
EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes amendments to various Acts which are consequential on or supplementary to the introduction of the new state pension for people reaching pensionable age on or after 6th April 2016 by the Pensions Act 2014 (c.19).

Articles 2 and 3 amend the Social Security Contributions and Benefits Act 1992 (c.4) (“the Benefits Act”) and the Social Security Administration Act 1992 (c.5).

Article 2(2) amends section 23A of the Benefits Act to provide for the crediting of certain contributions in respect of periods of caring to be treated as if they were made before 6th April 2016 for the purposes of calculating the rate of transitional state pension.

Article 2(3) to (8), except paragraph (4)(a), makes consequential amendments to the Benefits Act. These amendments apply where a person who has reached pensionable age under the old state pension scheme claims a Category B retirement pension which is based on the National Insurance contributions of their deceased spouse or civil partner who was in the new state pension scheme. The amendments ensure that the calculation of the additional state pension in the Category B retirement pension, which is based on the Category A retirement pension the deceased would have got if they had been in the old state pension scheme, reflects (A) revaluation to reflect earnings growth in the period before the deceased reached pensionable age and (B) uprating to take inflation into account after they reached pensionable age.

As those amendments provide for revaluation in those cases, article 3 makes consequential amendments to the Social Security Administration Act 1992 to remove two existing requirements to make an Order providing for revaluation which are no longer needed.

Article 2(4)(a) makes a supplementary amendment to section 51 of the Benefits Act. Section 51 was substituted by the Pensions Act 2014 as part of the amendments relating to the introduction of the new state pension. The article 2(4)(a) amendment provides that Schedule 4B to the Benefits Act is used to calculate the Category B retirement pension for certain people who attained pensionable age before 6th April 2010.

Article 4 amends paragraph 2(3)(e) of Schedule 4 to the Scotland Act 1998 (c.46) to preserve the scope of the legislation on the sharing of state pensions on divorce or the dissolution of a civil partnership in that paragraph by adding a reference to Part 1 of the Pensions Act 2014.

Article 5 amends section 17(1)(b) of the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2) to enable the Secretary of State to make arrangements for Her Majesty’s Revenue and Customs to make decisions as to whether a person should be awarded a National Insurance Credit for the purposes of establishing entitlement to a new state pension.

Article 6 amends the Finance (No.2) Act 2005 (c.22) in relation to people in the new state pension scheme who inherit a lump sum payment based on deferred graduated retirement benefit. It ensures the payment is subject to the same tax treatment as other state pension lump sums.

Article 7 amends section 14(4)(c) of the Pensions Act 2008 (c.30) to add the new state pension to the factors which the Secretary of State may take into account when reviewing the earnings trigger and the qualifying earnings band in order to decide whether these amounts should be increased or decreased.

Article 8 amends paragraph 4(3) of Schedule 7 to the Equality Act 2010 (c.15). The principle of equality between the sexes in occupational pension schemes derives from section 67 of the Equality

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Act 2010; Part 2 of Schedule 7 sets out exceptions to this principle. One permitted exception is where a man and a woman are eligible to receive different amounts by way of occupational pension and the difference is attributable only to differences between a man and woman in the state retirement pension they are entitled to. The amendment extends this permitted exception to include new state pension.

A full impact assessment has not been published for this Order as it has no impact on the private sector or civil society organisations. An assessment has been made of the impact of the introduction of the new state pension. Copies of that impact assessment may be obtained from the Better Regulation Unit of the Department for Work and Pensions, 2D Caxton House, Tothill Street, London SW1H 9NA or from the DWP website: https://www.gov.uk/government/uploads/system/uploads/attachments_data/file/311316/pensions-act-ia-annex-a-single-tier-state-pension.pdf. (Annex A contains the assessment for the new state pension.)