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STATUTORY INSTRUMENTS

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**2013 No. 604**

**The Pensions Increase (Review) Order 2013**

**Citation and commencement**

1. This Order may be cited as the Pensions Increase (Review) Order 2013 and comes into force on 8th April 2013.

**Interpretation**

2.—(1) In this Order—

“the 1971 Act” means the Pensions (Increase) Act 1971(1);

“the 1975 Act” means the Social Security Pensions Act 1975;

“basic rate” and “derivative pension” have the meanings given by section 17(1) of the 1971 Act(2);

“the existing Orders” means the Orders listed in the Schedule;

“official pension” has the meaning given by section 5(1) of the 1971 Act(3);

“pension authority” has the meaning given by section 7(1) of the 1971 Act;

“qualifying condition” means one of the conditions laid down in section 3 of the 1971 Act(4);

“relevant injury pension”, “substituted pension” and “widow’s pension” have the meanings given by section 17(1) of the 1971 Act(5).

(2) For the purposes of this Order the time when a pension “begins” is that stated in section 8(2) of the 1971 Act(6), and the “beginning date” shall be construed accordingly.

(3) Where, for the purposes of this Order, it is necessary to calculate the number of complete months in any period an incomplete month shall be treated as a complete month if it consists of at least 16 days.

**Pension increases**

3.—(1) The pension authority may, if any of the conditions in paragraph (2) are fulfilled, increase the annual rate of an official pension in respect of any period on or after 8th April 2013 as follows—

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(1) 1971 c.56.

(2) Relevant amendments were made to section 17(1) by section 1(3) of the Pensions (Increase) Act 1974 (c.9) and by the Welfare Reform and Pensions Act 1999 (c.30), section 39(1) and (5).

(3) Section 5(1) was amended by the Superannuation Act 1972 (c.11), section 29(1), Schedule 6, paragraph 85.

(4) Section 3 was amended by section 3 of the Pensions (Increase) Act 1974 (c.9), by the Children Act 1975 (c.72) section 108, Schedule 4, Part I, by section 1 of the Pensions (Miscellaneous Provisions) Act 1990, by section 171 of the Pensions Act 1995 (c.26), by section 39(1) and (2) of the Welfare Reform and Pensions Act 1999 (c.30) and by the Pensions Increase (Reduction of Qualifying Age) Order 1972 (S.I. 1972/1299).

(5) Relevant amendments were made to section 17(1) by section 1(3) of the Pensions (Increase) Act 1974 (c.9), by section 1(6) of the Pensions (Miscellaneous Provisions) Act 1990 (c.7) and by section 39(1) and (5) of the Welfare Reform and Pensions Act 1999 (c.30).

(6) Section 8(2) was amended by section 1(5) of the Pensions (Miscellaneous Provisions) Act 1990 (c.7) and by the Welfare Reform and Pensions Act 1999 (c.30), section 39(1) and (4).

- (a) a pension beginning before 9th April 2012 may be increased by 2.2 per cent of the basic rate (as increased by the amount of any increase under section 1 of the 1971 Act or the existing Orders);
- (b) a pension beginning on or after 9th April 2012 and before 8th April 2013 may be increased by 2.2 per cent multiplied by

$$\frac{A}{12}$$

where

A is the number of complete months in the period between the beginning date of the pension and 8th April 2013.

- (2) Those conditions are—
  - (a) a qualifying condition is satisfied;
  - (b) the official pension is—
    - (i) a derivative pension;
    - (ii) a substituted pension; or
    - (iii) a relevant injury pension.

#### **Increases in certain lump sums**

**4.**—(1) This article applies to any lump sum or instalment of a lump sum which became payable on or after 9th April 2012 but before 8th April 2013.

(2) The pension authority may increase a lump sum or instalment of a lump sum to which this article applies by 2.2 per cent of the amount of the lump sum or instalment (as increased by the amount of any increase under section 1 of the 1971 Act or the existing Orders) multiplied by

$$\frac{A}{12}$$

where

A is the number of complete months in the period between the beginning date for the lump sum or, if later, 9th April 2012 and the date on which it became payable.

#### **Reductions in respect of guaranteed minimum pensions**

**5.** The amount by reference to which any increase in the rate of an official pension provided for by this Order is to be calculated shall, in the case of a person—

- (a) who is entitled to a guaranteed minimum pension on 8th April 2013; and
- (b) whose entitlement to that guaranteed minimum pension arises from an employment from which (either directly or by virtue of the payment of a transfer credit) entitlement to the official pension also arises,

be reduced by an amount equal to the rate of the guaranteed minimum pension unless the Treasury otherwise direct, in accordance with the provisions of section 59A of the 1975 Act(7).

**6.** The amount by reference to which any increase in the rate of a widow's or widower's pension provided for by this Order is to be calculated shall, where the pensioner becomes entitled on the death of the deceased spouse to a guaranteed minimum pension, be reduced in accordance with section 59(5ZA) of the 1975 Act.

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(7) The power of direction is vested in the Treasury by [S.I. 1981/1670](#).

13th March 2013

*Anne Milton*  
*David Evennett*  
Two of the Lords Commissioners of Her  
Majesty's Treasury