

*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

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### *Schedule 3: Additional State Pension etc: minor and consequential amendments*

*Paragraph 2* amends section 21(5A)(c) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to correct an omission from the Pensions Act (Northern Ireland) 2008. It provides for all earnings below the upper earnings limit for National Insurance to be taken into account for basic pension purposes where a person reaches State Pension age on or after 6 April 2010, maintaining parity with the current position.

*Paragraphs 3 and 4* make minor technical amendments to sections 39 and 39C of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to make provision for tidying up and inserting cross references consequential to the introduction of new section 45AA and the consolidated amount as set out in new Schedule 4C.

*Paragraph 5* inserts new section 45AA in the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to restore the rules, that allow a person's working families' and disabled person's tax credit entitlement and the predecessors to these benefits to count for State Earnings Related Pension Scheme purposes, which had been erroneously repealed as part of the tax credit changes.

*Paragraph 6* amends section 46 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to update cross references consequential to the introduction of the consolidated amount. In addition, the amendment allows for the consolidated amount to be dis-applied in specific cases to be defined in regulations, for example, where a person dies before State Pension age and the inherited additional pension calculation needs to be modified to reflect that fact.

*Paragraphs 7 to 11* amend respectively sections 48A, 48B, 48BB, 48C and 51 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to insert the necessary references to the consolidated amount and ensure that the inherited additional pension is calculated correctly where the late spouse's or civil partner's entitlement had been adjusted as part of a financial settlement on divorce.

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*Paragraph 12* amends Schedule 4B to the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to clarify provision in respect of the level of earnings, following the introduction of the flat rate amount, on which the residual earnings-related element of the state second pension would accrue.

*Paragraph 13* amends paragraph 3(3) of Schedule 7 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to insert the necessary reference to new section 42A to ensure the consolidated contracted-out deduction is taken into account.

*Paragraph 14* inserts new section 130AB in the Social Security Administration (Northern Ireland) Act 1992 enabling the Department to make corresponding provision for Northern Ireland where the Secretary of State makes an order under section 148AB of the Social Security Administration Act 1992 for earnings-linked revaluation of the consolidated amount.

*Paragraphs 15 to 22* amend the Pension Schemes (Northern Ireland) Act 1993 to insert the necessary references to new section 42A in sections 42, 43, 44, 45, 160, 161 and 163 to ensure the consolidated contracted-out reduction is taken into account where appropriate.