

## **EXPLANATORY NOTES**

### **PENSIONS ACT 2014**

#### **INTRODUCTION**

#### **BACKGROUND**

**State pension reform**

**Option to boost old retirement pensions**

**Pensionable age**

**State pension credit**

**Bereavement benefits**

**Automatic transfers**

**Charges and requirements in pension schemes**

**Pensions Regulator's objective**

#### **SUMMARY**

#### **OVERVIEW OF THE STRUCTURE OF THE ACT**

**PART 1 – STATE PENSION**

**PART 2 – OPTION TO BOOST OLD RETIREMENT PENSIONS**

**PART 3 – PENSIONABLE AGE**

**PART 4 – STATE PENSION CREDIT**

**PART 5 – BEREAVEMENT SUPPORT PAYMENT**

**PART 6 – PRIVATE PENSIONS**

**PART 7 – FINAL PROVISIONS**

#### **TERRITORIAL EXTENT**

#### **COMMENTARY ON SECTIONS**

**PART 1 – STATE PENSION**

Section 1: State pension

- Section 2: Entitlement to state pension at full or reduced rate
- Section 3: Full and reduced rates of state pension
- Section 4: Entitlement to state pension at transitional rate
- Section 5: Transitional rate of state pension
- Section 6: Recalculation and backdating of transitional rate in special cases
- Schedule 1: Transitional rate of state pension: calculating the amount
- Schedule 2: Transitional rate of state pension: up-rating
- Section 7: Survivor's pension based on inheritance of additional old state pension
- Schedule 3: Survivor's pension under section 7: inherited amount
- Schedule 4: Survivor's pension under section 7: up-rating
- Section 8: Choice of lump sum or survivor's pension under section 9 in certain cases
- Section 9: Survivor's pension based on inheritance of deferred old state pension
- Section 10: Inheritance of graduated retirement benefit
- Schedule 5: Survivor's pension under section 9: inherited deferral amount
- Section 11: Reduced rate elections: effect on section 4 pensions
- Section 12: Reduced rate elections: pension for women with no section 4 pension
- Schedule 6: Reduced rate elections: effect on rate of section 4 pension
- Schedule 7: Reduced rate elections: basic amount of state pension under section 12
- Section 13: Shared state pension on divorce etc
- Section 14: Pension sharing: reduction in the sharer's section 4 pension
- Section 15: Pension sharing: amendments
- Schedule 8: Pension sharing: appropriate weekly rate under section 13
- Schedule 9: Pension sharing: up-rating state pension under section 13
- Schedule 10: Pension sharing: appropriate weekly reduction under section 14
- Schedule 11: Pension sharing: amendments
- Section 16: Pensioner's option to suspend state pension
- Section 17: Effect of pensioner postponing or suspending state pension
- Section 18: Section 17 supplementary: calculating weeks, overseas residents, etc
- Section 19: Prisoners

Section 20: Overseas residents

Section 23: Amendments

Schedule 12: State pension: amendments

Section 24: Abolition of contracting-out for salary related schemes etc

Schedule 13: Abolition of contracting-out for salary related schemes

Schedule 14: Power to amend schemes to reflect abolition of contracting-out

## **PART 2 – OPTION TO BOOST OLD RETIREMENT PENSIONS**

Section 25: Option to boost old retirement pensions

Schedule 15: Option to boost old retirement pensions

## **PART 3 – PENSIONABLE AGE**

Section 26: Increase in pensionable age to 67

Section 27: Periodic review of rules about pensionable age

## **PART 4 – STATE PENSION CREDIT**

Section 28: State pension credit: phasing out assessed income periods

Section 29: Preserving indefinite status of certain assessed income periods

## **PART 5 – BEREAVEMENT SUPPORT PAYMENT**

Section 30: Bereavement support payment

Section 31: Bereavement support payment: contribution condition and amendments

Section 32: Bereavement support payment: prisoners

Schedule 16: Bereavement support payment: amendments

## **PART 6 – PRIVATE PENSIONS**

Section 33: Automatic transfer of pension benefits etc

Schedule 17: Automatic transfer of pension benefits etc

Section 34: Power to prohibit offer of incentives to transfer pension rights

Section 35: Expiry of power in Section 34

Section 36: Short service benefit for scheme member with money purchase benefits

Section 37: Automatic re-enrolment: exceptions where automatic enrolment deferred

Section 38: Automatic enrolment: powers to create general exceptions

- Section 39: Alternative quality requirements for UK defined benefits schemes
- Section 40: Automatic enrolment: transitional period for hybrid schemes
- Section 41: Penalty notices under sections 40 and 41 of the Pensions Act 2008 etc
- Section 42: Unpaid scheme contributions
- Section 43: Power to restrict charges or impose requirements in relation to schemes
- Schedule 18: Power to restrict charges or impose requirements in relation to schemes
- Section 44: Disclosure of information about transaction costs to members etc
- Section 45: Power to require pension levies to be paid in respect of past periods
- Section 46: Prohibition and suspension orders: directors of corporate trustees
- Schedule 19: Prohibition orders: consequential amendments
- Section 47: Preparation of guidance for pensions illustrations
- Section 48: Pensions Regulator's objectives
- Section 49: Maximum period between scheme returns to be 5 years for micro schemes
- Section 50: Pension Protection Fund: increased compensation cap for long service
- Schedule 20: Pension Protection Fund: increased compensation cap for long service
- Section 51: Pension Protection Fund: compensation cap to apply separately to certain benefits
- Section 52: Public service pension schemes: transitional arrangements

## **PART 7 – FINAL PROVISIONS**

- Section 55: Extent

## **COMMENCEMENT DATES**

## **HANSARD REFERENCES**