

These notes refer to the Pensions (No. 2) Act (Northern Ireland) 2008 (c.13) which received Royal Assent on 15 December 2008

Pensions (No. 2) Act (Northern Ireland) 2008

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

PART 4 – Additional Pensions

Section 102: Additional pension: upper accrual point to replace upper earnings limit from 2009-10.

Section 102 makes provision for Northern Ireland corresponding to measures contained in the National Insurance Contributions Act 2008 regarding the replacement of the upper earnings limit by the upper accrual point from 2009.

The Pensions Act (Northern Ireland) 2008 introduced an upper accrual point to replace the upper earnings limit as the weekly upper cap on earnings for determining entitlement to the State Second Pension. The upper accrual point was to be determined by reference to the upper earnings limit and frozen on introduction to facilitate the phasing-out of the earnings-related element of the State Second Pension by around 2030, making it fully flat-rate.

The effect of measures announced as part of the 2007 Budget was to raise the upper earnings limit beyond its anticipated level, allowing high earners to accrue more additional pension than intended. The upper accrual point will, therefore, be introduced from April 2009 and set at £770 per week.

Subsections (2) and (3) amend sections 22(2B) and 44(7)(c) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 respectively to substitute “2009-10” for “the flat rate introduction year”.

Subsection (4) amends section 121 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to fix the upper accrual point at £770 per week. A new subsection (6A) is inserted to enable the Department to make corresponding provision for Northern Ireland whenever the Treasury makes regulations under section 122(6A) of the Social Security Contributions and Benefits Act 1992 in relation to earners paid other than weekly.

Subsection (5) provides that section 149(2) of the Social Security Administration (Northern Ireland) Act 1992, which is concerned with the referral of regulations to the Social Security Advisory Committee, does not apply to regulations made under section 121(6A) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

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Consequential amendments are set out in *Schedule 7*.