
Changes to legislation: There are currently no known outstanding effects for the Pensions Act 2014, Cross
Heading: Step 2: calculation of a pension based on the new system. (See end of Document for details)

SCHEDULES

SCHEDULE 1

TRANSITIONAL RATE OF STATE PENSION: CALCULATING THE AMOUNT

PART 2

AMOUNT FOR PRE-COMMENCEMENT QUALIFYING YEARS

Step 2: calculation of a pension based on the new system

- 4 (1) For the purposes of Step 2 of the calculation in paragraph 2, the weekly rate based on the new state pension is as follows.
- (2) If the person has 35 or more pre-commencement qualifying years, the rate is equal to—
- (a) the full rate of the state pension on 6 April 2016, less
 - (b) any amount to reflect contracting out under the old system (see paragraph 5).
- (3) If the person has fewer than 35 pre-commencement qualifying years, the rate is equal to—
- (a) the appropriate proportion of the full rate of the state pension on 6 April 2016, less
 - (b) any amount to reflect contracting out under the old system (see paragraph 5).
- (4) The “appropriate proportion”, in relation to a person, is—

$$\frac{1}{35} \times \text{the person's number of pre-commencement qualifying years}$$

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Commencement Information

II Sch. 1 para. 4 in force at 6.4.216, see s. 56(1)(4)

- 5 (1) In paragraph 4(2) and (3) references to an “amount to reflect contracting out under the old system” are to an amount equal to any difference between—
- (a) the amount of any additional pension included in the Category A retirement pension calculated for the purposes of Step 1 of the calculation in paragraph 2, and
 - (b) the amount of any additional pension that would have been included if—
 - (i) sections 46 and 48A of the Pension Schemes Act 1993 were ignored, and

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(ii) for the purposes of calculating the amounts referred to in section 45(2)(c) and (d) of the Contributions and Benefits Act any earnings paid to or for the benefit of the person in respect of contracted-out employment were treated as if they were not in respect of contracted-out employment.

(2) “Contracted-out employment” means employment qualifying a person for a pension provided by a salary related contracted-out scheme, a money purchase contracted-out scheme or an appropriate personal pension scheme (and expressions used in this definition have the same meaning as in the Pension Schemes Act 1993).

Commencement Information

I2 Sch. 1 para. 5 in force at 6.4.216, see s. 56(1)(4)

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