

## SCHEDULES

### SCHEDULE 4

#### PENSION COMPENSATION PAYABLE ON DISCHARGE OF PENSION COMPENSATION CREDIT

#### PART 4

##### PROVISIONS APPLICABLE IRRESPECTIVE OF AGE OF TRANSFEREE ON TRANSFER DAY

##### *Annual increase in periodic compensation*

**17.—**(1) This paragraph provides for annual increases to compensation payable to the transferee.

(2) The transferee is entitled, on each indexation date, to an increase of the appropriate percentage of the underlying rate.

(3) The increase to which the transferee is entitled on the first indexation date is restricted to 1/12 of the amount calculated under sub-paragraph (2) for each full month in the period beginning with the transfer day and ending with that indexation date.

(4) For the purposes of sub-paragraph (2)—

“the appropriate percentage”, as at an indexation date, is the lesser of—

(a) the percentage increase referred to in paragraph (a) of the definition of “the appropriate percentage” in paragraph 17(4) of Schedule 5 to the Pensions Act 2008, and

(b) 2.5%;

“the indexation date” means—

(a) the 1st January next falling after the transferee first becomes entitled to the periodic compensation, and

(b) each subsequent 1st January during the transferee’s lifetime;

“the underlying rate”, as at an indexation date, is the aggregate of—

(a) the indexed proportion (as determined under sub-paragraph (5) or (6)) of the aggregate of the initial annual rate of compensation and (in the case of compensation payable under paragraph 6) the revaluation amount, and

- (b) any annual increase to which the transferee is entitled under this paragraph in respect of earlier indexation dates.

(5) Where the transferor's PPF compensation is payable in accordance with paragraph 3, 5, 8, 11, 15 or 22 of Schedule 6 to the 2005 Order ("the relevant paragraph of Schedule 6"), "the indexed proportion" is the proportion of the amount mentioned in sub-paragraph (3)(a) of the relevant paragraph of Schedule 6 that is attributable to the transferor's post-1997 service.

Paragraph 28(4) of that Schedule applies for the purpose of attributing amounts to the transferor's post-1997 service under this sub-paragraph.

(6) Where the transferor's PPF compensation is payable otherwise than as mentioned in sub-paragraph (5), "the indexed proportion" is such proportion as is determined in accordance with regulations made by the Department.

- (7) Where the compensation payable to the transferee is—

- (a) reduced as a result of the commutation of periodic compensation under paragraph 9, or

- (b) restricted under regulations under paragraph 18 (compensation cap),

the references in the definition of "the underlying rate" in sub-paragraph (4) to the initial annual compensation rate and the revaluation amount are to that rate and that amount as so restricted or reduced.

(8) the definition of "the appropriate percentage" in sub-paragraph (4) is subject to paragraph 20 (power of Board to alter rates of revaluation and indexation).

(9) In this paragraph "post-1997 service" has the same meaning as in paragraph 28 of Schedule 6 to the 2005 Order (annual increase in periodic pension compensation).