

EXPLANATORY NOTE

(This note is not part of the Regulations)

Paragraph 3 of Schedule 15 to the Pensions Act 2014 (c. 19) inserted section 14A into the Social Security Contributions and Benefits Act 1992 (“the Act”) (c. 4). Paragraph 17 of Schedule 15 to the Pensions Act 2014 inserted section 14A into the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (“the Northern Ireland Act”) (c.7). Section 14A of both the Act and the Northern Ireland Act gives an eligible person the right to pay a Class 3A national insurance contribution to obtain a unit of additional state pension.

Regulation 1 provides that these Regulations come into force on 12th October 2015 in Great Britain. In Northern Ireland regulations 1, 2 and 3 come into force on the same day as paragraph 17 of Schedule 15 to the Pensions Act 2014 is brought into force for all purposes by an appointed day order.

Regulation 2 determines the amount of a Class 3A contribution needed to obtain a unit of additional pension. This is by reference to the age of the person who is paying the contribution. Where a person has not reached state pension age on the date of payment but will do so before 6th April 2016 (when Category A, Category B and Category D retirement pensions will be replaced) the amount of contribution needed to obtain a unit of additional pension is the amount that would be needed if the person had reached pensionable age.

Regulation 3 specifies that the maximum number of units of additional pension that a person can obtain is 25.

Regulation 4 specifies the amount a person will receive in return for each unit of additional pension. This regulation only applies to Great Britain.

A Tax Information and Impact Note will be published on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.