

1989 No. 805

SOCIAL SECURITY

**The Social Security Revaluation of Earnings Factors
Order 1989**

<i>Made</i> - - - -	<i>9th May 1989</i>
<i>Laid before Parliament</i>	<i>16th May 1989</i>
<i>Coming into force</i>	<i>6th June 1989</i>

The Secretary of State for Social Security, in exercise of the powers conferred by section 21 of the Social Security Pensions Act 1975(a) and of all other powers enabling him in that behalf, having on a review under the said section 21 concluded, having had regard to earlier Orders under that section(b), that earnings factors(c) for the relevant previous tax years have not, during the period taken into account for that review, maintained their value in relation to the general level of earnings obtaining in Great Britain, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 1989 and shall come into force on 6th June 1989.

Revaluation of earnings factors

2. The earnings factors relevant –

(a) to the calculation –

(i) of the additional pension(d) in the rate of any long-term benefit; or

(ii) of any guaranteed minimum pension; or

(b) to any other calculation required under Part III of the Social Security Pensions Act 1975 (including that Part as modified by or under any other enactment),

are directed to be increased for the tax years specified in the Schedule hereto by the percentage of their amount shown opposite the said tax years in the said Schedule.

(a) 1975 c.60; section 21 was amended by the Social Security Act 1979 (c.18), section 10, the Social Security Act 1980 (c.30), section 3(3) and Schedule 5, the Social Security Act 1985 (c.53), Schedule 3, paragraphs 1 and 7, and the Social Security Act 1986 (c.50), section 18(1). (b) S.I. 1979/832, 1980/728, 1981/598, 1982/607, 1983/655, 1984/581, 1985/688, 1986/809, 1987/861, 1988/867. (c) See section 13(5) and section 13(5ZA) of the Social Security Act 1975 (c.14). Section 13(5) was amended by, and section 13(5ZA) inserted by, the Social Security Act 1988 (c.7), Schedule 2, paragraph 1. (d) See section 18(1) of the Social Security Act 1986 (c.50).

Rounding of fractional amounts

3. Where any earnings factor relevant to the calculation specified in article 2(a)(i) of this Order, as increased in accordance with this Order, would not but for this article be expressed as a whole number of pounds, it shall be so expressed by the rounding down of any fraction of a pound less than one half and the rounding up of any other fraction of a pound.

Signed by authority of the Secretary of State for Social Security.

9th May 1989

Skelmersdale
Parliamentary Under-Secretary of State,
Department of Social Security

SCHEDULE

Article 2

<i>Tax year</i>	<i>Increase</i>
1978-79	211.5
1979-80	174.9
1980-81	129.7
1981-82	92.3
1982-83	74.7
1983-84	62.3
1984-85	50.2
1985-86	41.0
1986-87	29.4
1987-88	20.5
1988-89	10.8

EXPLANATORY NOTE

(This note is not part of the Order)

This Order is made consequent upon a review under section 21 of the Social Security Pensions Act 1975 ("the Pensions Act"), which provides for the revaluation of earnings factors so that they maintain their value in relation to the general level of earnings obtaining in Great Britain.

The Order directs that the earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit or of any guaranteed minimum pension or to any other calculation required under Part III of the Pensions Act for the tax years specified in the Schedule to the Order are to be increased by the percentage of their amount specified in that Schedule. The percentage for the tax year 1988-89 has been fixed at 10.8 per cent and those for earlier years have been increased so that earnings factors for those years are revalued at 1988/89 earning levels.

The Order also provides for the rounding of fractional amounts for earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit. Rounding for the purpose of calculation of any guaranteed minimum pension is not required since 6 April 1979 in virtue of the amendments to section 13 of the Social Security Act 1975 and section 35(5) of the Pensions Act effected by Part I of Schedule 2 to the Social Security Act 1988.

For the purpose of certain occupational pension schemes which are contracted-out under Part III of the Pensions Act, the increases made by this Order are applied, by sections 35(5) and 41C(4A), to the earnings factor used in calculating an earner's guaranteed minimum pension and by sections 44(6)(a) and 45(3)(a) for the purpose of determining the amount of any state scheme premium.