

SCHEDULES

SCHEDULE 15

Section 25

OPTION TO BOOST OLD RETIREMENT PENSIONS

PART 1

GREAT BRITAIN

Social Security Contributions and Benefits Act 1992 (c. 4)

- 1 The Social Security Contributions and Benefits Act 1992 is amended as follows.
- 2 (1) Section 1 (outline of contributory system) is amended as follows.
 - (2) In subsection (2)—
 - (a) omit “six”;
 - (b) in paragraph (d), after “making up entitlement;” insert—
 - “(da) Class 3A, payable by eligible people voluntarily under section 14A with a view to obtaining units of additional pension;”.
 - (3) In subsection (4)(a), for “and 3” substitute “, 3 and 3A”.
- 3 After section 14 insert—

“Class 3A contributions

14A Class 3A contributions in return for units of additional pension

- (1) An eligible person is entitled to pay a Class 3A contribution in return for a unit of additional pension.
- (2) A person is eligible to pay a Class 3A contribution if the person—
 - (a) is entitled to a Category A, Category B or Category D retirement pension or graduated retirement benefit, or
 - (b) has deferred entitlement to a Category A or Category B retirement pension or graduated retirement benefit.
- (3) The amount of a Class 3A contribution needed to obtain a unit of additional pension is to be determined in accordance with regulations made by the Treasury.
- (4) Before making those regulations the Treasury must consult the Government Actuary or the Deputy Government Actuary.
- (5) A person—

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- (a) may pay Class 3A contributions on more than one occasion, but
 - (b) may not obtain more than the maximum number of units of additional pension.
- (6) The maximum number of units of additional pension that a person may obtain is to be specified by the Treasury in regulations.
- (7) In this section “deferred”, in relation to graduated retirement benefit, has the meaning given by section 36(4A) of the National Insurance Act 1965.
- (8) For the meaning of “deferred” in relation to a Category A or Category B retirement pension, see section 55(3) of this Act.

14B Class 3A contributions: repayment

- (1) The Treasury may by regulations provide for a Class 3A contribution to be repaid in specified circumstances.
- (2) Regulations under subsection (1) may, in particular, make provision about applications for repayments and other procedural matters.
- (3) A person is to be treated as never having had a unit of additional pension if the Class 3A contribution paid in respect of it is repaid.
- (4) Regulations under subsection (1) may provide for benefits paid to a person because of the unit of additional pension to be recovered by deducting them from the repayment.

14C Class 3A contributions: power to change eligibility or remove the option to pay

- (1) The Treasury may by regulations change who is eligible to pay Class 3A contributions.
- (2) The Treasury may by regulations remove the option for people to pay Class 3A contributions.
- (3) Regulations under this section may, in particular, amend an Act.”

4 If paragraph 3 comes into force before the day mentioned in section 56(4) of this Act, section 14A(2) as inserted by that paragraph has effect as if the reference to entitlement included the prospective entitlement of a person who—

- (a) has not yet reached pensionable age, but
- (b) will reach pensionable age before that day (assuming that the person lives until pensionable age).

5 In section 43 (persons entitled to more than one retirement pension), in subsection (1), after “subsection (2) below” insert “and section 61ZC below (which deals with unusual cases involving units of additional pension)”.

6 In section 44 (Category A retirement pension), in subsection (3)—

- (a) in paragraph (b), at the end insert “or where the pensioner has one or more units of additional pension”;
- (b) after paragraph (b) insert—

“For units of additional pension, see section 14A.”

7 (1) Section 45 (rate of additional pension in a Category A retirement pension) is amended as follows.

(2) In subsection (1)—

(a) after “shall be” insert “the sum of the following—

(a) in relation to any surpluses in the pensioner’s earnings factors,”;

(b) at the end insert “; and

(b) if the pensioner has one or more units of additional pension, a specified amount for each of those units.”

(3) In subsection (2), at the end of paragraph (d) insert “; and

(e) if the pensioner has one or more units of additional pension, a specified amount for each of those units.”

(4) After subsection (2) insert—

“(2A) For the purposes of subsections (1)(b) and (2)(e) the “specified amount” is an amount to be specified by the Secretary of State in regulations.”

8 In section 52 (special provision for surviving spouses), after subsection (3) insert—

“(3A) In subsection (3) the references to additional pension in a Category A or Category B retirement pension do not include any amount of additional pension attributable to units of additional pension.

(3B) If an amount of additional pension in the Category B retirement pension is attributable to units of additional pension, the additional pension in the Category A retirement pension is increased by that amount (in addition to any increase under subsection (3)).”

9 After section 61 insert—

“61ZA Shortfall in contributions: people with units of additional pension

(1) This section applies to a person who has one or more units of additional pension if the person—

(a) is not entitled to a Category A retirement pension, but

(b) would be entitled to a Category A retirement pension if the relevant contribution conditions were satisfied.

(2) The relevant contribution conditions are to be taken to be satisfied for the purposes of the person’s entitlement to a Category A retirement pension.

(3) But where a person is entitled to a Category A retirement pension because of this section, the only element of that pension to which the person is so entitled is the additional pension attributable to the units of additional pension.

(4) For units of additional pension, see section 14A.

61ZB Shortfall in contributions: people whose dead spouse had units of additional pension

(1) This section applies to a person whose spouse or civil partner died with one or more units of additional pension if the person—

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- (a) is not entitled to a Category B retirement pension as a result of the death, but
 - (b) would be entitled to a Category B retirement pension as a result of the death if the relevant contribution conditions were satisfied.
- (2) The relevant contribution conditions are to be taken to be satisfied for the purposes of the person’s entitlement to that Category B retirement pension.
- (3) But where a person is entitled to a Category B retirement pension because of this section, the only element of that pension to which the person is so entitled is the additional pension attributable to the units of additional pension.
- (4) For units of additional pension, see section 14A.

61ZC Entitlement to more than one pension: sections 61ZA and 61ZB

- (1) Section 43 does not prevent a person from being entitled for the same period to both—
 - (a) a Category A retirement pension because of section 61ZA, and
 - (b) one Category B retirement pension.
 - (2) Section 43 does not prevent a person from being entitled for the same period to both—
 - (a) a Category A retirement pension, and
 - (b) one Category B retirement pension because of section 61ZB (or, if there is more than one such Category B retirement pension, the most favourable of them).
 - (3) Accordingly—
 - (a) in section 43(2)(a) the reference to “a Category A or a Category B retirement pension”, in a case in which subsection (1) or (2) of this section applies, includes “a Category A and a Category B retirement pension”,
 - (b) in sections 43(3)(a) and (aa), 51A and 52 “Category A retirement pension” does not include a pension to which a person is entitled because of section 61ZA, and
 - (c) in sections 43(3)(a) and 52 “Category B retirement pension” does not include a pension to which a person is entitled because of section 61ZB.”
- 10 In section 122 (interpretation), in subsection (1), at the appropriate place insert—
 ““unit of additional pension” means a unit of additional pension for which a person has paid a Class 3A contribution under section 14A;”.
- 11 In section 176 (parliamentary control), in subsection (1)(a), at the appropriate places insert—
 “section 14A;”
 “section 45(2A);”.
- 12 In the heading to Schedule 1, for “and 3” substitute “, 3 and 3A”.

Social Security Administration Act 1992 (c. 5)

- 13 (1) Section 162 of the Social Security Administration Act 1992 (destination of contributions) is amended as follows.
- (2) In subsection (5)(e), after “those contributions;” insert—
- “(ea) in the case of Class 3A contributions, 15.5 per cent of the amount estimated to be the total of those contributions;”.
- (3) In subsection (8)(c), for “or (e)” substitute “, (e) or (ea)”.

Welfare Reform and Pensions Act 1999 (c. 30)

- 14 In section 47 of the Welfare Reform and Pensions Act 1999 (shareable state scheme rights), in subsection (2)(a), omit “earnings-related”.

PART 2

NORTHERN IRELAND

Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)

- 15 The Social Security Contributions and Benefits (Northern Ireland) Act 1992 is amended as follows.
- 16 (1) Section 1 (outline of contributory system) is amended as follows.
- (2) In subsection (2)—
- (a) omit “six”;
- (b) in paragraph (d), after “making up entitlement;” insert—
- “(da) Class 3A, payable by eligible people voluntarily under section 14A with a view to obtaining units of additional pension;”.
- (3) In subsection (4)(a), for “and 3” substitute “, 3 and 3A”.
- 17 After section 14 insert—

“Class 3A contributions

14A Class 3A contributions in return for units of additional pension

- (1) An eligible person is entitled to pay a Class 3A contribution in return for a unit of additional pension.
- (2) A person is eligible to pay a Class 3A contribution if the person—
- (a) is entitled to a Category A, Category B or Category D retirement pension or graduated retirement benefit, or
- (b) has deferred entitlement to a Category A or Category B retirement pension or graduated retirement benefit.
- (3) The amount of a Class 3A contribution needed to obtain a unit of additional pension is to be determined in accordance with regulations made by the Treasury.

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- (4) Before making those regulations the Treasury must consult the Government Actuary or the Deputy Government Actuary.
- (5) A person—
 - (a) may pay Class 3A contributions on more than one occasion, but
 - (b) may not obtain more than the maximum number of units of additional pension.
- (6) The maximum number of units of additional pension that a person may obtain is to be specified by the Treasury in regulations.
- (7) In this section “deferred”, in relation to graduated retirement benefit, has the meaning given by section 35(4A) of the National Insurance Act (Northern Ireland) 1966.
- (8) For the meaning of “deferred” in relation to a Category A or Category B retirement pension, see section 55(3) of this Act.

14B Class 3A contributions: repayment

- (1) The Treasury may by regulations provide for a Class 3A contribution to be repaid in specified circumstances.
- (2) Regulations under subsection (1) may, in particular, make provision about applications for repayments and other procedural matters.
- (3) A person is to be treated as never having had a unit of additional pension if the Class 3A contribution paid in respect of it is repaid.
- (4) Regulations under subsection (1) may provide for benefits paid to a person because of the unit of additional pension to be recovered by deducting them from the repayment.

14C Class 3A contributions: power to change eligibility or remove the option to pay

- (1) The Treasury may by regulations change who is eligible to pay Class 3A contributions.
 - (2) The Treasury may by regulations remove the option for people to pay Class 3A contributions.
 - (3) Regulations under this section may, in particular, amend an Act.”
- 18 (1) If paragraph 17 comes into force before the new state pension commencement date for Northern Ireland, section 14A(2) as inserted by that paragraph has effect as if the reference to entitlement included the prospective entitlement of a person who—
- (a) has not yet reached pensionable age, but
 - (b) will reach pensionable age before that day (assuming that the person lives until pensionable age).
- (2) In this paragraph “the new state pension commencement date for Northern Ireland” means the date on which legislation in Northern Ireland corresponding to section 2 of this Act comes fully into force.
- 19 In section 121 (interpretation), in subsection (1), at the appropriate place insert—

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““unit of additional pension” means a unit of additional pension for which a person has paid a Class 3A contribution under section 14A;”.

- 20 In section 172 (procedure for regulations etc), in subsection (11A), after “11(3)” insert “, 14A”.
- 21 In the heading to Schedule 1, for “and 3” substitute “, 3 and 3A”.

Social Security Administration (Northern Ireland) Act 1992 (c. 8)

- 22 (1) Section 142 of the Social Security Administration (Northern Ireland) Act 1992 (destination of contributions) is amended as follows.
- (2) In subsection (5)(e), after “those contributions;” insert—
“*(ea)* in the case of Class 3A contributions, 15.5 per cent of the amount estimated to be the total of those contributions;”.
- (3) In subsection (8)(c), for “or (e)” substitute “, (e) or (ea)”.