



2008 CHAPTER 1

PART 1

STATE PENSION

*Additional pension: simplification of accrual rates*

**Additional pension: upper accrual point**

**10.—**(1) In section 22 of the Contributions and Benefits Act (earnings factors)—

- (a) in subsection (2A) (person’s earnings factors to be treated as derived only from so much of his earnings as did not exceed the upper earnings limit etc.) for “the upper earnings limit” substitute “the applicable limit”; and
- (b) after that subsection insert—

“(2B) “The applicable limit” means—

- (a) in relation to a tax year before the flat rate introduction year, the upper earnings limit;
- (b) in relation to the flat rate introduction year or any subsequent tax year, the upper accrual point.”

(2) In section 44 of the Contributions and Benefits Act (Category A retirement pension)—

- (a) in subsection (6) (meaning of references to earnings factors) in paragraph (za) for “the upper earnings limit” substitute “the applicable limit”;
- (b) in subsection (7) at the end add—

“(c) “the applicable limit” means—

- (i) in relation to a tax year before the flat rate introduction year, the upper earnings limit;
  - (ii) in relation to the flat rate introduction year or any subsequent tax year, the upper accrual point.”.
- (3) In section 121 of the Contributions and Benefits Act (interpretation of Parts 1 to 6)—
  - (a) in subsection (1) at the appropriate place insert—
    - ““the upper accrual point” is to be construed in accordance with subsections (7) and (8) below;”;
  - (b) after subsection (6) add—
    - “(7) “The upper accrual point” is the amount that is equal to the amount of the upper earnings limit for the flat rate introduction year multiplied by 52.
    - This is subject to subsection (8) below.
    - (8) The Department may, by order made before the beginning of that year, direct that the upper accrual point is to be such other amount (whether greater or lesser than that mentioned in subsection (7) above) as is specified in the order.”.
- (4) Part 7 of Schedule 1 contains consequential amendments.
- (5) Whenever the Secretary of State makes an order under section 12 of the Pensions Act 2007 (c. 22), the Department may make a corresponding order for Northern Ireland.
- (6) An order under subsection (5) is subject to negative resolution.