
EXPLANATORY NOTE

(This note is not part of the Order)

This is the first rule to be made under section 50 of the Pensions Act (Northern Ireland) 2015. This Order makes consequential amendments to primary and secondary legislation as a result of the introduction of increased additional pension attributable to units of additional pension. A person may pay a Class 3A voluntary National Insurance contribution in return for a unit of additional pension which results in an increase in the weekly rate of the additional pension in a Category A, B or D retirement pension.

Article 2 amends section 47 of, and paragraph 3 of Schedule 7 to, the Social Security Contribution and Benefits (Northern Ireland) Act 1992 in order to exclude the part of a person's additional pension in a Category A retirement pension that is attributable to units of additional pension from the relevant calculation. Therefore the reference in these provisions to an additional pension in a Category A retirement pension will only include the additional pension attributable to any surpluses in the pensioner's earnings factors for the tax years in their working life. This will mean in the case of State Pension that the amounts paid to those incapacitated before age 45 who received an increase to their long-term incapacity benefit, and subsequently an equivalent increase to their State Pension as a result, will be unaffected by the person having paid Class 3A contributions. This will also mean in the case of disablement pension, that the amount of the person's unemployability supplement will be unaffected by the person having paid Class 3A contributions.

Article 3 makes similar amendments to section 42 of the Pension Schemes (Northern Ireland) Act 1993 which applies to persons entitled to State Pension or disablement pension who are also entitled to a guaranteed minimum pension. Section 42 refers to and modifies both section 47 of, and paragraph 3 of Schedule 7 to, the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

Article 4 makes an amendment to the Social Security (Inherited SERPS) Regulations (Northern Ireland) 2001. It amends the definition of "additional pension" in regulation 1(2) so that it includes additional pension that a deceased spouse or civil partner was entitled to by virtue of that person paying a Class 3A voluntary national insurance contribution in return for a unit of additional pension. This will mean that a surviving spouse or civil partner will, in line with existing rules for other additional pension, be able to inherit the full amount of pension due from units of additional pension of the deceased spouse or civil partner if the deceased attained pensionable age before 6 October 2002; or a lesser amount of additional pension in line with the arrangements for a gradual reduction in inheritance to fifty percent where the spouse or civil partner who died reached State Pension age between 6 October 2002 and 5 October 2010.