

## SCHEDULE 1 SCOTTISH PARLIAMENTARY PENSION SCHEME

### PART G

#### RETIREMENT LUMP SUMS

##### *Right to commute pension into a lump sum*

- 42 (1) An individual may commute a portion of the individual's scheme pension into a lump sum (a "retirement lump sum") by giving notice (a "commutation notice") to the Fund trustees.
- (2) A commutation notice is valid only if it—
- (a) is given before the earlier of—
    - (i) the day on which a scheme pension is first paid to the individual, and
    - (ii) the individual's 75th birthday,
  - (b) specifies the proportion of the individual's scheme pension that the individual wants to commute into a retirement lump sum, and
  - (c) provides the Fund trustees with such other information as they may reasonably require to—
    - (i) determine the amount payable, and
    - (ii) satisfy themselves that, if paid, the retirement lump sum would be a "pension commencement lump sum" for the purposes of Part 1 of Schedule 29 to the Finance Act 2004 (c. 12).

##### *Payment of retirement lump sum and corresponding reduction in pension*

- 43 (1) An individual who gives a valid commutation notice is to be paid a retirement lump sum of an amount equal to the lower of—
- (a) the amount which the Fund trustees determine to be equivalent to the proportion of the individual's scheme pension specified in the commutation notice, or
  - (b) the permitted maximum (construed in accordance with paragraph 2 of Schedule 29 to the Finance Act 2004 (c. 12)).
- (2) The annual scheme pension payable to an individual who is to be paid a retirement lump sum is to be reduced by an amount which the Fund trustees determine to be appropriate in consequence of the individual's entitlement to the retirement lump sum.
- (3) A determination of the Fund trustees' for the purposes of this rule must be—
- (a) certified by the scheme actuary, or
  - (b) made in accordance with guidance and tables prepared by the scheme actuary.

##### *Special rule for commutation by individual approaching the age of 75*

- 44 (1) This rule applies to an individual who—
- (a) gives a valid commutation notice before reaching the age of 75, and

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*Status: This is the original version (as it was originally enacted).*

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- (b) would not (but for this rule) be entitled to be paid a scheme pension at that time by reason only of being a serving MSP or the holder of a pensionable office.
- (2) Despite rule 37(1)(c)—
- (a) an individual to whom this rule applies is to be entitled to be paid a scheme pension from the day before the member’s 75th birthday, but
  - (b) the amount of scheme pension so payable is to be nil until the individual is neither an MSP nor the holder of a pensionable office.

*Commuting trivial amounts*

- 45 (1) The Fund trustees may pay a lump sum (a “one-off lump sum”) to an individual if the following conditions are met—

<i>Condition 1</i>	The individual applies to the Fund trustees for payment of a one-off lump sum instead of a scheme pension.
<i>Condition 2</i>	The Fund trustees are satisfied that, if paid, the one-off lump sum would be a “trivial commutation lump sum” for the purposes of Part 1 of Schedule 29 to the Finance Act 2004 (c. 12).

- (2) The amount of one-off lump sum to which an individual is entitled on any day is an amount equal to the value of the individual’s uncrystallised rights under the scheme on that day (as determined by the Fund trustees in accordance with section 212 of the Finance Act 2004 (c. 12)).
- (3) A determination of the Fund trustees must be—
  - (a) certified by the scheme actuary, or
  - (b) made in accordance with guidance and tables prepared by the scheme actuary.
- (4) Payment of a one-off lump sum extinguishes the rights of all persons to receive scheme benefits in respect of the recipient.