

SPN/LG CIRCULAR No.2/2006

The Secretary General
Convention of Scottish Local Authorities

The Chief Executive
Scottish Local Authorities

The Chief Executive
Water Authorities

The Principal Reporter
Scottish Children's Reporter Administration

The Chief Executive
Scottish Environment Protection Agency

The Director General
Strathclyde Passenger Transport Executive

The Clerk
Strathclyde Passenger Transport Authority

The Chief Executive/Director
Area Tourist Boards

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Your ref:
Our ref: GEN/12/04/00 Pt 4

27 March 2006

Dear Sir/Madam

THE PENSIONS INCREASE (REVIEW) ORDER 2006

1. I am writing about the above mentioned Order (SI 2006 No. 741) which provides for the payment of pensions increase resulting from the 2006 Review. A copy of the SI can be purchased from the Stationery Office or can be accessed using the following link [SI 2006/741](#).
2. **Please draw this circular to the attention of Pension Managers and Superannuation Sections. You may also wish to draw it to the attention of the Directors of Finance and Administration.**

The Increase

3. Increases are payable from 10th April 2006. For pensions which began before 11th April 2005 the increase is 2.7%. For pensions which began on or after 11th April 2005 the increases are as follows:-

Pensions Beginning	Percentage Increase
11th April 2005 to 25th April 2005	2.70%
26th April 2005 to 25th May 2005	2.48%
26th May 2005 to 25th June 2005	2.25%
26th June 2005 to 25th July 2005	2.03%
26th July 2005 to 25th August 2005	1.80%
26th August 2005 to 25th September 2005	1.58%
26th September 2005 to 25th October 2005	1.35%
26th October 2005 to 25th November 2005	1.13%
26th November 2005 to 25th December 2005	0.90%
26th December 2005 to 25th January 2006	0.68%
26th January 2006 to 25th February 2006	0.45%
26th February 2006 to 25th March 2006	0.23%

4. Article 4 of the Order provides for the payment of increases on deferred lump sums which became payable before 10th April 2006 but on or after 11th April 2005. These increases are set out in Annex A to this Circular. Multipliers for “preserved” pensions and lump sums can be accessed on the HM Treasury website on their Public Service Pensions / [Pensions Increases](#) page.
5. Any telephone enquiries about this circular should be made to David Lauder on 01896 893227.

Yours faithfully



JEAN STEEL
Policy Officer, LGPS

INCREASES IN LUMP SUMS**A. Deferred lump sums which become payable on or after 10 April 2006.**

These are eligible for the same increase as pensions which begin on the same date as the lump sum begins (See Multiplier table)

B. Deferred lump sums which became payable in the period 11 April 2005 to 10 April 2006.

- (i) If the lump sum began before 11 April 2005, it may have been eligible for increases under the Pensions (Increase) Act 1971. These should have been paid with the lump sum at the time it became payable. A further increase is payable on 10 April 2006 according to the table below.
- (ii) If the lump sum began on or after 11 April 2005 an increase is payable on 10 April 2006 according to the table below

In calculating the length of period, count complete months starting with the beginning date (or 11 April 2005 if later), and then count the remaining days, excluding the payable date itself –

eg 25 May to 7 July is 1 month (25 May to 24 June) and 12 days (25 June to 6 July).

Length of Period					Percentage Increase	
	16 days	to	1 month	15 days		0.23
1 month	16 days	to	2 months	15 days		0.45
2 months	16 days	to	3 months	15 days		0.68
3 months	16 days	to	4 months	15 days		0.90
4 months	16 days	to	5 months	15 days		1.13
5 months	16 days	to	6 months	15 days		1.35
6 months	16 days	to	7 months	15 days		1.58
7 months	16 days	to	8 months	15 days		1.80
8 months	16 days	to	9 months	15 days		2.03
9 months	16 days	to	10 months	15 days		2.25
10 months	16 days	to	11 months	15 days		2.48
11 months	16 days	to	12 months	15 days		2.70