

PENSIONS ACT 2008

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 137: Official pensions: adjustment of increases in survivors' pensions

452. Section 59 of the Social Security Pensions Act 1975 deals with the index-linking of public service pensions. Section 59(5ZA) was inserted in 1990 to prevent an element of “double indexation” arising in relation to the “guaranteed minimum pension” or “GMP” payable to survivors of members of public service pension schemes. Double indexation of the GMP might occur if it is increased by both legislation relating to public service pension schemes and by legislation which provides for index-linking of state pensions.
453. A GMP arises where a pension scheme member was contracted out of the additional state pension for service between tax years 1978/79 and 1996/97. When a public service pension scheme member dies, a member’s widow is entitled to half of a member’s GMP, but the member’s widower is only entitled to half of the member’s GMP accrued since 1988/89.
454. Section 59(5ZA) fails to take account of the difference in GMP entitlement between widows and widowers and it does not cover civil partners.
455. This section amends section 59(5ZA) so that it reflects the different guaranteed minimum pension entitlements of widowers when compared to widows. It also extends the operation of section 59(5ZA) so that it will apply to future payments of pensions to civil partners.