



# Pensions Act 2007

## 2007 CHAPTER 22

### PART 1

#### STATE PENSION

##### *Additional pension: simplification of accrual rates*

#### **10 Additional pension: removal of accrual band from 2010-11**

- (1) Schedule 4A to the SSCBA (additional pension) is amended as follows.
- (2) In Part 2 (surplus earnings factor) in paragraph 2 (calculation of amount where there is a surplus in pensioner's earnings factor)—
- (a) in sub-paragraph (4), after “2009” insert “where the tax year concerned falls before 2010-11”;
  - (b) after sub-paragraph (4) insert—

“(4A) The appropriate table for persons attaining pensionable age on or after 6th April 2009 where the tax year concerned is 2010-11 or a subsequent tax year is as follows—

TABLE 2A

<i>Amount of surplus</i>	<i>Percentage</i>
Band 1	Not exceeding LET 40
Band 2	Exceeding LET but not exceeding AUDEL 10”;

- (c) in sub-paragraph (6) (interpretation) after paragraph (c) insert—
- “(d) “AUDEL” means the amount equal to the upper earnings limit for the tax year concerned multiplied by 52.”

- (3) In Part 3 (contracted-out employment) in paragraph 5 (calculation of amount A)—

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- (a) in sub-paragraph (4), after “2009” insert “ where the tax year concerned falls before 2010-11 ”;
- (b) after sub-paragraph (4) insert—
- “(4A) The appropriate table for persons attaining pensionable age on or after 6th April 2009 where the tax year concerned is 2010-11 or a subsequent tax year is as follows—

TABLE 4A

		<i>Amount of surplus</i>	<i>Percentage</i>
Band 1	Not exceeding LET	40	
Band 2	Exceeding LET but not exceeding AUEL	10”.	

- (4) In paragraph 7 (calculation of amount B second case)—
- (a) in sub-paragraph (4), after “2009” insert “ where the tax year concerned falls before 2010-11 ”;
- (b) after sub-paragraph (4) insert—
- “(4A) The appropriate table for persons attaining pensionable age on or after 6th April 2009 where the tax year concerned is 2010-11 or a subsequent tax year is as follows—

TABLE 6A

		<i>Amount of surplus</i>	<i>Percentage</i>
Band 1	Not exceeding LET	40	
Band 2	Exceeding LET but not exceeding AUEL	10”.	

- (5) In paragraph 8, in sub-paragraph (4) (interpretation) after paragraph (c) insert—
- “(d) “AUEL” means the amount equal to the upper earnings limit for the tax year concerned multiplied by 52.”
- (6) For the heading for that Schedule substitute “Additional pension: accrual rates for purposes of section 45(2)(c)”.

## 11 Additional pension: simplified accrual rates as from flat rate introduction year

- (1) Section 45 of the SSCBA (the additional pension in a Category A retirement pension) is amended as follows.
- (2) In subsection (2) (calculation of the weekly rate of additional pension) after paragraph (c) insert “; and

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- (d) in relation to the flat rate introduction year and subsequent tax years, the weekly equivalent of the amount calculated in accordance with Schedule 4B to this Act.”
- (3) In subsection (3A) (tax years for which weekly rate is calculated by reference to Schedule 4A) at the end of paragraph (b) insert “ before the flat rate introduction year ”.
- (4) In section 122 of the SSCBA (interpretation of Parts 1 to 6) in subsection (1) at the appropriate place insert—
  - ““the flat rate introduction year” means such tax year as may be designated as such by order;”.
- (5) In Schedule 2 to this Act—
  - (a) Part 1 inserts a new Schedule 4B into the SSCBA;
  - (b) Part 2 makes provision for up-rating the flat rate accrual amount introduced by the new Schedule 4B; and
  - (c) Part 3 contains consequential and related amendments.

## **12 Additional pension: upper accrual point**

- (1) In section 22 of the SSCBA (earnings factors)—
  - (a) in subsection (2A) (person's earnings factors to be treated as derived only from so much of his earnings as did not exceed the upper earnings limit etc.) for “the upper earnings limit” substitute “ the applicable limit ”; and
  - (b) after that subsection insert—
    - “(2B) “The applicable limit” means—
      - (a) in relation to a tax year before the flat rate introduction year, the upper earnings limit;
      - (b) in relation to the flat rate introduction year or any subsequent tax year, the upper accrual point.”
- (2) In section 44 of the SSCBA (Category A retirement pension)—
  - (a) in subsection (6) (meaning of references to earnings factors) in paragraph (za) for “the upper earnings limit” substitute “ the applicable limit ”;
  - (b) in subsection (7), at the end insert—
    - “(c) “the applicable limit” means—
      - (i) in relation to a tax year before the flat rate introduction year, the upper earnings limit;
      - (ii) in relation to the flat rate introduction year or any subsequent tax year, the upper accrual point.”
- (3) In section 122 of the SSCBA (interpretation of Parts 1 to 6)—
  - (a) in subsection (1), at the appropriate place insert—
    - ““the upper accrual point” is to be construed in accordance with subsections (7) and (8) below;”;
  - (b) after subsection (6) insert—
    - “(7) “The upper accrual point” is the amount that is equal to the amount of the upper earnings limit for the flat rate introduction year multiplied by 52.

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This is subject to subsection (8) below.

- (8) The Secretary of State may, by order made before the beginning of that year, direct that the upper accrual point is to be such other amount (whether greater or lesser than that mentioned in subsection (7) above) as is specified in the order.”
- (4) Part 7 of Schedule 1 contains consequential amendments.
- (5) Subsection (6) applies if it appears to the Secretary of State that (apart from that subsection) he would be required to make an order under section 148A of the Administration Act (revaluation of low earnings threshold) by virtue of which the low earnings threshold for the following tax year would be an amount not less than the upper accrual point.
- (6) In that event the Secretary of State—
- (a) is not required to make such an order under section 148A of the Administration Act, and
  - (b) instead must make an order abolishing the low earnings threshold and the upper accrual point as from the beginning of the following tax year.
- (7) An order under subsection (6) may make—
- (a) such consequential, incidental or supplemental provision, and
  - (b) such transitional, transitory or saving provision,
- as the Secretary of State thinks necessary or expedient in connection with, or in consequence of, the abolition of the low earnings threshold and the upper accrual point.
- (8) An order under subsection (6) may in particular amend, repeal or revoke any provision of any Act or subordinate legislation (whenever passed or made).
- (9) No order may be made under subsection (6) unless a draft of the order has been laid before and approved by a resolution of each House of Parliament.
- (10) In this section—
- “the low earnings threshold” has the meaning given by section 44A(5) of the SSCBA;
  - “the upper accrual point” has the meaning given by section 122(7) and (8) of that Act.

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