

## SCHEDULES

### SCHEDULE 6

#### AMENDMENTS OF SCHEDULE 6 TO THE 2005 ORDER

14. After paragraph 25A (inserted by paragraph 13) insert—

*“Terminal illness lump sum: eligibility*

**25B.**—(1) This paragraph applies to a person in relation to whom all of the following conditions are met—

- (a) the person is terminally ill;
- (b) if the person lived to the relevant age, the person would become entitled on attaining that age to relevant compensation in relation to the scheme;
- (c) the person has not yet become entitled to any compensation under the pension compensation provisions in relation to the scheme;
- (d) the whole or any part of the person’s lifetime allowance is available.

(2) A person to whom this paragraph applies may make an application to the Board to commute the future entitlement mentioned in sub-paragraph (1)(b) for a lump sum (“a terminal illness lump sum”) payable on the granting of the application.

(3) For the purposes of this Chapter a person is “terminally ill” at any time if at that time the person suffers from a progressive disease and the person’s death in consequence of that disease can reasonably be expected within six months.

(4) In this paragraph—

“lifetime allowance”, in relation to a person, has the same meaning as in Part 4 of the Finance Act 2004 (c. 12) (pension schemes etc.) (see section 218 of that Act);

“relevant age”, in relation to a person, means—

- (a) in relation to compensation entitlement to which has been accelerated or deferred under regulations under paragraph 25 or (as the case may be) 25A, the age at which the person becomes entitled to the compensation in accordance with the regulations;
- (b) in relation to compensation entitlement to which has not been so accelerated or deferred, normal pension age (or, in a case to which paragraph 21 applies, normal benefit age);

“relevant compensation” means—

- (a) periodic compensation under paragraph 11 or 15, or
- (b) lump sum compensation under paragraph 14 or 19.

*Terminal illness lump sum: application*

**25C.** An application for a terminal illness lump sum—

- (a) must be made in writing, either on a form approved by the Board for the purposes of this paragraph or in such other manner as the Board may accept as sufficient in the circumstances of the case;
- (b) must be accompanied by such information as the Board may require for the purpose of determining the application.

*Terminal illness lump sum: determination of application*

**25D.**—(1) The Board must determine an application for a terminal illness lump sum in accordance with this paragraph.

(2) The Board must—

- (a) if satisfied that the conditions in paragraph 25B(1) are met in relation to the applicant, grant the application;
- (b) in any other case (subject to sub-paragraph (3)), reject the application.

(3) The Board may hold over the application for determination at a later date if it is satisfied that—

- (a) although the condition in paragraph 25B(1)(a) is not met in relation to the applicant, the applicant suffers from a progressive disease and may become terminally ill within six months, and
- (b) the conditions in paragraph 25B(1)(b) to (d) are met in relation to the applicant.

*Terminal illness lump sum: effect of successful application*

**25E.**—(1) If the Board grants an application for a terminal illness lump sum, the applicant—

- (a) becomes entitled to a terminal illness lump sum calculated in accordance with this paragraph, and
- (b) loses the entitlement the applicant otherwise would have had on attaining the relevant age to relevant compensation in relation to the scheme.

(2) The amount of the terminal illness lump sum is 2 times the sum of—

- (a) the periodic compensation annual amount, and

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

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(b) the lump sum compensation annual amount.

(3) In sub-paragraph (2) “the periodic compensation annual amount” means the annual amount to which the applicant would have been entitled under paragraph 11 or 15 in relation to the scheme in the year following the granting of the application, if the applicant had attained the relevant age on the granting of the application.

(4) In sub-paragraph (2) “the lump sum compensation annual amount” means the annualised value of the lump sum to which the applicant would have been entitled under paragraph 14 or 19 in relation to the scheme on the granting of the application, if the applicant had attained the relevant age on the granting of the application.

(5) In sub-paragraph (4) “the annualised value” of a lump sum means the annualised actuarially equivalent amount of that sum, determined in accordance with actuarial factors published by the Board.

(6) In this paragraph “relevant compensation” and “the relevant age” have the same meanings as in paragraph 25B.

*Terminal illness lump sum: information*

**25F.**—(1) Relevant information held by the Department or the Secretary of State about an individual may be disclosed to the Board for use for a purpose relating to—

- (a) the Board’s functions under paragraphs 25B to 25E;
- (b) the compliance of the trustees or managers of a pension scheme with Article 122 (limit on amount of scheme benefits payable during an assessment period).

(2) In sub-paragraph (1) “relevant information” means—

- (a) information held for the purposes of any function of the Department relating to social security; or
- (b) information held for the purposes of any function of the Secretary of State relating to any scheme made under section 286 of the Pensions Act 2004 (financial assistance scheme).”.