Schedules

SCHEDULE 4

Pension Protection Fund

Postponement of compensation

21. Schedule 6 to the Pensions (Northern Ireland) Order 2005 (pension compensation provisions) is amended as follows.

22. For paragraph 25A (deferral of compensation) and the heading before it substitute—

"Postponement of compensation

25A.—(1) Regulations may prescribe circumstances in which, and conditions subject to which—

(a) a person who becomes entitled to periodic compensation under paragraph 5, 8, 11 or 15 may elect to postpone the commencement of periodic compensation under that paragraph, and

(b) a person who becomes entitled to lump sum compensation under paragraph 7, 10, 14 or 19 may elect to postpone the payment of lump sum compensation under that paragraph.

(2) Where the commencement of periodic compensation under paragraph 5, 8, 11 or 15 ceases to be postponed, the Board must determine—

(a) the amount mentioned in sub-paragraph (3)(a) of that paragraph, as at the time the periodic compensation would have commenced if its commencement had not been postponed, and

(b) the amount in paragraph (a), increased in accordance with actuarial factors published by the Board.

(3) References in this Schedule to the amount of an actuarial increase under this paragraph, in relation to periodic compensation, are to the difference between the amounts in sub-paragraphs (2)(a) and (2)(b).

(4) Where the payment of lump sum compensation under paragraph 7, 10, 14 or 19 ceases to be postponed, the Board must determine—

(a) the relevant amount, as at the time the lump sum compensation would have been payable if its payment had not been postponed, and

(b) the amount in paragraph (a), increased in accordance with actuarial factors published by the Board.

(5) References in this Schedule to the amount of an actuarial increase under this paragraph, in relation to lump sum compensation, are to the difference between the amounts in sub-paragraphs (4)(a) and (4)(b).

(6) In sub-paragraph (4) the "relevant amount" means (as appropriate)—

(a) the amount mentioned in paragraph 7(2)(a),

(b) the aggregate of the amounts mentioned in paragraph 10(2)(a) and (b),

(c) the amount mentioned in paragraph 14(3)(a), or

(d) the amount mentioned in paragraph 19(3)(a).".

23.—(1) In paragraph 5(3) (periodic compensation for postponed pensioner at assessment date)—

(a) omit "and" at the end of paragraph (a), and

(b) after that paragraph insert—

"(aa) if the commencement of periodic compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph, and".

(2) In paragraph 7(2) (lump sum compensation for postponed pensioner at assessment date) for the words from "the amount" to the end substitute "the aggregate of—

(a) the amount of the scheme lump sum which would have been payable had the postponement ceased immediately before the assessment date, and

(b) if the payment of compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph.".

(3) In paragraph 8(3) (periodic compensation for active member over pension age at assessment date)—

(a) omit "and" at the end of paragraph (a), and

(b) after that paragraph insert—

"(aa) if the commencement of periodic compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph, and".

(4) In paragraph 10(2) (lump sum compensation for active member over pension age at assessment date)—

(a) omit "and" at the end of paragraph (a), and

(b) after paragraph (b) insert ", and

(c) if the payment of compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph.".

(5) In paragraph 11(3) (periodic compensation for active member under pension age at assessment date)—

(a) omit "and" at the end of paragraph (a), and

(b) after that paragraph insert—

"(aa) if the commencement of periodic compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph, and".

(6) In paragraph 14(3) (lump sum compensation for active member under pension age at assessment date) for "the protected amount" substitute "the aggregate of—

(a) the protected amount, and

(b) if the payment of compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph.".

(7) In paragraph 15(3) (periodic compensation for deferred member under pension age at assessment date)—

(a) omit "and" at the end of paragraph (a), and

(b) after that paragraph insert—

"(aa) if the commencement of periodic compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph, and".

(8) In paragraph 19(3) (lump sum compensation for deferred member under pension age at assessment date) for "the protected amount" substitute "the aggregate of—

(a) the protected amount, and

(b) if the payment of compensation under this paragraph has been postponed for any period by virtue of paragraph 25A, the amount of the actuarial increase under that paragraph.".

(9) In paragraph 26 (compensation cap)—

(a) in sub-paragraphs (3)(c) and (6)(e) for "14(3)" substitute "14(3)(a)", and

(b) in sub-paragraphs (3)(e) and (6)(g) for "19(3)" substitute "19(3)(a)".

24.—(1) In paragraph 6 (periodic compensation for widow or widower of postponed pensioner at assessment date)—

(a) in sub-paragraph (3) after "including" insert "any actuarial increase under paragraph 25A and", and

(b) after sub-paragraph (3) insert—

"(3A) If, on the day the postponed pensioner ("P") died, commencement of P's periodic compensation under paragraph 5 was postponed by virtue of paragraph 25A, assume for the purposes of sub-paragraph (3) that the periodic compensation commenced immediately before the date of P's death.".

(2) In paragraph 9 (periodic compensation for widow or widower of active member over pension age at assessment date)—

(a) in sub-paragraph (3) after "including" insert "any actuarial increase under paragraph 25A and", and

(b) after sub-paragraph (3) insert—

"(3A) If, on the day the active member ("A") died, commencement of A's periodic compensation under paragraph 8 was postponed by virtue of paragraph 25A, assume for the purposes of sub-paragraph (3) that the periodic compensation commenced immediately before the date of A's death.".

(3) In paragraph 13 (periodic compensation for widow or widower of active member under pension age at assessment date)—

(a) in sub-paragraph (3)(a) after "including" insert "any actuarial increase under paragraph 25A and",

(b) in sub-paragraph (3)(b) after sub-paragraph (ii) insert—

"(assuming commencement of the periodic compensation was not postponed by virtue of paragraph 25A).", and

(c) after sub-paragraph (3) insert—

"(3ZA) For the purposes of sub-paragraph (3)(a), if on the day the active member ("A") died commencement of A's periodic compensation under paragraph 11 was postponed by virtue of paragraph 25A, assume that the periodic compensation commenced immediately before the date of A's death.".

(4) In paragraph 18 (periodic compensation for widow or widower of deferred member under pension age at assessment date)—

(a) in sub-paragraph (3)(a) after "including" insert "any actuarial increase under paragraph 25A and",

(b) in sub-paragraph (3)(b) after sub-paragraph (ii) insert—

"(assuming commencement of the periodic compensation was not postponed by virtue of paragraph 25A).", and

(c) after sub-paragraph (3) insert—

"(3ZA) For the purposes of sub-paragraph (3)(a), if on the day the deferred member ("D") died commencement of D's periodic compensation under paragraph 15 was postponed by virtue of paragraph 25A, assume that the periodic compensation commenced immediately before the date of D's death.".

25. In paragraph 24(1) (commutation of periodic compensation) for "becomes payable" substitute "commences".

26.—(1) In paragraph 25B (eligibility for terminal illness lump sum)—

(a) in sub-paragraph (4) in the definition of "relevant age"—

(i) in paragraph (a) omit "or deferred" and "or (as the case may be) 25A", and

(ii) in paragraph (b) omit "or deferred", and

(b) after sub-paragraph (4) insert—

"(5) Sub-paragraph (6) applies where—

(a) the commencement of a person's periodic compensation under paragraph 11 or 15 is postponed by virtue of paragraph 25A, or

(b) the payment of a person's lump sum compensation under paragraph 14 or 19 is postponed by virtue of that paragraph.

(6) This paragraph applies as if—

(a) the person first becomes entitled to compensation under the paragraph in question immediately after the period of postponement ends, and

(b) in sub-paragraph (1)(b), for "if the person lived to the relevant age, the person would become entitled on attaining that age" there were substituted "if the period of postponement ended, the person would become entitled".".

(2) In paragraph 25E (effect of successful application for terminal illness lump sum) after sub-paragraph (6) insert—

"(7) Where on the granting of the application—

(a) the commencement of a person's periodic compensation under paragraph 11 or 15 is postponed by virtue of paragraph 25A, or

(b) the payment of a person's lump sum compensation under paragraph 14 or 19 is postponed by virtue of that paragraph,

this paragraph applies as if the references to the person attaining the relevant age were references to the period of postponement ending.".

27.—(1) Paragraph 28 (annual increase in periodic compensation) is amended as follows.

(2) In sub-paragraph (3)—

(a) in the definition of "underlying rate" for "any of the paragraphs mentioned in sub-paragraph (1)" substitute "paragraph 3 or 22", and

(b) after that definition insert—

""underlying rate" means, in the case of periodic compensation under paragraph 5, 8, 11 or 15, the aggregate of—

(a) so much of the amount mentioned in sub-paragraph (3)(a) of the paragraph in question as is attributable to post-1997 service,

(b) so much of the amount mentioned in sub-paragraph (3)(aa) of the paragraph in question as is attributable to post-1997 service, and

(c) the amount within sub-paragraph (3)(b) of that paragraph immediately before the indexation date.".

(3) In sub-paragraph (5)—

(a) in paragraph (a) for the second "the" substitute "each",

(b) omit the "and" at the end of that paragraph, and

(c) after paragraph (b) insert—

"(c) for the purposes of sub-paragraph (2), the definition of "underlying rate" in the case of periodic compensation under paragraph 5, 8, 11 or 15 applies as if the reference in paragraph (b) of the definition to the amount mentioned in sub-paragraph (3)(aa) of the paragraph in question were a reference to that amount reduced by the commutation percentage, and

(d) that amount (as so reduced) is attributable to post-1997 service and pre-1997 service in the same proportions as that amount would have been so attributable had no part of the periodic compensation been commuted.".

(4) After sub-paragraph (5) insert—

"(5A) The amount mentioned in sub-paragraph (3)(aa) of paragraph 5, 8, 11 or 15 is attributable—

(a) to post-1997 service, in so far as it relates to so much of the amount mentioned in sub-paragraph (3)(a) of the paragraph in question as is attributable to post-1997 service, and

(b) to pre-1997 service, in so far as it relates to so much of that amount as is attributable to pre-1997 service.

(5B) Where the commencement of periodic compensation under paragraph 5, 8, 11 or 15 has been postponed by virtue of paragraph 25A, this paragraph applies as if the person first becomes entitled to periodic compensation under the paragraph in question on the day on which the periodic compensation commences.".

28.—(1) In paragraph 29 (Board's powers to alter rates of revaluation and indexation) after sub-paragraph (6) insert—

"(6A) A determination under sub-paragraph (2) which has effect as mentioned in sub-paragraph (6)(b)(ii) may provide that, where the payment of periodic compensation to a person is postponed by virtue of paragraph 25A, the determination applies as if the person first becomes entitled to the periodic compensation on the day on which the periodic compensation commences.".

(2) In paragraph 30 (Department's powers to vary percentage paid as compensation) after sub-paragraph (6) insert—

"(6A) An order under this paragraph which has effect as mentioned in sub-paragraph (6)(b)(ii) may provide that, where the payment of compensation to a person is postponed by virtue of paragraph 25A, the order applies as if the person first becomes entitled to the compensation immediately after the period of postponement ends.".