

## **PENSIONS ACT 2008**

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### **EXPLANATORY NOTES**

#### **COMMENTARY ON SECTIONS**

##### ***Section 103: Effect of entitlement to guaranteed minimum pension***

259. *Section 103* amends PSA 1993 to cater for those who have been in contracted-out employment for all or part of the period up until 5 April 1997 and are entitled to one or more Guaranteed Minimum Pensions. It introduces a method for calculating the reduction to be made from Additional Pension in respect of the years before the Flat Rate Introduction Year for those who reach State Pension age after 5 April 2020.
260. *Subsection (2)* amends PSA 1993, section 46, inserting new *subsections (1A) and (1B)*, so that the method of calculating a reduction under the provisions in section 46(1), do not apply where someone reaches State Pension age after 5 April 2020.
261. *Subsection (3)* inserts a new section 46A into PSA 1993.
262. *Subsection (1)* in new section 46A provides for the method of calculating the reduction from Additional Pension where someone reaches State pension age after 5 April 2020 and is entitled to one or more Guaranteed Minimum Pensions.
263. *Subsection (2)* in new section 46A provides that the calculation should be made in accordance with regulations.
264. *Subsection (3)* specifies that the reduction calculated under the regulations should not exceed the amount of the Additional Pension attributable to periods before the principal appointed day (for the PA 1995: 6 April 1997).
265. *Subsection (4)* provides that the effect of the reduction made under the regulations should be actuarially equivalent to the effect of the reduction that would have been made under PSA 1993 section 46(1) had section 46(1A) not been inserted.
266. *Subsection (5)* requires that the Secretary of State must commission a report from the Government Actuary or the Deputy Government Actuary to advise on how actuarial equivalence should be determined.
267. *Subsection (6)* requires that, in preparing that report, the Actuary must consult such persons as the Actuary considers appropriate.
268. *Subsection (7)* requires that the report must be laid before Parliament.
269. *Subsection (8)* requires that the Secretary of State, having considered the report, must make regulations determining actuarial equivalence for the purpose of this section.
270. *Subsection (9)* requires that if any recommendation in the report is not followed, the Secretary of State must lay a report before Parliament explaining why.