SCHEDULE 1 Regulation 2

"SCHEDULE 3 Regulation 183

The Partnership Pension Account Ill-Health Benefits Arrangements

PART 1

Preliminary

Interpretation - general

1. In this Schedule—

"the 2002 Section" means Section I of the PCSPS;

"the 2007 Section" means Section III of the PCSPS;

"alpha" means the scheme established by regulation 3;

"eligible service" has the meaning given in paragraph 2;

"final pensionable earnings" has the meaning given in paragraph 3;

"ill-health benefits" in relation to a person means benefits payable in the event of the person's ill-health;

"incapacity for employment" has the meaning given in paragraph 4;

"partnership ill-health benefits arrangements" means the arrangements for payment of ill-health benefits set out in this Schedule or in the scheme made under section 1 of SA 1972 which provided for ill-health benefits for persons who have a partnership pension account;

"permanent breakdown in health" has the meaning given in paragraph 5; and

"qualifying partnership service" has the meaning given in paragraph 6.

Meaning of "eligible service"

2.—(1) In this Schedule, "eligible service" in relation to a person to whom this Schedule applies (P) means the aggregate of the periods of service (expressed in years) referred to in sub-paragraph (2) which fall within P's current period of scheme employment to which sub-paragraph (3) applies.

(2) The periods referred to in this sub-paragraph are—

(a) any period of service during which P has a partnership pension account to which P's employer is paying contributions;

(b) any period which counts as qualifying service under the 2002 Section or the 2007 Section which is qualifying partnership service in relation to P; and

(c) any period during which P is in pensionable service under alpha which is qualifying partnership service in relation to P.

(3) This sub-paragraph applies to a period of service in scheme employment in respect of which P—

(a) receives pensionable earnings; or

(b) is treated as receiving assumed pay.

(4) If a person (P) to whom this Schedule applies is in part-time service at any time during the periods referred to in sub-paragraph (2), the eligible service in respect of the period during which P is in part-time service is—

$$\frac{A}{(N \times 52.2)} \, years$$

where–

A is the number of hours of P's part-time service in the period in question (excluding meal breaks, unless they are paid for part-time staff); and

N is the number of weekly full-time conditioned hours in the period in question for a person in the same grade as P (excluding meal breaks unless they are paid for part-time staff).

(5) If the number of weekly full-time conditioned hours varies during the period in question, the calculation in sub-paragraph (4) must be made separately for each period within the period of part-time service in question during which that number remains the same.

Meaning of "final pensionable earnings"

3.—(1) In this Schedule, "final pensionable earnings" in relation to a person (P) to whom this Schedule applies means the greater of—

(a) P's permanent pensionable earnings in the 12 months ending on the last day of P's eligible service; and

(b) P's permanent pensionable earnings in one of the last two complete scheme years ending on or before the last day on which P was in scheme employment.

(2) This sub-paragraph applies where—

(a) P's last day of eligible service is after 29th July 2007;

(b) P returned from unpaid leave or unpaid absence during the 12 months ending with P's last day of eligible service;

(c) P was in scheme employment during the whole of the period of 12 months ending with P's last day of eligible service; and

(d) during the period of unpaid leave or unpaid absence referred to in paragraph (b) P did not have a partnership pension account to which P's employer was paying contributions.

(3) Where sub-paragraph (2) applies, the period of 12 months referred to in sub-paragraph (1)(a) shall be taken as being the period of 365 days plus the number of days during the period of unpaid leave or unpaid absence referred to in sub-paragraph (2)(b).

(4) If the period of 365 days referred to in sub-paragraph (3) includes 29th February, that sub-paragraph has effect with the substitution for "365" of "366".

(5) For the purpose of sub-paragraph (1), P's permanent pensionable earnings for any period include any assumed pay which P is treated as receiving during that period.

(6) If P was in part-time service during any period which is relevant for the purpose of sub-paragraph (1), P's final pensionable earnings are calculated as if P received the full-time rate during that period.

(7) If P was not in scheme employment during the whole of the 12 month period referred to in sub-paragraph (1)(a), that sub-paragraph applies as if it referred to P's annualised permanent pensionable earnings in P's latest period of scheme employment ending with P's last day of eligible service.

(8) For the purposes of sub-paragraph (7), P's annualised permanent pensionable earnings for a period are—

$$PPE \times \frac{365}{N}$$

where–

PPE is P's permanent pensionable earnings for the period; and

N is the number of days in the period.

(9) If the period referred to in sub-paragraph (8) includes 29th February, sub-paragraph (8) has effect with the substitution for "365" of "366".

(10) Only pensionable earnings in P's latest continuous period of service in scheme employment are to be taken into account for the purposes of sub-paragraph (1)(a) and (b).

(11) In sub-paragraph (10), "continuous period of service in scheme employment" means a period of service in scheme employment disregarding any gap in service in scheme employment not exceeding 6 months.

Meaning of "incapacity for employment"

4. In this Schedule, a person's breakdown in health involves "incapacity for employment" if the scheme medical adviser is of the opinion that as a result of the breakdown the person is incapable of doing the person's own or a comparable job.

Meaning of "permanent breakdown in health"

5. In this Schedule, a person's breakdown in health is "permanent" if the scheme medical adviser is of the opinion that the breakdown will continue until the person reaches pension age.

Meaning of "qualifying partnership service"

6. In this Schedule, "qualifying partnership service" means the aggregate of the following periods—

(a) any period beginning on or after 1st October 2002 falling within a person's latest period of scheme employment during which the person has a partnership pension account (regardless of whether the person's employer pays contributions);

(b) any period which counts as qualifying service under the 2002 Section or the 2007 Section provided that the last day of such period was immediately before the person held a partnership pension account;

(c) where a person (P) was in pensionable service under alpha immediately before P held a partnership pension account—

(i) any period during which P was in pensionable service under alpha provided that the last day of such period was immediately before P held a partnership pension account; and

(ii) any period which counts as qualifying service under the 2002 Section or the 2007 Section provided that the last day of such period was immediately before P's period of qualifying partnership service within paragraph (i); and

(d) in the case of a person who is transferred to scheme employment without the person's consent and who has a partnership pension account immediately after that transfer, the whole of the period during which that person was an active member of an occupational pension scheme in the person's employment immediately prior to the transfer.

Calculation of periods of service

7. Where this Schedule provides for a period of service to be expressed in years, regulation 176 applies for the purposes of this Schedule.

PART 2

Application

Persons to whom this Schedule applies

8. Subject to paragraph 9, this Schedule applies to any person who—

(a) has a partnership pension account;

(b) has at least two years' qualifying partnership service;

(c) is under normal pension age; and

(d) is in service in a scheme employment immediately prior to the termination of the person's service in accordance with paragraph 11(2)(b).

Exclusions from Schedule application

9. This Schedule does not apply to a person (P) if—

(a) the terms of P's employment provide that the partnership ill-health benefits arrangements do not apply to P;

(b) P's employer has made alternative provision for ill-health benefits for P;

(c) P's employer is not making payments to the scheme manager for the arrangements for payment of ill-health benefits set out in this Schedule to apply to P; or

(d) P opts for the partnership ill-health benefits arrangements not to apply to P.

Application of Schedule following transfer of employment

10. Where a person (P) becomes a person to whom this Schedule applies as a result of a transfer of employment, the scheme manager may apply the rules of this Schedule to P with any modifications the scheme manager considers necessary to reflect—

(a) any terms and conditions of P's employment relating to ill-health benefits which continue to have effect after the transfer; or

(b) any undertaking given by a Minister of the Crown about the ill-health benefits payable to P.

PART 3

Ill-health benefits

Entitlement to ill-health benefits

11.—(1) A person to whom this Schedule applies is entitled to a lump sum calculated in accordance with paragraph 12 if the conditions in sub-paragraph (2) are met.

(2) The conditions are—

(a) the person or the person's employer has claimed payment of a lump sum under this scheme;

(b) the person's employment has been terminated due to a breakdown in health; and

(c) the scheme medical adviser is of the opinion that the person has suffered a permanent breakdown in health involving incapacity for employment.

Calculation of ill-health benefits

12. The amount of the lump sum is equal to the lesser of the following amounts—

(a) 20% of the person's final pensionable earnings multiplied by the length of the person's eligible service (expressed in years);

(b) the person's final pensionable earnings multiplied by 3; and

(c) for any person who is within 3 years of the person's normal pension age, the person's final pensionable earnings multiplied by 3 and reduced by 1/36 for each complete month of the person's eligible service within that 3-year period.

False statements about ill-health

13.—(1) Sub-paragraph (2) applies where—

(a) a lump sum has been awarded to a person (P) under this Schedule; and

(b) it subsequently appears to the scheme manager that P made a false declaration about P's health or deliberately suppressed a material fact that was relevant to the award.

(2) The scheme manager may withhold the whole or part of the lump sum or recover any payment of the lump sum that has been made."