

Freedom of Information request 1816/2013

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Information request

- 1) *When the flat rate pension starts after the 5 April 2016 can you please tell me what will happen to a persons state second pension if they have less than than 7/10 years NI. Will the loose it? Can you please advise if state second pension/SERPS has ever had a minimum number of NI to receive it and if so what it is/was.*
- 2) *At the moment retired people who receive a contracted out pension can have all or part of their cost of living increases paid by the DWP with their state second pension/SERPS.*

When people retire on and after the 6 April 2016 when the flat rate pension starts and they have a contracted out pension from SERPS can you please advise if they will continue to receive cost of living increases where it is the responsibility of the DWP to pay it and if so how will it be paid as there will not be a state second pension/SERPS to attach it to as their will just be the flat-rate pension.

DWP response

- 1) Under our proposals for reform, to be eligible for the new flat-rate State Pension, a person must have at least 7-10 qualifying years by the time they reach State Pension age. People with less than the minimum qualifying requirement will not be entitled to receive any State Pension based on their own National Insurance contribution record. The State Second Pension does not and SERPs did not have a minimum qualifying requirement.
- 2) The Department for Work and Pensions (DWP) is not responsible for paying increases on contracted-out scheme pensions. Legally DWP has no power to pay any part of occupational pension scheme benefits. However, DWP does pay increases on the Additional State Pension to take account of inflation, rather than in any way providing for additional increases to the member's Guaranteed Minimum Pension (GMP). When the new State Pension is introduced, the relationship between the Additional State Pension and the GMP will end. Pension schemes will continue to index GMPs as they always have been (0% for 1978 - 1987 accruals and by inflation, capped at 3%, for post 1988 accruals). Inflation proofing will be applied to the new state pension but there will be no comparison made with any individual's GMP.

It might be worth mentioning that National Insurance contributions records in the existing State Pension scheme will be recognised and nobody will get a state pension lower than the valuation of these contributions at the point the new pension is implemented, subject to them meeting the minimum qualifying requirement.