

# WELFARE REFORM AND PENSIONS ACT 1999

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## EXPLANATORY NOTES

### COMMENTARY

#### *Supplementary*

#### *Chapter II – Sharing of State Scheme Rights*

#### *Schedule 6: Effect of state scheme pension debits and credits*

The Schedule inserts sections 45B, 55A, 55B, and 55C into the Social Security Contributions and Benefits Act 1992.

**Paragraph 2** inserts section 45B. This provision covers how and when deductions will be made from an additional pension;

*Subsection (1)* provides for the reduction of the weekly rate of additional pension where a person becomes subject to a state scheme pension debit.

*Subsections (2) to (7)* explain how the reduction in the additional pension will be calculated. If a person becomes subject to the debit **in or after** the tax year immediately before he reaches pensionable age, the additional pension will be reduced by a weekly amount which is of an actuarially equivalent value to the state scheme debit. If, however, a person becomes subject to the debit **before** the tax year immediately before a person reaches pensionable age, the additional pension will be reduced by that weekly amount, expressed in terms of the valuation day, multiplied by the earnings factor percentage for the relevant tax year specified in the latest annual Revaluation of Earnings Factors Order (the current order is [SI 1998/1137](#)).

**Paragraph 3** inserts sections 55A - 55C

Section 55A covers how and when a person will become entitled to a shared additional pension.

*Subsections (3) to (6)* are similar to the provisions in section 45B (3), (4), (6) and (7), other than that they refer to the calculation of the shared additional pension. If a former spouse becomes entitled to a state scheme credit **in or after** the tax year immediately preceding that in which she reaches pensionable age, the shared additional pension will be a weekly amount which is of an actuarially equivalent value to the credit. If, however, she becomes entitled to the credit **before** the beginning of the tax year immediately preceding that in which she reaches pensionable age, the additional pension will be that weekly amount, expressed in terms of the valuation day, multiplied by the earnings factor percentage for the relevant tax year specified in the latest annual Revaluation of Earnings Factor Order (the current order is [SI 1998/1137](#)).

Section 55B provides for the shared additional pension to be reduced in the same way as the additional pension where it is subject to pension sharing. The section mirrors section 45B.

*These notes refer to the Welfare Reform and Pensions Act 1999  
(c.30) which received Royal Assent on 11 November 1999*

Section 55C provides for the shared additional pension to be increased where entitlement is deferred. The section is a counterpart to section 55.