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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order is made following a review under section 148AC(1) of the Social Security Administration Act 1992 (c. 5) (“the Administration Act”) (revaluation for transitional pensions under Pensions Act 2014).

The Pensions Act 2014 (c. 19) created a new state pension for persons reaching pensionable age on or after 6th April 2016 (see Part 1 of that Act). Pensionable age has the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995 (c. 26). The part of a person’s new state pension based on their pre-April 2016 contribution record that exceeds the full rate of the new state pension as at 6th April 2016 is commonly referred to as a “protected payment”. Paragraph 6(5) of Schedule 1 to the Pensions Act 2014 provides for the revaluing of protected payments by increasing these payments by the “revaluing percentage” specified in the last order under section 148AC(3) of the Administration Act to come into force before the person reached pensionable age.

Under section 148AC(4) of the Administration Act the revaluing percentage is the percentage of the increase in the general level of prices since 6th April 2016 (the review period specified by section 148AC(2)).

Article 2 of this Order specifies the revaluing percentage as 4 per cent.

Article 1(2) ensures that the revaluing percentage applies to protected payments applicable to all persons reaching pensionable age on or after 10th April 2018, whether or not they make an advance claim for a state pension. Article 1(2)(a) brings this Order into force on the day which is 21 days after the date on which this Order is laid for the purpose of making an advance award of a state pension under regulation 15(1) of the Social Security (Claims and Payments) Regulations 1987 (S.I. 1987/1968), in respect of claimants who reach pensionable age on or after 10th April 2018. Article 1(2)(b) brings this Order into force for all other purposes on 9th April 2018.

An impact assessment has not been produced for this instrument as it has no impact on business or civil society organisations.