

PENSIONS ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1 – State Pension

Section 8: Choice of lump sum or survivor’s pension under [section 9](#) in certain cases

Section 9: Survivor’s pension based on inheritance of deferred old state pension

Section 10: Inheritance of graduated retirement benefit

Schedule 5: Survivor’s pension under [section 9](#): inherited deferral amount

74. Under the old retirement pension rules, individuals can choose not to claim their state pension at pensionable age and, as a consequence, will qualify for either an increase to their weekly pension (known as increments) or for a lump-sum payment from the point they claim (subject to some conditions). This is known as deferral.
75. These sections and schedule relate to the inheritance of deferred state pensions and deferral awards under the old retirement pension rules (see paragraphs 92 - 94 below for an explanation of how deferral will work under the new state pension rules). Where a late spouse or civil partner reached pensionable age before the start date of the new state pension and deferred their state pension, the survivor can inherit the deceased’s deferred pension (regardless of whether they reach pensionable age before or after the start date of the new state pension) as under the old retirement pension rules. Regulations may also provide for the inheritance of deferred graduated retirement benefit. It is not, however, possible for a person who reaches pensionable age on or after the start date of the new state pension to pass on deferral increments to his or her spouse or civil partner.
76. However, unlike the inheritance arrangements under the old retirement pension rules, the provisions in Schedule 5 mean that, for an individual who reaches pensionable age on or after the start date of the new state pension, it will no longer be possible to inherit increments that were accrued by his or her late spouse or civil partner’s former spouse or civil partner, except for any increments that the individual’s deceased spouse built up on any increments that he or she inherited. For example, B (who reached pensionable age before the start date) is deferring his pension (which includes increments accrued by his late wife, A) and is now married to his second wife, C (who reached pensionable age after the start date). B dies and C inherits increments from him that are paid with her pension. C cannot inherit increments from B that were originally accrued by A’s period of deferral. C will however be able to inherit the increments that B may have built up on any increments that he inherited from A.