EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which corresponds to an Order (S.I. 2016/1141) made by the Secretary of State for Work and Pensions under section 148AC of the Social Security Administration Act 1992 (c. 5), specifies 1 per cent as the percentage to be used as the revaluing percentage for a "protected payment" under the new state pension. This is the first time the power to make the Order has been used.

The Pensions Act (Northern Ireland) 2015 (c. 5 (N.I.)) ("the 2015 Act") created a new state pension for people reaching pensionable age on or after 6th April 2016 (see Part 1 of that Act). Pensionable age has the meaning given by the rules in paragraph 1 of Schedule 2 to the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)). The part of a person's new state pension based on their pre-April 2016 contribution record that exceeds the full rate of the new state pension as at 6th April 2016 is commonly referred to as a 'protected payment'. Paragraph 6(5) of Schedule 1 to the 2015 Act provides for the revaluing of 'protected payments' by increasing these payments by the 'revaluing percentage'.

The Order applies for the purposes of calculating the new state pension of people reaching state pension age on or after 10th April 2017.

Article 1(1)(a) brings this Order into operation on 22nd December 2016 for the purpose of making an advance award of state pension under regulation 15 of the Social Security (Claims and Payments) Regulations (Northern Ireland) 1987. This means that an advance award of state pension can be made to claimants who reach pensionable age on or after 10th April 2017 which takes account of the revaluation of their pension.

Article 1(1)(b) brings the Order into operation for all other purposes on 9th April 2017. A claimant's protected payment is revalued by the revaluing percentage specified in the last Order to come into operation before they reach pensionable age. To apply to claimants reaching pensionable age on or after 10th April 2017, the Order therefore needs to come into operation on 9th April 2017.