

## **EXPLANATORY MEMORANDUM**

### **THE PENSIONS (2015 ACT) (CONSEQUENTIAL AMENDMENTS) (UNITS OF ADDITIONAL PENSION) ORDER (NORTHERN IRELAND) 2015**

**S.R. 2015 No. 308**

#### **1. Introduction**

- 1.1 This Explanatory Memorandum has been prepared by the Department for Social Development (“the Department”) to accompany the above Statutory Rule which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made under section 50 of the Pensions Act (Northern Ireland) 2015 and is subject to the confirmatory procedure.

#### **2. Purpose**

The Pensions (2015 Act) (Consequential Amendments) (Units of Additional Pension) Order (Northern Ireland) 2015 makes consequential changes to existing legislation to prevent a person having their State Pension or disablement pension reduced as a result of having received increased additional pension attributable to units of additional pension in return for paying Class 3A National Insurance contributions. The Order also provides for the inheritance of additional pension attributable to such units of additional pension, in line with current arrangements.

#### **3. Background**

- 3.1 In the Autumn Statement on 5 December 2013 the Chancellor of the Exchequer announced that people reaching pension age before 6 April 2016, the start date of the new State Pension, who were entitled to a State Pension, would be able to pay a new class of voluntary National Insurance contribution (Class 3A) to boost their additional State Pension.
- 3.2 Class 3A National Insurance contributions were consequently introduced by the Westminster Pensions Act 2014. As National Insurance contributions are an excepted matter, these measures extend to Northern Ireland.
- 3.3 The Pensions Act (Northern Ireland) 2015 provides for the payment of extra additional State Pension to those who choose to pay Class 3A contributions.
- 3.4 This Order makes consequential changes to existing legislation to ensure that the extra additional pension derived from Class 3A contributions will not result in a reduction of State Pension or disablement pension, where:-
  - increases are paid due to invalidity or unemployability; or
  - there is guaranteed minimum pension entitlement.

- 3.5 The Order also provides for the inheritance of additional pension attributable to units of additional pension in line with existing rules, i.e. to allow a person to inherit more than half of their spouse or civil partner's units of additional pension, where the deceased reached State Pension age before 6 October 2010.

#### **4. Consultation**

There is no requirement to consult on this Order.

#### **5. Equality Impact**

In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for this Order. The Department has concluded that the proposals would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

#### **6. Regulatory Impact**

The Order does not require a Regulatory Impact Assessment as it does not impose a cost on business, charities, social enterprise or voluntary bodies.

#### **7. Financial Implications**

None.

#### **8. Section 24 of the Northern Ireland Act 1998**

The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied the Rule is not incompatible with any of the Convention rights, is not incompatible with Community law, does not discriminate against a person or class of person on the ground of religious belief or political opinion, and does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

#### **9. EU Implications**

Not applicable.

#### **10. Parity or Replicatory Measure**

The corresponding Great Britain provision is the Pensions Act 2014 (Consequential Amendments) (Units of Additional Pension) Order 2014 (S.I. 2014/3213) which will come into force on 12 October 2015. In line with the long-standing policy of parity in social security, the Order in Northern Ireland should be made as soon as possible after the Great Britain Statutory Instrument was made and brought into operation on the same date as the Great Britain Order. In this case the Order has been made as soon as possible after Royal Assent for the Pensions Act (Northern

Ireland) 2015. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions provided for in section 87 of the Northern Ireland Act 1998.

**11. Additional information**

Not applicable.