

PENSIONS ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 3 – Pensionable Age

Section 26: Increase in pensionable age to 67

122. Part 1 of Schedule 4 to the PA 1995 stipulates pensionable age for men and women. As amended by the PA 2007 this provides for the increase in pensionable age to 67 to take place between 6 April 2034 and 5 April 2036. This section amends these rules to bring forward the increase in pensionable age to 67 to take place between 6 April 2026 and 5 March 2028.
123. Under the timetable set by the PA 2011, those born on or after 6 October 1954 but before 6 April 1968 will reach pensionable age on their 66th birthday. Under the revised timetable set by this section, those born between 6 April 1960 and 5 March 1961 will have a pensionable age of between 66 years and 1 month and 66 years and 11 months. Those born on or after 6 March 1961 but before 6 April 1977 will reach pensionable age on their 67th birthday.
124. The table in *section 26(3)* sets out how pensionable age will increase from 66 to 67. Individuals in each one month birth cohort affected by the transitional arrangements will reach pensionable age when they reach age 66 and the specified number of months. For example:
- an individual born on 15 April 1960 reaches pensionable age when they reach age 66 and one month on 15 May 2026;
 - an individual born on 10 September 1960 reaches pensionable age when they reach age 66 and 6 months on 10 March 2027; and
 - an individual born on 22 January 1961 reaches pensionable age when they reach age 66 and 10 months on 22 November 2027.
125. There are three instances during the transition period where an individual may be born in a calendar month which has more days than the relevant month in which he or she would reach pensionable age. Section 26(3) provides when those individuals will reach pensionable age. For example an individual born on 31 July 1960 cannot reach pensionable age of 66 and 4 months on 31 November 2026 because November only has 30 days. He or she will therefore be treated as reaching pensionable age on 30 November 2026.

Section 27: Periodic review of rules about pensionable age

126. This section makes provision for a periodic review by the Secretary of State of the pensionable age in light of changes in life expectancy and other relevant factors. It also requires the Secretary of State to prepare and publish a report in relation to the review. The first report must be published before 7 May 2017. This is two years after the polling day for the next parliamentary general election as provided under the Fixed-

*These notes refer to the Pensions Act 2014 (c.19)
which received Royal Assent on 14 May 2014*

term Parliaments Act 2011. Future reports must then be published within six years of the previous report. The Government has announced that it intends to consider whether the rules relating to pensionable age are appropriate every five years (once every parliament). However, the reference to six years allows some flexibility around the report's publication date.

127. To inform the review, the Secretary of State must commission the Government Actuary or Deputy Government Actuary to prepare a report on whether the rules on pensionable age mean that, on average, a person who reaches pensionable age within a specified period can be expected to spend a specified proportion of his or her adult life in retirement (with the proportion of a person's adult life spent in retirement being the proportion of his or her adult life spent after reaching pensionable age). If the rules on pensionable age mean that this is not the case, the report will suggest how the rules might be changed to attain the result. The Secretary of State will specify both the age at which adult life is to be taken as beginning and the proportion of adult life in retirement when commissioning the report from the Government Actuary or Deputy Government Actuary.
128. In addition to the report from the Government Actuary or Deputy Government Actuary, the Secretary of State must also appoint a panel of one or more persons to consider factors relevant to the pensionable age. The panel must prepare a report for the Secretary of State. When appointing the panel, the Secretary of State will specify the relevant factors.
129. The Secretary of State will consider both of these reports when reviewing whether pensionable age should change. If any change to pensionable age is decided upon the Government would introduce primary legislation to this end.