SCHEDULES

SCHEDULE 1

Section 5.

TRANSISTIONAL RATE OF STATE PENSION: CALCULATING THE AMOUNT

PART 1

INTRODUCTION

1.—(1) This Schedule sets out how to calculate the amounts used to work out the transitional rate of a person's state pension.

(2) Part 2 of the Schedule sets out how to calculate the amount for a person's pre-commencement qualifying years.

(3) Part 3 of the Schedule sets out how to calculate the amount for a person's post-commencement qualifying years (if any).

Commencement Information

I1 Sch. 1 para. 1 in operation at 6.4.2016, see s. 53(1)(3)

PART 2

AMOUNT FOR PRE-COMMENCEMENT QUALIFYING YEARS

How to calculate the amount for pre-commencement qualifying years

2 A person's amount for pre-commencement qualifying years is calculated as follows.

Step 1 - calculate the person's pension under the old system Calculate the weekly rate based on the old state pension and graduated retirement benefit (see paragraph 3 for more about this).

Step 2 - calculate a pension based on the new system Calculate the weekly rate based on the new state pension (see paragraph 4 for more about this).

Step 3 - take whichever rate is higher (the foundation amount) Take whichever of the rates found under Steps 1 and 2 is higher.

Step 4 - revalue to date when the person reached pensionable age Revalue the amount of that rate in accordance with paragraph 6.

The amount for the person's pre-commencement qualifying years is the amount as revalued under Step 4.

Commencement Information

I2 Sch. 1 para. 2 in operation at 6.4.2016, see s. 53(1)(3)

Step 1: calculation of the person's pension under the old system

3.—(1) For the purposes of Step 1 of the calculation in paragraph 2, the weekly rate based on the old state pension and graduated retirement benefit is—

(a) the rate of any Category A retirement pension and graduated retirement benefit to which the person would have been entitled if the person had reached pensionable age on 6 April 2016, or

(b) the rate of any graduated retirement benefit to which the person would have been entitled under section 35(7) of the National Insurance Act (Northern Ireland) 1966 (persons not entitled to retirement pension) if the person had reached pensionable age on that date.

(2) The following rules apply for the purposes of calculating that rate.

(3) Calculate the rate that would have had effect on 6 April 2016 (but see sub-paragraph (6)).

(4) Ignore—

(a) the amendments made by paragraphs 45 and 47 of Schedule 12 (which limit Category A retirement pensions and graduated retirement benefit to people who reach pensionable age before 6 April 2016);

(b) any requirement to make a claim;

(c) any provision suspending payment of, or disqualifying a person from receiving, any amount;

(d) section 45B of the Contributions and Benefits Act (reduction of additional pension because of pension sharing);

(e) section 36 of the National Insurance Act (Northern Ireland) 1966 (graduated retirement benefit for widows etc.).

(5) Read the reference in section 45(4)(b) of the Contributions and Benefits Act (additional pension) to a person's working life as a reference to the period—

(a) beginning with the tax year in which the person reached 16, and

(b) ending with the tax year before the one in which the person actually reached pensionable age.

(6) If an order under section 132 or 132A of the Administration Act (up-rating) is made before 6 April 2016 and it provides for an increase to come into operation after that date, it is to be treated for the purposes of calculating the rate under this paragraph as having already come into operation.

(7) Where regulations under section 22(5ZA) of the Contributions and Benefits Act have the effect that a person is credited, on or after 6 April 2016, with earnings or contributions for a tax year starting before that date, the earnings or contributions are to be treated for the purposes of calculating the rate under this paragraph as having been credited before 6 April 2016.

(8) A determination under section 44A(2) of the Pension Schemes Act (contracting-out: reinstatement in state scheme following payment of contributions equivalent premium) made on or after 6 April 2016 is to be treated for the purposes of calculating the rate under this paragraph as having been made before 6 April 2016.

Commencement Information

I3 Sch. 1 para. 3 in operation at 6.4.2016, see s. 53(1)(3)

Step 2: calculation of a pension based on the new system

4.—(1) For the purposes of Step 2 of the calculation in paragraph 2, the weekly rate based on the new state pension is as follows.

(2) If the person has 35 or more pre-commencement qualifying years, the rate is equal to—

(a) the full rate of the state pension on 6 April 2016, less

(b) any amount to reflect contracting out under the old system (see paragraph 5).

(3) If the person has fewer than 35 pre-commencement qualifying years, the rate is equal to—

(a) the appropriate proportion of the full rate of the state pension on 6 April 2016, less

(b) any amount to reflect contracting out under the old system (see paragraph 5).

(4) The "appropriate proportion", in relation to a person, is—

$$\frac{1}{35} \times \text{the person's number of pre-commencement qualifying years}$$

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Commencement Information

I4 Sch. 1 para. 4 in operation at 6.4.2016, see s. 53(1)(3)

5.—(1) In paragraph 4(2) and (3) references to an "amount to reflect contracting out under the old system" are to an amount equal to any difference between—

(a) the amount of any additional pension included in the Category A retirement pension calculated for the purposes of Step 1 of the calculation in paragraph 2, and

(b) the amount of any additional pension that would have been included if—

(i) sections 42 and 44A of the Pension Schemes Act were ignored, and

(ii) for the purposes of calculating the amounts referred to in section 45(2)(c) and (d) of the Contributions and Benefits Act any earnings paid to or for the benefit of the person in respect of contracted-out employment were treated as if they were not in respect of contracted-out employment.

(2) "Contracted-out employment" means employment qualifying a person for a pension provided by a salary related contracted-out scheme, a money purchase contracted-out scheme or an appropriate personal pension scheme (and expressions used in this definition have the same meaning as in the Pension Schemes Act).

Commencement Information

I5 Sch. 1 para. 5 in operation at 6.4.2016, see s. 53(1)(3)

Step 4: revaluation

6.—(1) This paragraph determines how the amount mentioned in Step 4 of the calculation in paragraph 2 is to be revalued for the purposes of that Step.

(2) If the amount is equal to or less than the full rate of the state pension on 6 April 2016, the amount is to be revalued in accordance with increases in the full rate of the state pension (see sub-paragraph (4)).

(3) If the amount is greater than the full rate of the state pension on 6 April 2016—

(a) so much of the amount as is equal to the full rate of the state pension on 6 April 2016 is to be revalued in accordance with increases in the full rate of the state pension (see sub-paragraph (4)), and

(b) so much of the amount as exceeds the full rate of the state pension on that date is to be revalued in accordance with increases in the general level of prices (see sub-paragraph (5)).

(4) For the purposes of sub-paragraphs (2) and (3)(a), an amount is revalued in accordance with increases in the full rate of the state pension by increasing it by the same percentage as any increase in the full rate of the state pension in the period—

(a) beginning with 6 April 2016, and

(b) ending with the day on which the person reached pensionable age.

(5) For the purposes of sub-paragraph (3)(b), an amount is revalued in accordance with increases in the general level of prices by adding—

(a) the amount, and

(b) the amount multiplied by the revaluing percentage specified in the last order under section 130AC of the Administration Act to come into operation before the person reached pensionable age.

Commencement Information

I6 Sch. 1 para. 6 in operation at 6.4.2016, see s. 53(1)(3)

PART 3

AMOUNT FOR POST-COMMENCEMENT QUALIFYING YEARS

7.—(1) A person's amount for post-commencement qualifying years, (if any) is calculated as follows.

(2) If the person has 35 or more post-commencement qualifying years, the amount is equal to the full rate of the state pension on the day on which the person reached pensionable age.

(3) If the person has fewer than 35 post-commencement qualifying years, the amount is equal to the following proportion of the full rate of the state pension on the day on which the person reached pensionable age—

$$\frac{1}{35} \times \text{the person's number of post-commencement qualifying years}$$

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Commencement Information

I7 Sch. 1 para. 7 in operation at 6.4.2016, see s. 53(1)(3)

Changes to legislation:

Pensions Act (Northern Ireland) 2015, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

View outstanding changes

Changes and effects yet to be applied to :

– specified provision(s) transitional provisions for effects of commencing S.I. 2017/297, art. 2 by S.R. 2017/58 Order