

These notes refer to the Public Service Pensions Act (Northern Ireland) 2014 (c.2) which received Royal Assent on 11 March 2014

Public Service Pensions Act (Northern Ireland) 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Design

Section 10: Pension age

This section provides for the normal pension age and deferred pension age of members of most public service pension schemes to be the same as their state pension age, or 65, whichever is greater. But police officers and firefighters historically have had lower pension ages than other public servants, in recognition of the unique characteristics of the work they do.

Subsection (1) requires a scheme made under the powers in section 1 to make the normal pension age for members of that scheme the same as their state pension age, or 65, whichever is greater. The floor of age 65 is to account for the gender disparity in state pension ages at present, which is due to be equalised at 65 by 2018. “Normal pension age” is defined in subsection 10)(a) as the earliest age at which a member of the scheme is entitled to receive unreduced benefits upon retirement from active membership. “State pension age” is defined in subsection (10)(c) by reference to a person’s pensionable age as set out in Schedule 5 to the Pensions (Northern Ireland) Order 1995.

Subsection (2) excepts fire and rescue workers who are firefighters from the requirement to link normal pension age to state pension age in subsection (1). It provides that the normal pension age for firefighters should be specified in scheme regulations for the firefighters’ pension scheme, and that such regulations may specify any age not exceeding 60, but not less than 55.

Subsection (3) excepts members of the police service from the requirement in subsection (1) and provides that their normal pension age must be 60.

Subsection (4) requires a scheme made under section 1 to make the deferred pension age for members of that scheme the same as their state pension age, or 65, whichever is greater. Again, the floor of age 65 is to account for the gender disparity in state pension ages at present. “Deferred pension age” is defined in subsection (10)(b) as the earliest age at which a member of a scheme is entitled to

receive unreduced benefits under the scheme after leaving active service before reaching normal pension age.

Subsection (5) requires any changes to normal or deferred pension age which occur as a result of a change in state pension age to apply to the calculation and payment of all benefits earned in a scheme to which that pension age is relevant. This includes benefits accrued in that scheme before the change in state pension age.

This section also applies to new schemes set up for other public bodies (see section 31(1) (new public body pension schemes)).

The effect of this section is to require normal and deferred pension ages in schemes made under powers in the Act, or governed by provisions in it, to change in line with any change to state pension age. So, where state pension age increases by one year the relevant normal and deferred pension ages would need to increase by one year. The increase would apply to all relevant benefits earned in a scheme set up under the Act where the normal and deferred pension age have been linked to state pension age. This will mean that if the state pension age changes, an active member of a scheme set up under the power in section 1 will take their entire relevant pension entitlements in that scheme at the new normal pension age, including those earned before the change to state pension age. It will not affect pension benefits that were accrued before the scheme member transferred into the public service pension scheme set up under or governed by the Act. Those pension benefits may be taken at the normal pension age for the scheme in which they were accrued, and on the terms that apply to that scheme.

Subsection (6) empowers the Department of Finance and Personnel to provide by order that the link for normal scheme pension age to state pension age should not apply for certain persons of such description as is specified. The order may make provision as to the normal pension age and the deferred pension age of such persons.

Subsection (7) requires the Department to consult all persons likely to be affected by the order before making an order under subsection (6).

Subsection (8) makes an order under subsection (6) subject to the affirmative procedure.

Subsection (9) provides that the Department is to conduct a review of the operation of the legislation every 2 years and lay a report before the Assembly within 6 months of that review having started.