PENSIONS ACT 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1: State pension

Section 1: Category A and B retirement pensions: single contribution condition

Provisions of new Paragraph 5A of Schedule 3 to the SSCBA1992 as inserted by section 1

107. *Sub-paragraph (1)* sets out the cases in which the new single contribution condition will apply, as determined by when the contributor concerned reaches state pension age:

    • A person reaching state pension age on or after 6 April 2010 will be entitled to a Category A pension on satisfying that condition; and

    • A spouse or civil partner of a person reaching state pension age on or after 6 April 2010 (or of a person who dies on or after that date without having reached that age) may substitute or inherit a Category B pension based on that person's Category A pension where the contributor concerned satisfied that condition.

108. *Sub-paragraph (2)* sets out the new condition. It requires that, in order to qualify for a full basic state pension, the contributor concerned must have paid or been credited with Class 1, 2 or 3 National Insurance contributions for at least 30 "qualifying years" in their working life. In the case of 1987-88 or a later year, it is also sufficient if the person has been credited with earnings. In addition, for each of those 30 years, the person's earnings factor must be not less than the qualifying earnings factor for that year.

109. *Sub-paragraph (3)* defines how earnings factors are to be calculated for these purposes. The earnings factor will be calculated with regard to Class 1 contributions paid or treated as paid, or earnings credited, up to the upper earnings limit, together with any Class 2 or 3 contributions for the year.

110. *Sub-paragraph (4)* enables regulations to be made which modify paragraph 5A(2) and (3) so they will not prevent people insured under the 1946 and 1965 National Insurance Acts who reach state pension age from 6 April 2010 qualifying for basic state pension (Category A and/or Category B) under the new single contribution condition.