

## SCHEDULES

### SCHEDULE 1

#### TRANSITIONAL RATE OF STATE PENSION: CALCULATING THE AMOUNT

#### PART 2

#### AMOUNT FOR PRE-COMMENCEMENT QUALIFYING YEARS

##### *Step 2: calculation of a pension based on the new system*

4.—(1) For the purposes of Step 2 of the calculation in paragraph 2, the weekly rate based on the new state pension is as follows.

(2) If the person has 35 or more pre-commencement qualifying years, the rate is equal to—

- (a) the full rate of the state pension on 6 April 2016, less
- (b) any amount to reflect contracting out under the old system (see paragraph 5).

(3) If the person has fewer than 35 pre-commencement qualifying years, the rate is equal to—

- (a) the appropriate proportion of the full rate of the state pension on 6 April 2016, less
- (b) any amount to reflect contracting out under the old system (see paragraph 5).

(4) The “appropriate proportion”, in relation to a person, is—

$$\frac{1}{35} \times \text{the person's number of pre-commencement qualifying years}$$

5.—(1) In paragraph 4(2) and (3) references to an “amount to reflect contracting out under the old system” are to an amount equal to any difference between—

- (a) the amount of any additional pension included in the Category A retirement pension calculated for the purposes of Step 1 of the calculation in paragraph 2, and

- (b) the amount of any additional pension that would have been included if—
  - (i) sections 42 and 44A of the Pension Schemes Act were ignored, and
  - (ii) for the purposes of calculating the amounts referred to in section 45(2)(c) and (d) of the Contributions and Benefits Act any earnings paid to or for the benefit of the person in respect of contracted-out employment were treated as if they were not in respect of contracted-out employment.

(2) “Contracted-out employment” means employment qualifying a person for a pension provided by a salary related contracted-out scheme, a money purchase contracted-out scheme or an appropriate personal pension scheme (and expressions used in this definition have the same meaning as in the Pension Schemes Act).