (b) he dies at a time when the capital value of the payments of the annuity he has received falls short of its capital value at the time of its grant,

the LGPS employer may grant a further gratuity by way of an annuity to one or more of the original annuitant’s spouse and dependants.

(5) The amount of an annuity granted under paragraph (4) or, in a case where an annuity is paid to more than one person, the aggregate amount of annuity must be the lesser of—

- (a) the amount the capital value of which equals the shortfall mentioned in paragraph (b) of that paragraph; or
- (b) two-thirds of the amount of the annuity payable to the original annuitant immediately before his death.