

## SCHEDULE

Regulation 3

### PART I OF SCHEDULE 1 (RULES FOR THE ASCERTAINMENT OF EARNINGSFACTORS) TO THE SOCIAL SECURITY (EARNINGS FACTOR) REGULATIONS 1979 ASSUBSTITUTED BY THESE REGULATIONS

## PART I

### CLASS 1 CONTRIBUTIONS

**1.—(1)** In this Part of this Schedule—

“Class 1 contributions” means primary Class 1 contributions;

“contracted-out contributions” means primary Class 1 contributions paid on earnings in respect of a person’s contracted-out employment being earnings in excess of the current lower earnings limit or the prescribed equivalent if he is paid otherwise than weekly;

“the standard level” in relation to any year means that year’s lower earnings limit for Class 1 contributions multiplied by 50; and

each paragraph has effect subject to the provisions of all later paragraphs.

(2) Paragraphs 2, 3 and 4 below shall apply for the purposes specified in section 13(2) of the Act(1), and paragraph 5 below for the purposes of section 35 of the Social Security Pensions Act 1975(2) (earner’s guaranteed minimum).

**2.—(1)** Subject to sub-paragraph (2) below, a person’s earnings factor derived in respect of the year commencing on 6th April 1987, or any subsequent year, from—

(a) those of his earnings paid in that year upon which Class 1 contributions have been paid or treated as paid in respect of that year, and

(b) earnings with which he has been credited in respect of that year, shall be equal to the amount of those actual and credited earnings.

(2) Any earnings factor ascertained under sub-paragraph (1) above shall be rounded down to the nearest whole pound.

**3.** Where a person’s earnings paid in the year commencing on 6th April 1987, or in any subsequent year, are earnings upon which Class 1 contributions have been paid or treated as paid in respect of that year and are, or are to be, recorded as separate sums in the records of the Department of Social Security, the earnings factor derived from those earnings shall be equal to the aggregate of the amounts ascertained by rounding down each sum separately to the nearest whole pound.

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(1) Section 13(2) was amended by the Social Security Act 1986 (c. 50), Schedule 8, paragraph 2 and Schedule 10, paragraph 72(a), and subsection (2)(c) was inserted by the Social Security Pensions Act 1975 (c. 60), Schedule 4, paragraph 38(a) and amended by the Social Security Act 1986, section 18(1).

(2) 1975 c. 60; in section 35, subsection (1) was modified by S.I. 1987/1099, Schedule 3A, paragraph 2 and by S.I. 1987/1118, regulation 4(4); subsection (2) was amended by the Social Security Act 1986, Schedule 8, paragraph 8; subsection (3) was substituted by the Social Security Act 1986, section 9(1); subsection (4) was amended by the Social Security Act 1979 (c. 18), Schedule 3, paragraph 13; subsection (5) was modified by the Social Security (Miscellaneous Provisions) Act 1977 (c. 5), section 21, by S.I. 1984/380, regulation 44(a) and by S.I. 1987/1118, regulation 4(5), and was amended by the Social Security Act 1979, Schedule 3, paragraph 18(a) and by the Social Security Act 1988 (c. 7), Schedule 2, paragraph 1(2) and (3); subsection (6) was amended by the Social Security (Miscellaneous Provisions) Act 1977, section 3(2); subsections (6A) and (6B) were inserted by the Social Security Act 1986, section 9(2); subsection (7) was amended by the Social Security Act 1979, Schedule 3, paragraph 18(b) and by the Social Security Act 1985 (c. 53), Schedule 3, paragraphs 2 and 7, and was modified by S.I. 1984/380, regulation 44(b) and S.I. 1987/1118, regulation 4(6); subsection (8) was amended by the Social Security Act 1985, Schedule 3, Part II, paragraph 8, and was modified by S.I. 1987/1099, Schedule 3A, paragraph 3 and S.I. 1987/1118, regulation 4(7); subsection (8A) was inserted by the Social Security Act 1985, Schedule 3, Part II, paragraph 8.

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4. Where Class 1 contributions have been paid or treated as paid in respect of the year commencing on 6th April 1987, or any subsequent year, upon a person's earnings paid in that year and, but for this paragraph, the ascertainment of any earnings factor of his in respect of such year by the application of paragraphs 2 or 3 above would have the effect that—

- (a) his earnings factor derived from those earnings, or
- (b) the aggregate of his earnings factors derived from those earnings, and any earnings credited in respect of the same year, together with any derived from Class 2 or Class 3 contributions paid or credited in that year

would fall short of—

- (i) the qualifying earnings factor, by an amount not exceeding £50, or
- (ii) the standard level, by an amount not exceeding £50, or
- (iii) one-half of the standard level, by an amount not exceeding £25,

the amount of that earnings factor as so ascertained shall, for the purpose of section 13(2)(a) of the Act, be increased by the amount of the shortfall, and the amount resulting shall be rounded up to the nearest whole pound.

5.—(1) Subject to sub-paragraphs (2) and (3) below, a person's earnings factor derived in respect of the year commencing on 6th April 1987, or any subsequent year, from those of his earnings in contracted-out employment upon which contracted-out contributions have been paid, or treated as paid, in respect of such year, shall be equal to the amount of those earnings.

(2) Any earnings factor ascertained under sub-paragraph (1) above shall be rounded down to the nearest whole pound.

(3) Where a person's earnings paid in the year commencing on 6th April 1987, or in any subsequent year, are earnings upon which contracted-out contributions have been paid or treated as paid in respect of that year and are, or are to be, recorded as separate sums in the records of the Department of Social Security, the earnings factor derived from those earnings shall be equal to the aggregate of the amounts ascertained by rounding down each sum separately to the nearest whole pound.