SCHEDULES

SCHEDULE 6

EFFECT OF STATE SCHEME PENSION DEBITS AND CREDITS

3 After section 55 there is inserted—

"Shared additional pension

55A Shared additional pension

(1) A person shall be entitled to a shared additional pension if he is—
  (a) over pensionable age, and
  (b) entitled to a state scheme pension credit.

(2) A person's entitlement to a shared additional pension shall continue throughout his life.

(3) The weekly rate of a shared additional pension shall be the appropriate weekly amount, unless the pensioner's entitlement to the state scheme pension credit arose before the final relevant year, in which case it shall be that amount multiplied by the relevant revaluation percentage.

(4) The appropriate weekly amount for the purposes of subsection (3) above is the weekly rate, expressed in terms of the valuation day, at which the cash equivalent, on that day, of the pensioner's entitlement, or prospective entitlement, to the shared additional pension is equal to the state scheme pension credit.

(5) The relevant revaluation percentage for the purposes of that subsection is the percentage specified, in relation to earnings factors for the tax year in which the entitlement to the state scheme pension credit arose, by the last order under section 148 of the Administration Act to come into force before the end of the final relevant year.

(6) Cash equivalents for the purposes of this section shall be calculated in accordance with regulations.

(7) In this section—

"final relevant year" means the tax year immediately preceding that in which the pensioner attains pensionable age;

"state scheme pension credit" means a credit under section 49(1)(b) of the Welfare Reform and Pensions Act 1999 (credit for the purposes of this Part of this Act);

"valuation day" means the day on which the pensioner becomes entitled to the state scheme pension credit.

55B Reduction of shared additional pension: pension sharing

(1) The weekly rate of a shared additional pension shall be reduced as follows in any case where—

(a) the pensioner has become subject to a state scheme pension debit, and

(b) the debit is to any extent referable to the pension.

(2) If the pensioner became subject to the debit in or after the final relevant year, the weekly rate of the pension shall be reduced by the appropriate weekly amount.

(3) If the pensioner became subject to the debit before the final relevant year, the weekly rate of the additional pension shall be reduced by the appropriate weekly amount multiplied by the relevant revaluation percentage.

(4) The appropriate weekly amount for the purposes of subsections (2) and (3) above is the weekly rate, expressed in terms of the valuation day, at which the cash equivalent, on that day, of the pension mentioned in subsection (5) below is equal to so much of the debit as is referable to the shared additional pension.

(5) The pension referred to above is a notional pension for the pensioner by virtue of section 55A above which becomes payable on the later of—

(a) his attaining pensionable age, and

(b) the valuation day.

(6) For the purposes of subsection (3) above, the relevant revaluation percentage is the percentage specified, in relation to earnings factors for the tax year in which the pensioner became subject to the debit, by the last order under section 148 of the Administration Act to come into force before the end of the final relevant year.

(7) Cash equivalents for the purposes of this section shall be calculated in accordance with regulations.

(8) In this section—

"final relevant year" means the tax year immediately preceding that in which the pensioner attains pensionable age;

"state scheme pension debit", means a debit under section 49(1)(a) of the Welfare Reform and Pensions Act 1999 (debit for the purposes of this Part of this Act);

"valuation day" means the day on which the pensioner became subject to the state scheme pension debit.

55C Increase of shared additional pension where entitlement is deferred

(1) For the purposes of this section, a person's entitlement to a shared additional pension is deferred—

(a) where he would be entitled to a Category A or Category B retirement pension but for the fact that his entitlement to such a pension is deferred, if and so long as his entitlement to such a pension is deferred, and

(b) otherwise, if and so long as he does not become entitled to the shared additional pension by reason only of not satisfying the conditions of section 1 of the Administration Act (entitlement to benefit dependent on claim),

and, in relation to a shared additional pension, "period of deferment" shall be construed accordingly.

(2) Where a person's entitlement to a shared additional pension is deferred, the rate of his shared additional pension shall be increased by an amount equal to the aggregate of the increments to which he is entitled under subsection (3) below, but only if that amount is enough to increase the rate of the pension by at least 1 per cent.

(3) A person is entitled to an increment under this subsection for each complete incremental period in his period of enhancement.

(4) The amount of the increment for an incremental period shall be 1/7th per cent. of the weekly rate of the shared additional pension to which the person would have been entitled for the period if his entitlement had not been deferred.

(5) Amounts under subsection (4) above shall be rounded to the nearest penny, taking any 1/2p as nearest to the next whole penny.

(6) Where an amount under subsection (4) above would, apart from this subsection, be a sum less than 1/2p, the amount shall be taken to be zero, notwithstanding any other provision of this Act, the Pensions Act 1995 or the Administration Act.

(7) Where one or more orders have come into force under section 150 of the Administration Act during the period of enhancement, the rate for any incremental period shall be determined as if the order or orders had come into force before the beginning of the period of enhancement.

(8) The sums which are the increases in the rates of shared additional pensions under this section are subject to alteration by order made by the Secretary of State under section 150 of the Administration Act.

(9) In this section—

"incremental period" means any period of six days which are treated by regulations as days of increment for the purposes of this section in relation to the person and pension in question; and

"period of enhancement", in relation to that person and that pension, means the period which—

(a) begins on the same day as the period of deferment in question, and

(b) ends on the same day as that period or, if earlier, on the day before the 5th anniversary of the beginning of that period."