

## LGPS England & Wales

### Scheme administrator guide

# When and how to apply supplementary pensions increase to a lump sum

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#### Objectives and limitations of this guide

The information in this Guide sets out the LGPS Secretariat's understanding of how supplementary pension increases are applied to LGPS lump sums. It is based on the:

- Social Security Pensions Act 1975 (SSPA 1975)
- Pensions Increase Act 1971 (PIA 1971)
- Pensions Increase (Review) Orders

This guide:

- assumes that entitlement to the lump sum has already been determined,
- assumes that any increases applied by way of the Public Service Pensions Revaluation Order under s.9 of the Public Service Pension Schemes Act (PSPA) 2013 have already occurred (where appropriate), before the application of the above legislation. This is covered in the '[Revaluation](#)' technical guide, and
- does not cover how pension increases should be applied to a pension in payment. This is covered in '[The application of increases to LGPS pensions in payment](#)' guide.

both of these guides can be found in the [guides and sample documents page](#) of [www.lgpsregs.org](http://www.lgpsregs.org).

## Background

Section 59 of the Social Security Pensions Act 1975 provides for public service pensions to be increased annually by the same percentage as additional pensions (State Earnings Related Pension and State Second Pension). Each February/March, a Pensions Increase (Review) Order is laid (in line with the September-to-September increase in the Consumer Prices Index (CPI)), setting out the increases that apply to deferred pensions and lump sums from the effective date of the Order. The Pensions (Increase) Act 1971 defines certain terms and sets out when a pension 'begins' and how the increase applies to lump sums.

In earlier Orders supplementary increases to lump sums were laid down in 'article 4', though over the years this changed and the increases are now laid down in 'article 3' (albeit the explanatory memorandum still makes reference to 'article 4'). These increases have had a number of historical names for example: 'supp PI', 'article 4 payments', 'article 3 payments' etc. This guide refers to these payments as 'supplementary pensions increase'.

Supplementary pensions increase may be paid in respect of a **Pension Commencement Lump Sum (PCLS)**, **Serious Ill Health Lump Sum** (pre 1 April 2008 leavers, councillors and certain pension credit members) and a **Defined Benefits Lump Sum Death Benefit (DBLSDB)**, depending upon circumstances. These are set out in the sections titled [supplementary pensions increase](#) further within this guide. These sections include supplementary pensions increase payable in respect of active, deferred, pensioner and councillor members. There are three separate sections that looks at pension credit members in isolation as these cases do not easily fit into the earlier sections.

For completeness, this guide also includes a [full list](#) of all of lump sum payments payable from the LGPS together with the reasons as to why supplementary pensions increase is not payable in respect of certain lump sums.

## Combined CARE and Final Salary lump sums

There will be occasions when a lump sum is made up of both CARE and Final Salary elements. Where this is the case, the rules for each element should be followed and the results added together to reach the total supplementary pensions increase payable. There will be occasions where differing pension increases apply to different elements of the lump sum, however, there is an outstanding regulatory query.

When applying supplementary PI, it is clear that the intention is to split the lump sum between those built up from final salary benefits and those built up from CARE benefits. The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 do contain a provision for the purposes of working out these splits for death grants (regulation 13(2)), but they are silent for other purposes. This has been notified to MHCLG and is LGA query number 99 which can be found in the document titled 'LGA queries with MHCLG' published in the ['2019 Technical Group minutes'](#) page of [www.lgpsregs.org](http://www.lgpsregs.org).

## Summary of lump sums paid from the LGPS and whether supplementary PI is payable

Type of lump sum	Built up from	Can supplementary PI be payable?	Legislation
Pension Commencement Lump Sum (PCLS)	<ul style="list-style-type: none"> <li>- 12:1 commutation of CARE benefits on and after 1 April 2014</li> <li>- 12:1 commutation of final salary benefits</li> <li>- 3/80<sup>th</sup> lump sum</li> <li>- Increased retirement grant if the member made an election under r. 59 of LGPS Regulations 1997</li> <li>- Career average councillor benefits</li> <li>- Pension credit benefits</li> </ul>	<p><b>Yes:</b></p> <ul style="list-style-type: none"> <li>- depending on date of leaving / effective date of pension sharing order, pensions increase date and payment date</li> </ul>	<ul style="list-style-type: none"> <li>- s.166(1)(a) Finance Act 2004</li> <li>- r.33 LGPS Regulations 2013 [SI 2013/2356]</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525]</li> <li>- r.21 LGPS (Benefit, Membership and Contributions) Regulations 2007 [SI 2007/1166] and equivalent predecessor regulations</li> <li>- r.20, 59 &amp; 154 &amp; Schedule 8 LGPS Regulations 1997 [SI 1997/1612] and equivalent predecessor regulations</li> </ul>
Serious Ill Health Lump Sum	<ul style="list-style-type: none"> <li>- Final salary benefits where member left active membership before 1 April 2008</li> <li>- Career average councillor benefits</li> <li>- pension credit where effective date of the pension sharing order is before 1 April 2008</li> <li>- pension credit where effective date of the pension sharing order is on or after 1 April 2008 and the debited member left active membership before 1 April 2008</li> </ul>		<ul style="list-style-type: none"> <li>- s.166(1)(b) Finance Act 2004</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525]</li> <li>- r.50 &amp; 157 and Schedule 8 LGPS Regulations 1997 [SI 1997/1612] and equivalent predecessor regulations</li> </ul>

## Summary of lump sums paid from the LGPS and whether supplementary PI is payable

Type of lump sum	Built up from	Can supplementary PI be payable?	Legislation
Defined Benefits Lump Sum Death Benefit	<ul style="list-style-type: none"> <li>- CARE benefits on and after 1 April 2014</li> <li>- Final salary benefits</li> <li>- Career average councillor benefits</li> <li>- Pension credit benefits</li> </ul>	<p><b>Yes:</b></p> <ul style="list-style-type: none"> <li>- depending on deceased member's date of leaving / effective date of pension sharing order, pensions increase date and date of payment of benefits (if any) and the date of death</li> </ul>	<ul style="list-style-type: none"> <li>- s.168(1)(a) Finance Act 2004</li> <li>- r.40, 43 &amp; 46 LGPS Regulations 2013 [SI 2013/2356]</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525]</li> <li>- r.23, 32 &amp; 35 LGPS (Benefit, Membership and Contributions) Regulations 2007 [SI 2007/1166] and equivalent predecessor regulations</li> <li>- r.157 and Schedule 8 LGPS Regulations 1997 [SI 1997/1612]</li> </ul>
Trivial Commutation Lump Sum  Trivial Commutation Lump Sum Death Benefit  De minimis Lump Sum	<ul style="list-style-type: none"> <li>- CARE benefits on and after 1 April 2014</li> <li>- Final salary benefits</li> <li>- Career average councillor benefits for trivial commutation lump sum or lump sum death benefit only (see <a href="#">trivial commutation guide</a> for further information)</li> <li>- Pension credit benefits where appropriate - see <a href="#">trivial commutation guide</a> for further information</li> </ul>	<p><b>No:</b></p> <ul style="list-style-type: none"> <li>- a trivial commutation lump sum / de minimis payment must extinguish any entitlement to benefits under the scheme</li> </ul>	<ul style="list-style-type: none"> <li>- s.166(1)(e) Finance Act 2004</li> <li>- s.168(1)(h) Finance Act 2004</li> <li>- r.6, 11 or 12 - the Registered Pension Schemes (Authorised Payments) Regulations 2009 [SI 2009/1171]</li> <li>- r.33 &amp; 34 LGPS Regulations 2013 [SI 2013/2356]</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525]</li> <li>- r.39 LGPS (Benefit, Membership and Contributions) Regulations 2007 [SI 2007/1166] and equivalent predecessor regulations</li> <li>- r.156 and Schedule 8 LGPS Regulations 1997 [SI 1997/1612]</li> </ul>

## Summary of lump sums paid from the LGPS and whether supplementary PI is payable

Type of lump sum	Built up from	Can supplementary PI be payable?	Legislation
Short Service Refund Lump Sum (excludes pension credit benefits)	<ul style="list-style-type: none"> <li>- CARE benefits on and after 1 April 2014</li> <li>- Final salary benefits</li> <li>- Career average councillor benefits</li> </ul>	<p><b>No:</b></p> <ul style="list-style-type: none"> <li>- Pensions increase is not payable on a short service refund lump sum by virtue of s.9(1) Pensions Increase Act 1971.</li> </ul>	<ul style="list-style-type: none"> <li>- p.4ZA, ch.2 Pension Schemes Act 1993, s.166(1)(c) Finance Act 2004</li> <li>- r.18 LGPS Regulations 2013 [SI 2013/2356]</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525],</li> <li>- r.46 LGPS (Administration) Regulations 2008 [SI 2008/239] and equivalent predecessor regulations</li> <li>- Schedule 8 LGPS Regulations 1997 [SI 1997/1612]</li> </ul>
<p>Cash Equivalent Transfer Value (CETV) (includes pension credit benefits)</p> <p>Cash Transfer Sum (CTS) (excludes pension credit benefits)</p>	<ul style="list-style-type: none"> <li>- CARE benefits on and after 1 April 2014</li> <li>- Final salary benefits</li> <li>- Career average councillor benefits</li> </ul>	<p><b>No:</b></p> <ul style="list-style-type: none"> <li>- in order to be entitled to a CETV the member must cease accruing rights in the Scheme as per s.93 of the Pension Schemes Act 1993</li> <li>- Pensions increase is not payable on a CTS under s.101AB of the Pension Schemes Act 1993.</li> </ul>	<ul style="list-style-type: none"> <li>- p.4ZA, ch 1 &amp; ch 2 Pension Schemes Act 1993,</li> <li>- s.169 Finance Act 2004</li> <li>- r.96 LGPS Regulations 2013 [SI 2013/2356]</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525],</li> <li>- r.79 LGPS (Administration) Regulations 2008 [SI 2008/239] and equivalent predecessor regulations</li> <li>- r.147 (saved provision) and Schedule 8 LGPS Regulations 1997 [SI 1997/1612]</li> </ul>

## Summary of lump sums paid from the LGPS and whether supplementary PI is payable

Type of lump sum	Built up from	Can supplementary PI be payable?	Legislation
Club Transfer Payment (excludes pension credit benefits and career average councillor benefits)	<ul style="list-style-type: none"> <li>- CARE benefits on and after 1 April 2014</li> <li>- Final salary benefits</li> </ul>	<p><b>No:</b></p> <ul style="list-style-type: none"> <li>- the extant Club Memorandum does not provide for supplementary PI to be paid to the receiving Club scheme.</li> </ul>	<ul style="list-style-type: none"> <li>- Extant Club Memorandum</li> <li>- r.96 LGPS Regulations 2013 [SI 2013/2356]</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525],</li> <li>- r.79 LGPS (Administration) Regulations 2008 [SI 2008/239] and equivalent predecessor regulations</li> </ul>
Interfund adjustment (excludes pension credit benefits)	<ul style="list-style-type: none"> <li>- CARE benefits on and after 1 April 2014</li> <li>- Final salary benefits</li> <li>- Career average councillor benefits (only where aggregated with other councillor benefits)</li> </ul>	<p><b>No:</b></p> <ul style="list-style-type: none"> <li>- the extant SoS guidance does not provide for supplementary PI to be paid to the receiving administering authority.</li> </ul>	<ul style="list-style-type: none"> <li>- Extant Secretary of State (SoS) guidance</li> <li>- r.103 LGPS Regulations 2013 [SI 2013/2356]</li> <li>- r.3 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525],</li> <li>- r.86 LGPS (Administration) Regulations 2008 [SI 2008/239] and equivalent predecessor regulations</li> <li>- Schedule 8 LGPS Regulations 1997 [SI 1997/1612]</li> </ul>

## Supplementary Pensions Increase (PI) and Pension Commencement Lump Sum (PCLS)

Scenario No.	PCLS derived from	Pension Increase date <sup>1</sup>	Member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>2</sup>
1	12:1 commutation of CARE benefits on and after 1 April 2014 Career average councillor benefits	Day after leaving active membership	Day after leaving active membership	No	N/A
	<b>Example 1.1:</b> Member left active membership on 30 April 2018	1 May 2018	1 May 2018	No	N/A
2	12:1 commutation of CARE benefits on and after 1 April 2014 Career average councillor benefits	Day after leaving active membership	After the day after leaving active membership and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day before the PCLS became payable
	<b>Example 2.1:</b> Member left active membership on 30 April 2018	1 May 2018	1 October 2018	Yes – payable on 8 April 2019	1 May 2018 to 30 September 2018
3	12:1 commutation of CARE benefits on and after 1 April 2014	Day after leaving active membership	After the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day before the

<sup>1</sup> Section 8 of the Pensions Increase Act 1971.

<sup>2</sup> Article 3(3) of The Pensions Increase (Review) Order 2019 [SI 2019/546]

## Supplementary Pensions Increase (PI) and Pension Commencement Lump Sum (PCLS)

Scenario No.	PCLS derived from	Pension Increase date <sup>1</sup>	Member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>2</sup>
	Career average councillor benefits				PCLS became payable
	<b>Example 3.1:</b> Member left active membership on 30 April 2017	1 May 2017	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018
4	12:1 commutation of final salary benefits 3/80 <sup>th</sup> lump sum built up before 1 April 2008	Day after the end of the final pay period	Day after leaving active membership	Yes if an earlier year's final pay period applies	Effective date of last PI (Review) Order to the day before the PCLS became payable
	<b>Example 4.1</b> Member left active membership on 30 April 2018	1 May 2018	1 May 2018	No	N/A
	<b>Example 4.2</b> Member left active membership on 30 April 2018	1 May 2017	1 May 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 April 2018
5	12:1 commutation of final salary benefits 3/80 <sup>th</sup> lump sum built up before 1 April 2008	Day after the end of the final pay period	After the day after leaving active membership and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day before the PCLS became payable, or effective date of last PI (Review) Order to the



## Supplementary Pensions Increase (PI) and Pension Commencement Lump Sum (PCLS)

Scenario No.	PCLS derived from	Pension Increase date <sup>1</sup>	Member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>2</sup>
					day before the PCLS became payable
	<b>Example 5.1</b> Member left active membership on 30 April 2018	1 May 2018	1 October 2018	Yes – payable on 8 April 2019	1 May 2018 to 30 September 2018
	<b>Example 5.2</b> Member left active membership on 30 April 2018	1 May 2017	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018
6	12:1 commutation of final salary benefits  3/80 <sup>th</sup> lump sum built up before 1 April 2008	Day after the end of the final pay period	After the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day before the PCLS became payable
	<b>Example 6.1</b> Member left active membership on 30 April 2017	1 May 2017	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018
	<b>Example 6.2</b> Member left active membership on 30 April 2017	1 May 2016	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018

## Supplementary Pensions Increase (PI) and Serious Ill Health Lump Sum

Scenario No.	Serious ill health lump sum	Pension Increase date <sup>3</sup>	Member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable
1	Final salary benefits where member left active membership before 1 April 2008  Career average councillor benefits	Day after the end of the final pay period	Day after leaving active membership	Yes if an earlier year's final pay period applies (cannot apply to councillor members)	Effective date of last PI (Review) Order to the day before the serious ill health lump sum became payable
	<b>Example 1.1 (includes councillor members)</b> Member left active membership on 30 April 2005	1 May 2005	1 May 2005	No	N/A
	<b>Example 1.2 (cannot apply to councillor members)</b> Member left active membership on 30 April 2005	1 May 2003	1 May 2005	Yes – would have been payable on 10 April 2006	11 April 2005 to 30 April 2005 <sup>4</sup>
2	Final salary benefits where member left active membership before 1 April 2008	Day after the end of the final pay period	After the day after leaving active membership and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day before the serious ill health lump sum became payable, or effective

<sup>3</sup> Section 8 of the Pensions Increase Act 1971. Note: The PI date for a pension credit is deemed for purposes of the Pensions Increase Act 1971 to be the day on which the order or provision on which the credit depends takes effect.

<sup>4</sup> Article 4 of The Pensions Increase (Review) Order 2006 [SI 2006/741]

## Supplementary Pensions Increase (PI) and Serious Ill Health Lump Sum

Scenario No.	Serious ill health lump sum	Pension Increase date <sup>3</sup>	Member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable
	Career average councillor benefits				date of last PI (Review) Order to the day before the serious ill health lump sum became payable
	<b>Example 2.1 (includes councillor members)</b> Member left active membership on 30 April 2005	1 May 2005	1 October 2005	Yes – would have been payable on 10 April 2006	1 May 2005 to 30 September 2005 <sup>5</sup>
	<b>Example 2.2 (cannot apply to councillor members)</b> Member left active membership on 30 April 2005	1 May 2004	1 October 2005	Yes – would have been payable on 10 April 2006	11 April 2005 to 30 September 2005 <sup>5</sup>
3	Final salary benefits where member left active membership before 1 April 2008  Career average councillor benefits	Day after the end of the final pay period	After the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day before the serious ill health lump sum became payable

<sup>5</sup> Article 4 of The Pensions Increase (Review) Order 2006 [SI 2006/741]

## Supplementary Pensions Increase (PI) and Serious Ill Health Lump Sum

Scenario No.	Serious ill health lump sum	Pension Increase date <sup>3</sup>	Member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable
	<b>Example 3.1 (includes councillor members)</b> Member left active membership on 30 April 2005	1 May 2005	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018 <sup>6</sup>
	<b>Example 3.2 (cannot apply to councillor members)</b> Member left active membership on 30 April 2005	1 May 2004	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018 <sup>6</sup>

<sup>6</sup> Article 3(3) of The Pensions Increase (Review) Order 2019 [SI 2019/546]

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
1	Death in Service - CARE benefits on and after 1 April 2014 - Career average councillor benefits	Day after date of death	N/A	In service	No	N/A
	<b>Example 1.1:</b> Member died on 30 April 2018	1 May 2018	N/A	30 April 2018	No	N/A
2	Deferred death - CARE benefits on and after 1 April 2014 - Career average councillor benefits	Day after leaving active membership	N/A	After the day after leaving active membership and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day of death
	<b>Example 2.1:</b> Member died on 1 October 2018	1 May 2018	N/A	1 October 2018	Yes – payable on 8 April 2019	1 May 2018 to 1 October 2018

<sup>[1]</sup> Section 8 of the Pensions Increase Act 1971.

<sup>[2]</sup> Article 3(3) of The Pensions Increase (Review) Order 2019 [SI 2019/546]

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
3	Deferred death - CARE benefits on and after 1 April 2014 - Career average councillor benefits	Day after leaving active membership	N/A	After the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day of death
	<b>Example 3.1:</b> Member died on 1 October 2018	1 May 2017	N/A	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
4	Pensioner death - CARE benefits on and after 1 April 2014 - Career average councillor benefits	Day after leaving active membership	Immediate payment	After the day after payment of benefits and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day of death
	<b>Example 4.1:</b> Member left active membership on 30 April 2018	1 May 2018	1 May 2018	1 October 2018	Yes – payable on 8 April 2019	1 May 2018 to 1 October 2018

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
5	Pensioner death - CARE benefits on and after 1 April 2014 - Career average councillor benefits	Day after leaving active membership	Immediate payment	After the day after payment of benefits and after the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day of death
	<b>Example 5.1:</b> Member left active membership on 30 April 2017	1 May 2017	1 May 2017	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
6	Pensioner death - CARE benefits on and after 1 April 2014 - Career average councillor benefits	Day after leaving active membership	After the day after leaving active membership and before the effective date of the next PI Order	After the day after payment of benefits and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day of death
	<b>Example 6.1:</b> Member left active	1 May 2018	31 July 2018	1 October 2018	Yes – payable on 8 April 2019	<b>Death Grant:</b> - 1 May 2018 to 1 October

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
	membership on 30 April 2018					2018 – see <a href="#">note</a> <b>Plus PCLS:</b> - 1 May 2018 to 30 July 2018 – see <a href="#">note</a>
7	Pensioner death - CARE benefits on and after 1 April 2014 - Career average councillor benefits	Day after leaving active membership	After the next PI Order	After the day after payment of benefits	Yes	Effective date of last PI (Review) Order to the day of death
	<b>Example 7.1:</b> Member left active membership on 30 April 2017	1 May 2017	31 July 2018	1 October 2018	Yes – payable on 8 April 2019	<b>Death Grant:</b> - 9 April 2018 to 1 October 2018 - see <a href="#">note</a> <b>Plus PCLS:</b> - 9 April 2018 to 30 July 2018 – see <a href="#">note</a>



## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
8	Deferred death - final salary benefits	Day after the end of the final pay period	N/A	After the day after leaving active membership and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day of death, or effective date of last PI (Review) Order to the day of death
	<b>Example 8.1</b> Member left active membership on 30 April 2018	1 May 2018	N/A	1 October 2018	Yes – payable on 8 April 2019	1 May 2018 to 1 October 2018
	<b>Example 8.2</b> Member left active membership on 30 April 2018	1 May 2017	N/A	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
9	Deferred death - final salary benefits	Day after the end of the final pay period	N/A	After the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day the lump sum became payable

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
	<b>Example 9.1</b> Member left active membership on 30 April 2017	1 May 2017	N/A	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
	<b>Example 9.2</b> Member left active membership on 30 April 2017	1 May 2016	N/A	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
<b>10</b>	Pensioner death - final salary benefits	Day after the end of the final pay period	Immediate payment	After the day after payment of benefits and before the effective date of the next PI Order	Yes	Day after leaving active membership to the day of death, or effective date of last PI (Review) Order to the day of death
	<b>Example 10.1:</b> Member left active membership on 30 April 2018	1 May 2018	1 May 2018	1 October 2018	Yes – payable on 8 April 2019	1 May 2018 to 1 October 2018

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
	<b>Example 10.2:</b> Member left active membership on 30 April 2018	1 May 2017	1 May 2018	1 October 2018	Yes – payable on 8 April 2019	<b>Death Grant:</b> - 9 April 2018 to 1 October 2018 – see <a href="#">note</a> <b>Plus PCLS:</b> - 9 April 2018 to 30 April 2018 – see <a href="#">note</a>
11	Pensioner death final salary benefits	Day after the end of the final pay period	Immediate payment	After the day after payment of benefits and after the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day of death
	<b>Example 11.1:</b> Member left active membership on 30 April 2017	1 May 2017	1 May 2017	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
12	Pensioner death - final salary benefits	Day after the end of the final pay period	After the day after leaving active membership and	After the day after payment of benefits and before the	Yes	Day after leaving active membership to the day of death,

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
			before the effective date of the next PI Order	effective date of the next PI Order		or effective date of last PI (Review) Order to the day of death
	<b>Example 12.1:</b> Member left active membership on 30 April 2018	1 May 2018	31 July 2018	1 October 2018	Yes – payable on 8 April 2019	<b>Death Grant:</b> - 1 May 2018 to 1 October 2018 - see <a href="#">note</a> <b>Plus PCLS:</b> - 1 May 2018 to 30 July 2018 - see <a href="#">note</a>
	<b>Example 12.2:</b> Member left active membership on 30 April 2018	1 May 2017	31 July 2018	1 October 2018	Yes – payable on 8 April 2019	<b>Death Grant:</b> - 9 April 2018 to 1 October 2018 - see <a href="#">note</a> <b>Plus PCLS:</b> - 9 April 2018 to 30 July 2018 – see <a href="#">note</a>
<b>13</b>	Pensioner death - final salary benefits	Day after the end of the final pay period	After the next PI Order	After the day after payment of benefits	Yes	Effective date of last PI (Review)

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased member benefits payable from?	Date of member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
						Order to the day of death
	<b>Example 13.1:</b> Member left active membership on 30 April 2017	1 May 2017	31 July 2018	1 October 2018	Yes – payable on 8 April 2019	<b>Death Grant:</b> - 9 April 2018 to 1 October 2018 - see <a href="#">note</a> <b>Plus PCLS:</b> - 9 April 2018 to 30 July 2018 – see <a href="#">note</a>

## Supplementary Pensions Increase (PI) and Defined Benefits Lump Sum Death Benefit (DBLSDB)

### Supplementary PI – payment of benefits after date of leaving active membership and death occurs in the same year

Note: where a member takes payment of their benefits (at a date after the day after leaving active membership) and the member dies within that same scheme year, supplementary PI is payable on both the Death Grant and the PCLS because they are two separate events. The supplementary PI due on the:

- death grant is based on the period from the later of 'date of leaving/effective date of the PI order' to the day of death. Whilst this might appear that the supplementary PI has been paid twice this is not the case because the variables within a death grant are always calculated in accordance with the LGPS Regulations which excludes the PI Act 1971. Thereafter, PI is added to the net death grant to bring the outcome in line with current values.
- PCLS is based on the period from the later of 'date of leaving/effective date of the PI order' to the day before the date of payment of the PCLS. This is a BCE9 and is a 'Pension Commencement like' lump sum made to the personal representatives. This is in accordance with regulation 19 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 [SI 2009/1171]. For further information see [PTM088100](#) and [PTM088700](#).

## Pension credit members – definition of terms

The following three sections covering the payment of lump sums in respect of pension credit members.

Pension credit members do not build up final salary benefits or CARE benefits, rather an actuarial credit is awarded to the pension credit member, effective from the date of the pension sharing order.

Pension credits are termed as Pre 2014, Post 2014 or councillor pension credits. Where reference is made to these terms in the following sections, they are defined as:

Description	Definition
Post 2014 pension credit	A pension credit with a transfer day of on or after 1 April 2014 <b>and</b> where the debited member left active membership of the LGPS on or after 1 April 2014.
Pre 2014 pension credit	A pension credit with a transfer day of before 1 April 2014 <b>or</b> where the debited member left active membership of the LGPS before 1 April 2014.
Councillor pension credit	A pension credit in respect of a Councillor member.

## Supplementary Pensions Increase (PI) - pension credit members – Pension Commencement Lump Sum (PCLS)

Scenario No.	PCLS derived from	Pension Increase date <sup>7</sup>	Pension credit member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>8</sup>
1	<ul style="list-style-type: none"> <li>- Post 2014 pension credit</li> <li>- Pre 2014 pension credit</li> <li>- Councillor pension credit</li> </ul>	Effective date of pension sharing order	On effective date of pension sharing order	No	N/A
	<p><b>Example 1.1:</b> Effective date of pension sharing order is 30 April 2018</p>	30 April 2018	30 April 2018	No	N/A
2	<ul style="list-style-type: none"> <li>- Post 2014 pension credit</li> <li>- Pre 2014 pension credit</li> <li>- Councillor pension credit</li> </ul>	Effective date of pension sharing order	After the effective date of the pension sharing order and before the effective date of the next PI Order	Yes	Effective date of pension sharing order to the day before the PCLS became payable
	<p><b>Example 2.1:</b> Effective date of pension sharing order is 30 April 2018</p>	30 April 2018	1 October 2018	Yes – payable on 8 April 2019	30 April 2018 to 30 September 2018

<sup>7</sup> Section 8 of the Pensions Increase Act 1971. Note: The PI date for a pension credit is deemed for purposes of the Pensions Increase Act 1971 to be the day on which the order or provision on which the credit depends takes effect.

<sup>8</sup> Article 3(3) of The Pensions Increase (Review) Order 2019 [SI 2019/546]



## Supplementary Pensions Increase (PI) - pension credit members – Pension Commencement Lump Sum (PCLS)

Scenario No.	PCLS derived from	Pension Increase date <sup>7</sup>	Pension credit member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>8</sup>
3	<ul style="list-style-type: none"> <li>- Post 2014 pension credit</li> <li>- Pre 2014 pension credit</li> <li>- Councillor pension credit</li> </ul>	Effective date of pension sharing order	After the effective date of the pension sharing order and after the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day before the PCLS became payable
	<p><b>Example 3.1:</b> Effective date of pension sharing order is 30 April 2017</p>	30 April 2017	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018

## Supplementary Pensions Increase (PI) - pension credit members – Serious Ill Health Lump Sum

Scenario No.	Serious ill health lump sum	Pension Increase date <sup>9</sup>	Pension credit member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable
1	<ul style="list-style-type: none"> <li>- Pre 2014 pension credit where debited member left active membership of the scheme before 1 April 2008</li> <li>- Councillor pension credit</li> </ul>	Effective date of pension sharing order	On effective date of pension sharing order	No	N/A
	<p><b>Example 1.1</b> Effective date of pension sharing order is 30 April 2005</p>	30 April 2005	30 April 2005	No	N/A
2	<ul style="list-style-type: none"> <li>- Pre 2014 pension credit where debited member left active membership of the scheme before 1 April 2008</li> <li>- Councillor pension credit</li> </ul>	Effective date of pension sharing order	After the effective date of pension sharing order and before the effective date of the next PI Order	Yes	Effective date of pension sharing order to the day before the serious ill health lump sum became payable
	<p><b>Example 2.1</b> Effective date of</p>	30 April 2005	1 October 2005	Yes – would have been payable on 10 April 2006	30 April 2005 to 30 September 2005 <sup>10</sup>

<sup>9</sup> Section 8 of the Pensions Increase Act 1971. Note: The PI date for a pension credit is deemed for purposes of the Pensions Increase Act 1971 to be the day on which the order or provision on which the credit depends takes effect.

<sup>10</sup> Article 4 of The Pensions Increase (Review) Order 2006 [SI 2006/741]

## Supplementary Pensions Increase (PI) - pension credit members – Serious Ill Health Lump Sum

Scenario No.	Serious ill health lump sum	Pension Increase date <sup>9</sup>	Pension credit member took payment of their benefits	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable
	pension sharing order is 30 April 2005				
<b>3</b>	- Pre 2014 pension credit where debited member left active membership of the scheme before 1 April 2008 - Councillor pension credit	Effective date of pension sharing order	After the effective date of pension sharing order and after the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day before the serious ill health lump sum became payable
	<b>Example 3.1</b> Effective date of pension sharing order is 30 April 2005	30 April 2005	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 30 September 2018 <sup>11</sup>

<sup>11</sup> Article 3(3) of The Pensions Increase (Review) Order 2019 [SI 2019/546]

## Supplementary Pensions Increase (PI) - pension credit members – Defined Benefit Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased pension credit member benefits payable from?	Date of pension credit member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
1	Deferred pension credit death - Post 31 2014 pension credit - Pre 2014 pension credit - Councillor pension credit	Effective date of pension sharing order	N/A	Effective date of pension sharing order	No	N/A
	<b>Example 2.1:</b> Pension credit member died on 30 April 2018	30 April 2018	N/A	30 April 2018	No	N/A
2	Deferred pension credit death - Post 31 2014 pension credit - Pre 2014 pension credit - Councillor pension credit	Effective date of pension sharing order	N/A	Effective date of pension sharing order and before the effective date of the next PI Order	Yes	Effective date of pension sharing order to the day of death

<sup>[1]</sup> Section 8 of the Pensions Increase Act 1971. Note: The PI date for a pension credit is deemed for purposes of the Pensions Increase Act 1971 to be the day on which the order or provision on which the credit depends takes effect.

<sup>[2]</sup> Article 3(3) of The Pensions Increase (Review) Order 2019 [SI 2019/546]

## Supplementary Pensions Increase (PI) - pension credit members – Defined Benefit Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased pension credit member benefits payable from?	Date of pension credit member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
	<b>Example 2.1:</b> Pension credit member died on 1 October 2018	30 April 2018	N/A	1 October 2018	Yes – payable on 8 April 2019	30 April 2018 to 1 October 2018
<b>3</b>	Deferred pension credit death - Post 2014 pension credit - Pre 2014 pension credit - Councillor pension credit	Effective date of pension sharing order	N/A	After effective date of pension sharing order and after the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day of death.
	<b>Example 3.1:</b> Pension credit member died on 1 October 2018	30 April 2017	N/A	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
<b>4</b>	Pensioner pension credit death - Post 2014 pension credit - Pre 2014 pension credit	Effective date of pension sharing order	Immediate payment	After effective date of pension sharing order and before the effective date of the next PI Order	Yes	Effective date of pension sharing order to the day of death

## Supplementary Pensions Increase (PI) - pension credit members – Defined Benefit Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased pension credit member benefits payable from?	Date of pension credit member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
	- Councillor pension credit					
	<b>Example 4.1:</b> Effective date of pension sharing order is 30 April 2018	30 April 2018	30 April 2018	1 October 2018	Yes – payable on 8 April 2019	30 April 2018 to 1 October 2018
<b>5</b>	Pensioner pension credit death - Post 2014 pension credit - Pre 2014 pension credit - Councillor pension credit	Effective date of pension sharing order	Immediate payment	After effective date of pension sharing order and after the effective date of the next PI Order	Yes	Effective date of last PI (Review) Order to the day of death
	<b>Example 5.1:</b> Effective date of pension sharing order is 30 April 2017	30 April 2017	30 April 2017	1 October 2018	Yes – payable on 8 April 2019	9 April 2018 to 1 October 2018
<b>6</b>	Pensioner pension credit death	Effective date of pension sharing order	After effective date of pension sharing order and	After effective date of pension sharing order and	Yes	Effective date of pension sharing

## Supplementary Pensions Increase (PI) - pension credit members – Defined Benefit Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased pension credit member benefits payable from?	Date of pension credit member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
	<ul style="list-style-type: none"> <li>- Post 2014 pension credit</li> <li>- Pre 2014 pension credit</li> <li>- Councillor pension credit</li> </ul>		before the effective date of the next PI Order	before the effective date of the next PI Order		order to the day of death
	<p><b>Example 6.1:</b> Effective date of pension sharing order is 30 April 2018</p>	30 April 2018	31 July 2018	1 October 2018	Yes – payable on 8 April 2019	<p><b>Death Grant:</b></p> <ul style="list-style-type: none"> <li>- 30 April 2018 to 1 October 2018 – see <a href="#">note</a></li> </ul> <p><b>Plus PCLS:</b></p> <ul style="list-style-type: none"> <li>- 30 April 2018 to 30 July 2018 – see <a href="#">note</a></li> </ul>
7	<p>Pensioner pension credit death</p> <ul style="list-style-type: none"> <li>- Post 2014 pension credit</li> <li>- Pre 2014 pension credit</li> <li>- Councillor pension credit</li> </ul>	Effective date of pension sharing order	After effective date of pension sharing order and after the next PI Order	After the day after payment of benefits	Yes	Effective date of last PI (Review) Order to the day of death

## Supplementary Pensions Increase (PI) - pension credit members – Defined Benefit Lump Sum Death Benefit (DBLSDB)

Scenario No.	DBLSDB derived from	Pension Increase date <sup>[1]</sup>	Deceased pension credit member benefits payable from?	Date of pension credit member death	Supplementary pensions increase payable and when?	Period over which supplementary pensions increase is payable <sup>[2]</sup>
	<b>Example 7.1:</b> Effective date of pension sharing order is 30 April 2017	30 April 2017	31 July 2018	1 October 2018	Yes – payable on 8 April 2019	<b>Death Grant:</b> - 9 April 2018 to 1 October 2018 - see <a href="#">note</a> <b>Plus PCLS:</b> - 9 April 2018 to 30 July 2018 – see <a href="#">note</a>

### Supplementary PI – payment of benefits after effective date of pension sharing order and death occurs in the same year

Note: where a pension credit member takes payment of their benefits (at a date after the effective date of the pension sharing order) and the pension credit member dies within that same scheme year, supplementary PI is payable on both the Death Grant and the PCLS because they are two separate events. The supplementary PI due on the:

- death grant is based on the period from the later of ‘effective date of the pension sharing order/effective date of the PI order’ to the day of death. Whilst this might appear that the supplementary PI has been paid twice this is not the case because the variables within a death grant are always calculated in accordance with the LGPS Regulations which excludes the PI Act 1971. Thereafter, PI is added to the net death grant to bring the outcome in line with current values.
- PCLS is based on the period from the later of ‘effective date of the pension sharing order/effective date of the PI order’ to the day before the date of payment of the PCLS. This is a BCE9 and is a ‘Pension Commencement like’ lump sum made to the personal representatives. This is in accordance with regulation 19 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 [SI 2009/1171]. For further information see [PTM088100](#) and [PTM088700](#).



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