These notes refer to the Pensions Act (Northern Ireland) 2015 (c.5) which received Royal Assent on 23 June 2015

Pensions Act (Northern Ireland) 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 4 – State Pension Credit

Section 27: State pension credit: phasing out assessed income periods

Section 27 provides for the assessed income period ("AIP") in state pension credit claims to be phased out from 2016. The AIP is a feature of state pension credit that removes the requirement for certain individuals to notify the Department of changes to retirement provision (broadly defined as capital, annuities and retirement pension) for a defined period, for the purposes of assessing their entitlement to state pension credit. From 2016, any change in retirement provision must be reported when it occurs, triggering an immediate review and change of the benefit award where appropriate. The removal of the AIP will apply to new customers and there is a power to apply it to those existing customers with a 5-year AIP already in place at April 2016 (the latter will be gradually phased out in the first few years). Customers with an indefinite AIP already in place on 6th April 2016 will be unaffected as their AIP will remain in place until it ends under existing rules.

Subsection (1) limits the application of the legislation on AIPs to decisions that take effect before 6th April 2016. This effectively means that, from 6th April 2016, no new AIPs will be set. It also means, however, that AIPs set before 6th April 2016 will remain valid beyond that date (or until such time as the 5-year AIPs are phased out).

Subsection (3) is intended to make it clear that regulations under section 9(5) of the State Pension Credit Act may be made for the purpose of phasing out, on or after 6th April 2016, any remaining AIP that is 5 years or shorter in length. This could be used to provide for those AIPs to be ended either when they mature, when a change of circumstances is reported, or via reviews carried out on a phased schedule.

Section 28: Preserving indefinite status of certain existing assessed income periods

Section 9(6) of the State Pension Credit Act was inserted by section 84(4) of the Pensions (No. 2) Act to ensure that certain old AIPs were extended indefinitely.

This was a transitional provision and was thought to be necessary only until 6th April 2014. It is therefore repealed from that date by section 84(6) of the Pensions (No. 2) Act. The repeal leaves some doubt about whether existing AIPs under section 9(6) of the State Pension Credit Act will remain in place after 6th April 2014. Section 28 of the Act is intended to remove the doubt by ensuring that existing indefinite AIPs governed by section 9(6) of the State Pension Credit Act remain in place indefinitely.

Section 28 has been drafted so that it works whether or not the section comes into operation before, on or after 6th April 2014.