

SCHEDULES

SCHEDULE 11

DEFERRAL OF RETIREMENT PENSIONS AND SHARED ADDITIONAL PENSIONS

PART 1

PRINCIPAL AMENDMENTS OF SOCIAL SECURITY CONTRIBUTIONS AND BENEFITS ACT 1992 (C. 4)

8 (1) After paragraph 3 insert—

“Lump sum where pensioner’s entitlement is deferred

- 3A (1) This paragraph applies where—
- (a) a person’s entitlement to a Category A or Category B retirement pension is deferred, and
 - (b) the person has made (or is treated as having made) an election under paragraph A1(1)(b) in relation to the period of deferment.
- (2) The person is entitled to an amount calculated in accordance with paragraph 3B (a “lump sum”).

Calculation of lump sum

- 3B (1) The lump sum is the accrued amount for the last accrual period beginning during the period of deferment.
- (2) In this paragraph—
- ‘accrued amount’ means the amount calculated in accordance with sub-paragraph (3);
 - ‘accrual period’ means any period of seven days beginning with a prescribed day of the week, where that day falls within the period of deferment.
- (3) The accrued amount for an accrual period for a person is—

$$(A - P) \times 52 \sqrt[52]{\left(1 + \frac{R}{100}\right)}$$

where—

A is the accrued amount for the previous accrual period (or, in the case of the first accrual period beginning during the period of deferment, zero);

Status: This is the original version (as it was originally enacted).

P is the amount of the Category A or Category B retirement pension to which the person would have been entitled for the accrual period if his entitlement had not been deferred;

R is—

- (a) a percentage rate two per cent. higher than the Bank of England base rate, or
- (b) if regulations so provide, such higher rate as may be prescribed.

(4) For the purposes of sub-paragraph (3), any change in the Bank of England base rate is to be treated as taking effect—

- (a) at the beginning of the accrual period immediately following the accrual period during which the change took effect, or
- (b) if regulations so provide, at such other time as may be prescribed.

(5) For the purposes of the calculation of the lump sum, the amount of Category A or Category B retirement pension to which the person would have been entitled for an accrual period—

- (a) includes any increase under section 47(1) and any increase under paragraph 4 of this Schedule, but
- (b) does not include—
 - (i) any increase under section 83A or 85 or paragraphs 5 to 6 of this Schedule,
 - (ii) any graduated retirement benefit, or
 - (iii) in prescribed circumstances, such other amount of Category A or Category B retirement pension as may be prescribed.

(6) The reference in sub-paragraph (5)(a) to any increase under subsection (1) of section 47 shall be taken as a reference to any increase that would take place under that subsection if subsection (2) of that section and section 46(5) of the Pensions Act were disregarded.”

(2) In relation to any accrual period (within the meaning of Schedule 5 to the principal Act as amended by this paragraph) ending before 6th April 2010 the reference in paragraph 3B(5)(b) of that Schedule to section 83A of that Act is to be read as a reference to section 83 or 84 of that Act.