General Scheme of Social Welfare (Amendment) Bill 2023

HEAD 1 - Amendment to section 2

X. The Principal Act is amended in section 2(1)–

(a) in the definition of “insurable employment” by the insertion of “or deferred pensionable age, as the case may be,” after “pensionable age”,

(b) by the insertion of the following definitions:

‘ “age referenced rate of State pension (contributory)” ’ has the meaning given to it by section 108;”

‘ “deferred pensionable age” ’ has the meaning given to it by section 108;”

‘ “long-term carer’s contribution” ’has the meaning given to it by section 108;”

‘ “qualifying long-term carer’s contribution” means, from 1 January 2024, any contribution attributed to a person [in accordance with section 33A] in respect of long term carer’s contribution, which shall be regarded as reckonable as a qualifying contribution for the purposes solely of Chapter 15;”

Notes

Purpose of Head

This Head provides for the introduction and amendment of definitions for the purposes of this Bill to give effect to the Government Decision for the changes required to introduce pension deferral for those who reach pensionable age and choose to defer drawing down their pension payment up to the age of 70 and for the introduction of attributed contributions for long term carers.

Heads

“insurable employment” is amended to include reference to deferred pensionable age as the period where a person is considered in insured employment may now be up to the age of 70.

“age referenced rate of State pension (contributory) is inserted into section 2(1) to serve as a “signpost” to the actual definition which is set out fully in section 108(2).

“deferred pensionable age” means the relevant age after pensionable age (66) up to 70 when a person applies for the State Pension (contributory) and is also defined in Chapter 15.

“long-term carer’s contribution” introduces a new type of social insurance contribution for those who are caring for an incapacitated dependent for 20 years or more. Such persons will be attributed contributions in order to meet any gaps in their contribution records for State Pension (contributory) purposes only for the time spent caring. It will have the meaning given to it in Chapter 15 for State Pension (contributory) purposes only.

“qualifying long-term care contribution” is also defined. This definition is required to distinguish long term-care contributions from “qualifying contributions” which is also defined in section 2(1) so as to treat long-term caring contributions as qualifying contributions for the purposes of State pension (contributory).”

Commencement

This section comes into operation on 1 January 2024.

Head 2 – Employed Contributors PRSI

Amendment to section 12 of Principal Act

X. Section 12(1) of the Principal Act is amended by the insertion of “or deferred pensionable age, as the case may be,” after “pensionable age”.

Notes

Purpose of the Head

The purpose of this Head is consequential to the introduction of deferral of State Pension and requires employed contributors to pay social insurance contributions past 66 years of age (to 70) if they defer claiming their State Pension (contributory).

Head

Section 12(1) which provides that every person over the age of 16 and under pensionable age who is in employment is an employed contributor and insured person for the Act is amended to include reference to deferred pensionable age so that the period where a person is in deferral will meant that they are an insured person.

Commencement

This section comes into operation on 1 January 2024.

Head 3 – Self Employed Contributors PRSI

X. Section 20(1) of the Principal Act is amended by the insertion of “or deferred pensionable age, as the case may be,” after “pensionable age”.

Notes

Purpose of the Head

The purpose of this Head is consequential to the introduction of deferral of State Pension and requires self-employed contributors to pay social insurance contributions past 66 years of age (to 70) if they defer their State Pension (contributory).

Head

Section 20(1) which provides that every person over the age of 16 and under pensionable age who is in self-employment is a self-employed contributor and insured person for the Act is amended to include reference to deferred pensionable age so that the period where a person is in deferral, they will be considered an insured person for the purposes of the Act.

Commencement

This section comes into operation on 1 January 2024.

Head 4 – Voluntary Contributors PRSI

X. Section 24(1) of the Principal Act is amended by the insertion of "or deferred pensionable age, as the case may be," after "pensionable age".

Notes

Purpose of Head

This purpose of this Head is consequential to the introduction of deferral of State Pension and allows voluntary contribution contributors to pay social insurance contributions past 66 years of age (to 70) if they defer their State Pension (contributory).

Head

Section 24(1) provides that where a person ceases to be a) an employed contributor, or (b) a self-employed contributor, otherwise than by reason of attaining pensionable age, they can in certain circumstances apply to become an insured person paying contributions voluntarily and become a voluntary contributor for the purposes of the Act. The amendment extends this to a person of deferred pensionable age so that the period where a person is considered a voluntary contributor may now be up to the age of 70.

Commencement

This section comes into operation on 1 January 2024.

Head 5 – General PRSI

X. Part 2 of the Principal Act is amended by the insertion of the following section after section 33:

> **"Long term carer's contribution**
>
> 33A**.** A long-term carer's contribution is deemed a contribution that qualifies for State Pension (contributory) purposes only, however there is no social insurance liability occurring.".

Notes

Purpose of Head

This purpose of this Head is consequential to the introduction of attributed contributions for long-term carers and provides for changes to confirm that the contribution is a qualifying contribution and that no social insurance liability applies for such contributions.

Head

This Head inserts a new section 33A of the Act to provide that a long-term carer's contribution is deemed a "qualifying" contribution for State Pension (contributory) purposes only, with no social insurance liability occurring.

Commencement

This section comes into operation on 1 January 2024.

HEAD 6 - Amendment to section 108 of the Principal Act

X. The Principal Act is amended in section 108–

(a) by the substitution of the following subsections for subsection (1):

"(1) Subject to this Act, a person shall be entitled to State pension (contributory), where he or she-

(a) has applied for that benefit in accordance with subsections (1A) or (1B),

(b) has attained pensionable age, and

(c) satisfies the contribution conditions in section 109.

(1A) Subject to subsection (1), a person, who has attained the age of 66 years, shall be entitled to State pension (contributory) payable at the age referenced rate of State pension (contributory) for age 66 years.

(1B) Subject to subsections (1) and (1C) a person born on or after 1 January 1958–

(a) who has attained the age of 67 years shall be entitled to State pension (contributory) payable at the age referenced rate of State pension (contributory) for age 67 years;

(b) who has attained the age of 68 years shall be entitled to State pension (contributory) payable at the age referenced rate of State pension (contributory) for age 68 years;

(c) who has attained the age of 69 years shall be entitled to State pension (contributory) payable at the age referenced rate of State pension (contributory) for age 69 years; or

(d) who has attained the age of 70 years shall be entitled to State pension (contributory) payable at the age referenced rate of State pension (contributory) for age 70 years.

(1C) A person shall not be entitled to the age referenced rate for age 67 years, the age referenced for age 68 years, the age referenced rate for age 69 years or the age referenced rate for age 70 years of State pension (contributory) except to the extent specified in subsections (1B), (1C), (1D) and (1E) of section 109 where having attained pensionable age, he or she–

(i) is in receipt of State pension (non-contributory),

(ii) is in receipt of a weekly payment under this Act, excluding carer's benefit, carer's allowance, carer's support grant, or where he or she is a relevant person in respect of domiciliary care allowance,

(iii) is a person in respect of whom an increase for a qualified adult is being paid.

(b) in subsection (2), by the insertion of the following definitions:

"yearly average approach" means the rate of State pension (contributory) to which a relevant person would be entitled in accordance with section 108 and 109, were subsection (6A) of section 109 not to apply;

"age referenced rate of State pension (contributory)" means one of the rates of State pension (contributory) specified in Part 1 of Schedule 2, which on satisfying the contribution conditions set out in section 109 and the other conditions of this chapter is payable in whole or in part to a claimant upon attaining pensionable age, or as the case may be, a deferred pensionable age and once a deferred State pensionable rate has been claimed and awarded to a claimant, that remains the age referenced rate of State pension (contributory) payable to that person for the remaining period of his or her claim;

"deferred pensionable age" means in the case of a person born on or after 1 January 1958, a person who has attained the age of 67 years, or 68 years, or 69 years or 70 years who may be eligible, subject to this Chapter to an age referenced rate of State pension (contributory) applicable to that deferred pensionable age;

"long-term carer's contribution" means a contribution reckonable in respect of a person for State pension (contributory) purposes, where the person has a minimum of 1040 contribution weeks during which in respect of each such week-

(a) he or she was aged 16 or over but under pensionable age, or deferred pensionable age, and was resident in State, or was a person referred to section 219(2),

(b) (i) subject to subparagraph (ii), he or she was not engaged in remunerative employment, other than employment specified in paragraph 5 of Part 2 of Schedule 1, or he or she does not have a paid or credited or voluntary contribution reckonable ("contribution reckonable") for State pension (contributory) purposes,

(ii) for the purposes of paragraph (i) a person who engages in insurable employment, or self-employment, of up to 18.5 hours per week, [under the Regulations made in accordance with section 100(3) or 186A(6)] shall not be regarded as engaging in remunerative employment,

(c) he or she either –

(i) resides with and provides full-time care and attention to a relevant person meaning of section 179(4), or a relevant child within the meaning of section 186C, or

(ii) subject to the conditions and in the circumstances that may be prescribed, does not reside with but provides full-time care and attention to a relevant person-within the meaning of section 179(4),

(d) he or she was not in receipt of a weekly payment under this Act, other than carer's benefit, carer's allowance, or a monthly payment in the case of domiciliary care allowance received on behalf of a qualified child within the meaning of section 186C, or an annual payment in the case of carer's support grant, and

(e) he or she makes application to have such periods attributed as long-term caring contributions,

which may be attributed from 1 January 2024 to-

(a) a person born on or after 1st January 1958 who attains pensionable age or a deferred pensionable age, or

(b) a person who attained pensionable age prior to 1st January 2024, but in that event, only in respect of long-term care periods which arose before attaining pensionable age

and long-term carer shall be construed accordingly;",

(c) in the definition of "home caring period", by the insertion of "or deferred pensionable age, as the case may be," after "pensionable age" in each place that it occurs,

(d) in the definition of "homemaker" by the insertion of "or deferred pensionable age, as the case may be" after "pensionable age",

(e) in the definition of "yearly average" by the insertion of "or deferred pensionable age, as the case may be," after "pensionable age",

(f) in the definition of "alternative yearly average" by the insertion of "or deferred pensionable age, as the case may be," after "pensionable age",

(g) by the substitution of the following subsection for subsection (2A):

"(2A) The question whether a person satisfies the criteria set out in the definition of "homemaker" or "home caring period" or "long-term carer" in subsection (2) is a question that may be decided by a deciding officer.",

(h) by insertion of the following subsection after subsection (2B)

"(2C) The Minister may by regulations make provision for the evidence that may be offered by a person to demonstrate the nature, extent and duration of long-term caring periods.",

(i) in subsection (4) by the insertion of the following paragraphs after paragraph (b):

(c) A person who does not come under section 108(4)(a)(i) and (ii) but who, by virtue of satisfying the contribution condition specified in section 109(1)(b)(iv) is entitled to claim long term carer's contributions, shall have such contributions attributed to him or her-

(i) in the case to a person born on or after 1st January 1958 who attains pensionable age or a deferred pensionable age, after 1 January 2024, all such contributions to a maximum of 2080, or

(ii) in the case of a person who attained pensionable age prior to 1 January 2024, only in respect of long-term care periods which arose -to the date that person attained pensionable age;", and

(j) in subsection (5)-

(i) by the insertion of "subject to paragraph (c)" after "that date shall",

(ii) by the substitution of "109(1), and" for "109(1).",

(iii) by the insertion of the following paragraph after "109(1), and" :

"(c) in the case of a person who claims long-term caring contributions–

(i) where the aggregate of his or her long-term caring periods exceeds 1040, the date on which he or she first becomes a long-term carer [within the meaning of section 108(2),] or, if applicable to that person, the date he or she became a person to whom paragraph (a) or (b) applies, whichever occurs first, or

(ii) where the aggregate of his or her long-term caring periods does not exceed 1040, and, if applicable to that person, the date the person first becomes an insured person by virtue of section 12(1)(a) or section 20.".

Notes

Purpose of Head

The purpose of this Head is to provide for multiple amendments to section 108 of the Act which sets out the provisions for eligibility for State Pension (contributory) and the relevant interpretation provisions that apply to Chapter 15. This Head expands the eligibility criteria for State Pension (contributory) beyond those who reach pensionable age (66) to include those who apply for their State Pension (contributory) up to the age of 70 to draw an actuarially increased rate at their relevant age of claiming (67, 68, 69 or 70). The Head also provides that such a deferred claim will be subject to additional conditions under section 109, which will have the effect of modifying access to the actuarially increased pension rate if during the deferral period they are in receipt of another social welfare payment: the State Pension (non-contributory), a specified contingency social welfare payment or is a person in respect of whom an increase for qualified adult on another social welfare payment is being paid.

The Head also makes provision for the insertion or amendment for the purposes of interpretation of this Chapter to address each of the changes flowing from the Government decision that are required for State Pension (contributory) (deferral, long-term carers contributions and the transition to the Total Contributions Approach) and which may be relevant to other Parts of the Act (Social Insurance, Working Age Payments).

Background

This Head gives effect to the key elements of the September 2022 Government decision on the response to the Pension Commission's Recommendations, including pension deferral, enhanced pension provision for long-term carers of incapacitated dependents and the phasing out of the yearly average method of calculation of State Pension (contributory).

Pension Deferral

While the Government decided that that State Pension age would remain at 66, the decision provided for flexible access to the State Pension (contributory) to be introduced from 1st January 2024 to allow people reaching age 66 to defer access to the State Pension (contributory) and to access the State Pension (contributory) at any point between the age 66 and 70. Upon reaching the deferral age, the person will be entitled to an actuarially increased rate of pay for each additional year they defer. During deferral, people will be able to continue to make social insurance contributions to increase their personal rate of payment (or meet the qualifying condition of 520 contributions for State Pension (contributory).

At present the option to defer access to the State Pension (contributory) does not exist and if the State Pension (contributory) is drawn down after 66, the person will get backdated to a maximum of 6 months of their personal rate

The Programme for Government provides for the introduction 'of a system to enable people to defer receipt of their state contributory pension on an annual basis, to include actuarial increases in payment as soon as is practicable'. The Programme also states that it will ‘facilitate those without a full social insurance record to increase their retirement provision by choosing to continue making PRSI payments beyond pensionable age’. This is in keeping with the Roadmap for Pension Reform (2018-2023), under Strand 6 ‘Supporting Fuller Working Lives’. The introduction of deferred pension access was recommended by the Pensions Commission. This was in recognition that a ‘one-size-fits-all’ approach to State Pensions access may no longer be appropriate for society today.

The provision will also offer an incentive to older people to remain in employment past State Pension age should they so choose.

The Department will not require people to notify in advance that they intend to defer drawdown of their State Pension (contributory). Anyone over the age of 66 years who has not drawn down their contributory pension, will be considered to be ‘in deferral’.

There will be five rates of payment for State Pension (contributory), dependent upon the age a person is when they draw down their pension. There will be a rate of payment for a person aged 66, aged 67, aged 68, etc. The rate of payment for each age will be actuarially calculated each year and announced as part of the budget package. It is likely that the difference between each rate will be approximately 5%. For example, the State Pension (contributory) is currently €265.30 per week. Based on current rates, the indicative rate for a 67 year old claiming their pension, would be approximately €278.60 – a difference of €13.30. For a 68 year old claiming their pension, the rate would be approximately €292.50. Once a person claims their pension, they remain on that age referenced rate for life (subject to any Budget changes).

A person’s rate of payment will be the same regardless of whether they claim the pension from their birthday (e.g. 67 years) or at any time prior to their next birthday (e.g. 67 years and 11 months). However, in the latter case, any further PRSI contributions made may be calculated towards their rate of payment.

It is intended that deferral of State Pension will be permitted for people reaching State Pension Age on or after 1st January 2024.

Currently, a person in receipt of State Pension (non-contributory) can move to the State Pension (contributory) at a later date if that rate of payment becomes more beneficial to them. It is intended that this will continue. Under the new system of deferral, a person may continue to work, for example, building up contributions and subsequently achieve a higher rate of State Pension (contributory). However, it is not intended that a person can claim a State Pension (non-contributory) and then, at an older age, access the actuarially increased rate of payment for the State Pension (contributory). Instead, their State Pension (contributory) rate of payment will be based upon the age they first claimed State Pension (non-contributory), but any additional qualifying contributions will be counted. This principle ensures that people are not doubly compensated by receiving State Pension (non-contributory) for the years of deferral and then receiving an actuarially increased pension based on the age they are when they claim State Pension (contributory).

Similarly, where a person has not claimed State Pension (contributory) (i.e. is “in deferral”), they may become a qualified adult on their partner’s social welfare payment. However, if they subsequently claim State Pension (contributory), they will be entitled to the rate of State

Pension (contributory) payment based upon their age when they claim but deducting the period during which a qualified adult rate was claimed for them.

One of the consequences of deferral is the introduction of access to short-term contingency payments during that period for those who have not drawn down their State Pension (contributory) (such as illness or unemployment). However, people in receipt of another social welfare payment, will not be able to improve their social insurance record through use of ‘credits’ over the age of 66. This is necessary to avoid people claiming a non-pension payment in lieu of pension for a period of the time while, at the same time, improving their contribution record. However, if they subsequently claim State Pension (contributory), they will be entitled to the rate of State Pension (contributory) payment based upon their age when they claim but deducting the period during which they were in receipt of any other social welfare payment.

Carer’s Allowance can continue to be paid after the age of 66 in the normal way. If a person subsequently claims State Pension (contributory), their entitlement is calculated in the normal way (i.e., actuarially increased).

People will still be able to retire at 66 and draw-down their pension in the same way as they can today. Once a person has drawn down their pension there will be no option to defer.

The decision to introduce the deferral option has consequences wider than the State Penson and touches on other policy areas such as working age payments, PRSI policy and in wider contexts such as employment rights. The Minister for Enterprise, Trade and Employment will separately bring forward a measure to allow an employee to stay in employment until the State Pension age.

The existing “better of” Yearly Average method and Aggregated Contributions Approach apply to calculating the rate of payment as will the phasing out in Head 7.

Long-term Carers Contributions

The Programme for Government acknowledges the important contribution that carers provide and is fully committed to supporting them in that role. This is reflected in the *Government* commitment to, “Examine options for a pension solution for carers, the majority of whom are women, particularly those of incapacitated children, in recognition of the enormous value of the work carried out by them.” (p.75) The *Programme* states that, “Family carers are the backbone of care provision in Ireland. They deserve support and recognition from Government.” The *Programme* also commits to reviewing and updating the *National Carers’ Strategy*, which sets out government policy for those who care for older people, children and adults with an illness or a disability (p.76).

The current State Pension (contributory) system gives significant recognition to those whose work history includes an extended period of time outside the paid workplace, often to raise families or to provide another full-time caring role. This occurs through the award of PRSI credits, the Homemaker’s Scheme (Yearly Average method for payment calculation) and Home Caring periods (Aggregate Contributions Approach). In addition, it is possible for people who have left insurable employment to avail of credits or voluntary contributions to help maintain their social insurance record.

Despite these measures, barriers still exist for long-term carers of incapacitated dependents in accessing State Pension (contributory).

To address these issues, the Government decided to provide for enhanced State Pension provision for people who have been caring for incapacitated dependents for over 20 years. It will do this by attributing the equivalent of paid contributions to long-term carers to cover gaps in their contribution record for the purposes of the State Pension (contributory). To identify these periods, the Department will develop a system to register caring periods so that the relevant contributions can be attributed to a long-term carer in respect of the periods caring. Only 20 years or more of long-term caring contributions give rise to attributable contributions.

The long-term carer's contribution will have the equivalent status of a paid contribution and is not a credit.

Eligibility criteria must be met in order to receive the contribution and the definition and requirements for long term-caring will be linked to the existing definition for caring in respect of Carer's Benefit contained in section 179 of the Act.

Transition to Total Contributions Approach

Over the next ten years, the yearly averaging method of calculating State Pension will be phased out and replaced by the TCA approach.

During the 10-year transition period a person's pension will be calculated using two methods and the person will be granted a pension using the higher of the two calculations:

- The first method will use the full TCA approach whereby a person will require 40 full years of reckonable contributions to receive a full pension.
- The second method will, in the first year of operation, calculate what a person's pension would be under the existing yearly average approach. The pension rate of payment will then combine 90% of this yearly average rate with 10% of the TCA rate. The proportion accounted for by the yearly average rate will then reduce by 10% over each of the subsequent 10 years until the pension calculation is fully based on the TCA method only.

The person will then receive the higher of the two amounts calculated either under (i) TCA only calculation or (ii) the combined TCA and yearly average calculation

The first year of phasing-out will begin in January 2025.

Heads

Subsection (a) amends section 108(1) of the Act which set out the conditions upon which a person is entitled to State Pension (contributory) by including reference to the requirement to apply in accordance with the new subsection (1A) and (1B) which provide for application to me made in a relevant age referenced years (66, 67, 68, 69 or 70).

Subsection 1A provides for applications for State Pension (contributory) at current pensionable age with payment at the 66 rate.

Subsection (1B) provides for the new cohort of person who may choose to defer claiming pension until they reach the age of 67, 68, 69 or 70. Having attained one of those ages the person may claim for the age referenced rate appropriate to that age. Paragraph (1B) is subject to the rule in new Subsection (1C) which precludes the payment of an age referenced rate, except to the extent set out in new subsections (1B) to (1E) of section 109 where that person on attaining pensionable age is:-

(i) in receipt of State pension (non-contributory),
(ii) is in receipt of a weekly payment under this Act, excluding carer's benefit, carer's allowance, carer's support grant, or where he or she is a relevant person in respect of the payment of domiciliary care allowance,
(iii)is a person in respect of whom an increase for a qualified adult is being paid.

New subsection (1C) serves to qualify the conditions for a person from accessing a higher age referenced rate of State pension (contributory) if they are in receipt of a Social Welfare payment after attaining 66. The rule is modified to the extent as provided in new subsections (1B) to (1E) of section 109.

Subsection (2) is amended by the insertion of new definition of the "yearly average approach", which is consequential to the provisions for the transition to the Total Contributions Approach.

Definitions of "deferred pensionable age" and "age referenced rate of State pension (contributory)" (which is the of rate payable at deferred pensionable age (and which will be set out in the relevant Schedule to the Act)) are inserted to be used for other provisions withing the Act.

"long-term carer's contributions", means a contribution reckonable for State Pension (contributory) purposes only where the person has an aggregate of 1040 contribution weeks and during each week:

- he or she was over 16 and under pensionable age or deferred pensionable age;
- was residing in the State (other than the spouse, civil partner or cohabitant of a person under section 219(2) who is a a) being a member of the Defence Forces or a civil servant in the civil service of the Government or the State, is in the service, outside the State, of the Government, the State or an international organisation, (b) is a volunteer development worker, or (c) a posted worker and is residing with that spouse, civil partner or cohabitant);
- is not in employment and does not have any other contribution for that period subject to the exception of working less than 18.5 hours (in line with Carer's Allowance).
- Meets the criteria for Carers Allowance set out in section 179 of the Act and is a person who resides with and provides full-time care and attention to a relevant person, or (b) a person who, subject to the conditions and in the circumstances that may be prescribed, does not reside with but who provides full-time care and attention to a relevant person. The "relevant person" means a person who has such a disability that he or she requires full-time care and attention, and who— (a) has attained the age of 16 years, or (b) is under the age of 16 years and is a person in respect of whom a Domiciliary Care Allowance is being paid;
- Is not in receipt of another weekly social welfare payment other than the payments associated with caring; and

- applies to be awarded the long-term caring contributions.

This definition will include people who have already reached State Pension age before the 1 January 2024, and who may apply for contributions for historic periods of care up to pensionable age (66). For those born after 1 January 1958, and who become eligible for a deferred pension, long term carer's contributions (as with other contributions) can be claimed up to the date of deferral.

The Head also makes consequential amendments to the existing definitions of "home caring periods" and "home maker" to ensure that these periods and the home marker's scheme will also include time spent in deferral.

The Head also makes amendments to the existing definitions of "yearly average" and "alternative yearly average" to ensure that these calculation methods now include the date of deferral as a factor.

The Head amends the existing section 108(2A) to include within the functions of a deciding officer, a decision as to whether a person satisfies the criteria set out in the definition of a long-term caring.

Section 2(C) provides the Minister with the power to make Regulations to set out the evidence that may be required to demonstrate the nature, extent, and duration of long-term caring.

The Head amends the definition of "relevant person" in section 108(4) to include those in receipt of long-term carer's contributions equal to or greater than 1040 weeks (20 years) as being eligible for State Pension (contributory). This applies for both those reaching pensionable age or deferred pensionable age on or after 1 January 2024 and those who reached pensionable age prior to 1 January 2024.

The Head amends the definition of "entry into insurance" to include the date when a person began caring but with the proviso that that date will only be used where a person has reached the necessary 1040 weeks of long-term carer's contributions so as not to disadvantage them if long term caring periods are not being counted for yearly average purposes if the date they began caring predates their entry into employment.

<u>Commencement</u>

This section comes into operation on 1 January 2024.

HEAD 7 - Amendment to section 109 of the Principal Act

X. The Principal Act is amended in section 109–

(a) In subsection (1) –

(i) by the substitution of the following paragraph for paragraph (a):

"(a) Subject to subsection (3), that the claimant has entered into insurance at least 10 years before attaining pensionable age, or deferred pensionable age, as the case may be.",

(ii) in paragraph (b) –

(I) in sub-paragraph (i) by the insertion of ", excluding qualifying long-term carer's contributions," after "qualifying contributions", and

(II) by the substitution of the following sub-paragraph for sub-paragraph (iii):

` (iii) in any other case, has an aggregate of qualifying contributions (excluding qualifying long-term carer's contributions) and voluntary contributions in respect of 520 contribution weeks, of which not less than 260 are qualifying contributions (excluding long-term carer's contributions), or

(iii) by the insertion of the following subparagraph after paragraph (b)(iii):

"(iv) from 1 January 2024 in the case of a person who on or after that date has attributed qualifying long term care contributions for long-term caring of at least 1040 contribution weeks except in the case of a person who received employment contributions at the rate specified in Article 81(2)(a), 82(2)(a) or 83(2)(a) of the Regulations of 1996), in which case [the provisions of] subsection (16)(c) apply[ies].

(iv) by the insertion of the following paragraph after paragraph (b):

"(ba) Subject to section 108(1C), for the purposes of paragraph (b), for every period a person, born on or after 1st January 1958 who attains pensionable age or a deferred pensionable age, does not claim State pension (contributory), he or she may continue to make qualifying contributions, or he or she may have qualifying long-term carer's contributions attributed to him or her, until he or she claims State pension (contributory) or attains 70 years of age, whichever is the earlier,",

(b) by the insertion of the following subsections after subsection (1A):

“(1B) In the case of a claimant who attains pensionable age and is a person to whom paragraph (i) of section 108(1C) applies, any qualifying contributions paid by that person after attaining pensionable age while in receipt of State pension (non-contributory), shall be reckonable in any subsequent claim by him or her for State pension (contributory), but in such a case, the rate payable shall be the age referenced rate of State pension (contributory) applicable at the date of his or her claim for State pension (non-contributory).

(1C) In the case of a claimant to whom paragraph (ii) of section 108(1C) applies–

(i) any qualifying contributions paid by that person after attaining pensionable age to the date of his or her claim for an age referenced rate of State pension (contributory), shall be reckonable in any subsequent claim by him or her for State pension (contributory), and

(ii) in the event, after attaining pensionable age, that the person is in receipt of a weekly payment as specified in Section 108 (1C)(ii), the period or aggregate of periods during which he or she is in receipt of such a weekly payment from his or her pensionable age to the date of his or her claim for an age referenced rate of State pension (contributory), shall be regarded as reducing his or her deferred pensionable age by the equivalent period of time, measured in contribution weeks, that he or she was a person in respect of such a weekly payment,

and the rate of State pension (contributory) shall be calculated accordingly.

(1D) In the case of a claimant to whom paragraph (iii) of section 108(1C) applies–

(i) any qualifying contributions paid by that person from the date of his or her attaining pensionable age to the date of his or her claim for an age referenced rate of State pension (contributory), shall be reckonable in any subsequent claim by him or her for State pension (contributory), and

(ii) in the event, that on or after attaining pensionable age, the person is or becomes a person in respect of whom an increase for a qualified adult is being paid, the period or aggregate of periods during which he or she is a person in respect of whom an increase for a qualified adult is being paid from his or her pensionable age to the date of his or her claim for an age referenced rate of State pension (contributory), shall be regarded as reducing his or her deferred pensionable age by the equivalent period of time, measured in contribution weeks, that he or she was a person in respect of whom an increase for a qualified adult was being paid,

and the rate of State pension (contributory) shall be calculated accordingly.

(1E) in the case of a claimant who is a long term carer, in receipt of carer's benefit, carer's allowance, carer's support grant or a relevant person in respect of the payment of domiciliary care allowance**,** any qualifying contributions paid by that claimant shall be reckonable in any subsequent claim by him or her for State pension (contributory), and in such event, the rate payable shall be based on the claimant's pensionable age or deferred pensionable age, as the case may be, attained by that person at the time of the claim.".

(c) in subsection (6A) by the substitution of "Subject to subsection (6D) in the case" for "In the case",

(d) in subsection (6B) –

(i) in paragraph (a) by the insertion of "or, if having attained a deferred pensionable age, the age referenced rate of State pension (contributory) appropriate to that deferred pensionable age, if eligible," after "Schedule 2",

(ii) in subparagraph (i) of paragraph (a), by the insertion of "or from 1 January 2024, qualifying long-term carer's contributions reckonable for State pension (contributory)" after "(contributory),", and

(iii) by the insertion of the following paragraph after paragraph (b) –

"(c) In calculating the rate referred to in paragraph (a), in the case of a person who on or after 1 January 2024 becomes entitled to a long-term carer's contribution, the aggregate number of qualifying long-term carer's reckonable contributions shall not exceed 2080, and without prejudice to the generality of the foregoing, in so calculating such rate—

(i) the number of qualifying long-term caring contributions shall not be less than 1040,

(ii) the number of home caring periods shall not exceed 1040, and

(iii) in the event a person has qualifying long-term carer's contributions and home caring periods the aggregate number shall not in any event exceed 2080.".

(e) by the insertion of the following subsections after subsection (6C):

"(6D) Notwithstanding any other provision in this Chapter, the rate of State pension (contributory) payable to a claimant who attains pensionable age or deferred pensionable age, as the case may be, after 1 January 2025 shall be as follows:

(a) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2025 and 31 December 2025, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 90%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 10%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim [and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim];

(b) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2026 and 31 December 2026, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 80%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 20%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim].

(c) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2027 and 31 December 2027, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 70%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 30%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim]**.**

(d) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2028 and 31 December 2028, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 60%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 40%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim].

(e) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2029 and 31 December 2029, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 50%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 50%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim].

(f) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2030 and 31 December 2030, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 40%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 60%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim].

(g) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2031 and 31 December 2031, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 30%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 70%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim].

(h) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2032 and 31 December 2032, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 20%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 80%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim].

(i) In the case of a claimant who attains pensionable age or deferred pensionable age, as the case may be, between 1 January 2033 and 31 December 2033, either

(i) the rate of pension payable to that person calculated according to the aggregated contributions method,

or

(ii) the aggregate of the sums obtained for that person when

(I) the rate for that person, calculated in accordance with the yearly average approach, is multiplied by 10%, and

(II) the rate for that person, calculated in accordance with the aggregated contributions method, is multiplied by 90%,

whichever of (i) or (ii) is the more advantageous to the claimant on the date of his or her claim[and once an age referenced rate of State pension (contributory) has been so awarded to a claimant, that remains the rate payable to that person for the remaining period of his or her claim].

(6E) As and from 1 January 2034, in any claim for State pension (contributory) the yearly average approach shall cease to be applied in calculating the rate, or any proportion of the rate, of State pension (contributory) payable and in the case of a person who attains pensionable age or deferred pensionable age, as the case may be, on or after 1 January 2034, the rate in respect of that person, shall be calculated solely in accordance with the aggregated contributions method.

(6F) In the case of State pension (contributory) or the deferred State pension (contributory rate, as the case may be, calculated in accordance with section 109(6D)(1), any increase payable under section 112(2) shall calculated in accordance with that section.”.

(f) in subsection (8) by the insertion of “or the age referenced rate of State pension (contributory), as the case may be,” after “State pension (contributory)”,

(g) in subsection (9) by the insertion of “or the age referenced rate of State pension (contributory), as the case may be,” after “State pension (contributory)”,

(h) in subsection (11) by the insertion of “or the age referenced rate of State pension (contributory), as the case may be,” after “State pension (contributory)”,

(i) in subsection (12) by the insertion of “or the age referenced rate of State pension (contributory), as the case may be,” after “State pension (contributory)”,

(j) in subsection (16) –

(i) in paragraph (a) by the substitution of “paragraphs (b) and (c) for “paragraph (b),”, and

(ii) in subsection (16) by the insertion of the following paragraph after paragraph (b):

“(c)(i) For the purpose of paragraph (a) the claimant is required to have reckonable contributions in relation to Long Term Carer’s contributions of not less than 1040 weeks since his or her entry into insurance. Any contribution week where the claimant received employment contributions at the rate specified in Article 81(2)(a), 82(2)(a) or 83(2)(a) of the Regulations of 1996 and also engaged in Long Term Caring may be counted in order to reach the 1040 weeks.

(ii) In any contribution week where an employment contribution at the rate specified in Article 81(2)(a), 82(2)(a) or 83(2)(a) of the Regulations of 1996 is recorded a qualifying long term carer’s contribution shall not be counted for the purposes of subsection (17) and Article 64A of the Regulations of 1996 **(**calculation sections here)”

and

(k) in subsection (17) by the insertion of the following paragraph after paragraph (iv):

“(v) long-term carer’s contributions attributable to him or her which are reckonable for State Pension (contributory),

Notes

Purpose of Head

This head makes multiple amendments to Section 109(1) of the Act, which sets out the qualifying conditions for eligibility for State Pension (contributory). The Head provides for the calculation of State Pension (contributory) where a person defers draw down of the State Pension (Contributory), the rules applied to that payment if a person is in receipt of another social welfare payment under the Act during deferral, the eligibility of long-term carer’s contributions to qualify for the State Pension (Contributory) and the arrangements for the 10-year transition to the Total Contributions Approach for calculating State Pension (contributory).

Background

These provisions are to give effect to the Government Decision of September 2022 in response to the Pensions Commission’s Recommendations as set out in the Notes to Head 6

Heads

Paragraph (a)(i) of the Head substitutes a new paragraph (a) for the existing paragraph (a) of subsection (1). The new paragraph provides that a person must have entered the workforce at least 10 years before they apply for State Pension (contributory) which for those reaching pensionable age on or after 1 January 2024 can range from the age of 56 up to the age of 60. Rather than focussing on age, the focus in new paragraph (a) is on entry into insurance at least 10 years before applying for State pension (contributory).

Paragraph (b) of section 109(1) relates to the second eligibility criterion. Currently, to be eligible for payment of State Pension (contributory), it is a condition in sub-paragraph (i) when read with sub-paragraph (iii) that one must have at least 520 paid contributions, or a where there is a combination of voluntary and qualifying contributions, a minimum of 260 qualifying contributions.

Paragraph (a)(ii) of the Head amends paragraphs (b)(i) and (b)(iii) of section 109(1) to ensure a distinction continues between "qualifying contributions "and "qualifying long-term carer's contributions" for this qualification criterion.

Paragraph (a)(iii) of the Head inserts a new sub-paragraph (iv) to cater specifically for long term carer's contributions from 1 January 2024. From that date, a long-term carer who has 20 years in that role may have those years treated as qualifying contributions for State Pension (contributory) purposes, including the 520 paid contributions to meet the eligibility criteria. The new long term carer's contributions will apply to those who make modified contributions under certain conditions and these conditions are set out in 109(16)(c).

Finally, in respect of section 109(1) paragraph (a)(iv) of the Head inserts a new paragraph (ba) after existing paragraph (b). The purpose of new paragraph (ba) is to provide that contributions from employment made after the age of 66 (including long term carer's contributions) will count for State Pension (contributory). The amendment is necessary to take account of contributions accrued after pensionable age (66 years) to reflect that a person may now defer claiming State pension (contributory) and may continue making contributions until one of the later specified deferred ages, or he or she may continue as a long term carer, and accrue long term carer's contributions until they apply for State pension (contributory) at a deferred pensionable age.

Paragraph (b) of the Head inserts new subsections (1B), (1C), and (1D) into section 109. These provisions also relate to a deferral scenario and provide for the treatment of contributions made after pensionable age where the claimant was a person (as per new section 108(1C)) who-

(i) is in receipt of State pension (non-contributory),

(ii) is in receipt of a weekly payment under this Act, excluding carer's benefit, carer's allowance, carer's support grant, or where he or she is a relevant person in respect of the payment of domiciliary care allowance,

(iii) is a person in respect of whom an increase for a qualified adult is being paid.

The Head provides for each of these scenarios and provides generally that while a person may benefit from any additional contributions during the period of deferral, a reduction will occur so that the person will have any time spent on these payments deducted from the age (67, 68, 69 or 70) of claim, thus potentially reducing the enhanced payment available.

New subsections (1B), (1C), and (1D) set out the conditions to be met to obtain the higher rate of pension if a person is already in receipt of certain payments under the Act, which will have the effect of modifying access to an actuarially increased pension rate in deferral depending on whether the person is in receipt of the State Pension (non-contributory)(1B), in receipt of a specified social welfare payment in deferral (1C) or is a person in respect of whom an increase for qualified adult is being paid, respectively (1D).

New subsection (1E) confirms that a person who is in receipt of Carer's Benefit, Carer's Allowance, Domiciliary Care Allowance or Carer's Support Grant is exempted from these rules and in their case – as evidence of long-term caring – they will potentially count towards enhancing the rate of State Pension (contributory) payable to the person if they defer their claim to age 67, 68, 69 or 70.

Paragraph (c) of the Head makes a minor change to subsection (6A) of section 109. Subsection (6A) was introduced in 2018 as a new rule providing for the right to a second method for calculation of the rate of State pension (contributory) payable. The minor amendment to subsection (6A) is to take account of the introduction of the new transitional calculation regime to be inserted as new subsection (6D).

Paragraph (d) of the Head makes three amendments to subsection (6B) In 2018, the then new subsection (6B) provided for the "aggregated contributions method". Paragraph (a) of subsection (6B) describes mechanics of the calculation of the rate of pension payable. The amendment contained in sub-paragraph (i) of the Head is a necessary consequential amendment arising from the introduction of Pension Deferral. Its effect is to provide for the aggregated contributions method to take account of the new scenario of pension deferral where a person a defers claiming State pension (contributory) until they reach a deferred pensionable age.

Sub-paragraph (ii) provides for the addition of long-term carer's contributions (from 1 January 2024) into the contributions which form part of the calculation of the Schedule 2 rate of pension payable.

Sub-paragraph (iii) inserts a new paragraph (c) into subsection (6B). New paragraph (c) is mirrored on existing paragraph (b) in setting out the numbers of the different types of contributions which will be taken into account in the calculation under paragraph (a). New paragraph (c) specifies in respect of long term carer's contributions both the minimum number necessary to qualify, and the maximum number of contributions that can be taken into account in the calculation of pension entitlement under the Aggregated Contributions Approach.

Paragraph (e) of the Head inserts new subsections (6D), (6E) and (6F) into section 109. Subsection (6D) sets out the transitional arrangements over a 10-year period commencing from 1 January 2025, whereby during the course of that 10-year period the Yearly Average Approach to calculating a person's pension is to be phased out. This will result in a person's pension being calculated solely by the Aggregated Contributions Method at the end of that transition period.

New subsection (6D) sets out the transitional arrangements over a 10-year period commencing from 1 January 2025, whereby during the course of that 10 year period the Yearly Average Approach to calculating a person's pension is to be phased out. This will result in a person's pension being calculated solely by the Aggregated Contributions Approach at the end of that transition period. The transitional arrangements will involve a variant on the existing methods of calculation. It will involve the person's rate being calculated firstly by reference to the Aggregated Contributions Approach alone. A second calculation will also take place which combines 90% of the rate obtained under the Yearly Average Approach with 10% of the rate obtained under the Aggregated Contributions Approach, which sum is then compared with the result obtained under the 1st calculation, under the Aggregated Contributions Approach, solely. Whichever calculation results in the more favorable to the claimant is the rate payable. In year 2 of the transition period, the second calculation will involve a combination of 80% and 20% of the respective calculation approaches. Year 3 will involve a combination of 70% and 30% of the respective calculation approaches, and this will progress with 10% changes in each calculation each year, until by the end of year 10 the percentage to be taken into account for the Yearly Average Approach in the second calculation will have reduced to zero.

New subsection (6E) confirms that with effect from 1 January 2034, the yearly Average Approach will no longer apply to the calculation of State Pension (contributory) and only the aggregated contributions approach (TCA) will apply.

A new subsection (6F) sets out the rate of payment for an increase for a qualified adult or child during the transition period by reference to the relevant calculation for the claimant during the transition period.

Paragraphs (f) to (i) of the Head make the same consequential amendments to subsections (8), (9), (11) and (12), respectively resulting from the introduction of the age referenced rate of State pension (contributory) for persons who choose to remain working and making contributions and defer their claim to State pension contributory until attaining a deferred pensionable age.

Paragraph (j) of the amendment to the Head provides for an amendment to subsection (16) to provide for the situation where long-term carer's contributions arise in the context of modified insurance. Paragraph (b) of the subsection provides for the position currently in respect of those who pay modified insurance. It provides that for the purpose of satisfying the minimum 520 "qualifying contribution" requirement of section 109(1), those 520 minimum can be made up of a minimum of 260 qualifying contributions and a further 260 modified contributions (from periods worked as a civil servant, garda, etc). However, while modified contributions can be counted for the purpose of attaining the minimum 520 contributions required, those modified contribution weeks are discarded for the purpose of calculating the person's pension, with the rate being calculated solely on their actual "qualifying contribution" weeks. Paragraph (j) of the Heads provides for a similar treatment in the context of modified contributions where long term caring contributions are involved.

The head inserts a new paragraph (c) to cater for long-term caring contributions where modified contributions are involved. Paragraph (c)(i) replicates the approach taken in paragraph (b) and sets out that a minimum 1040 long-term caring contributions are required if the claim is to be so based, and for the purpose of attaining the minimum 1040 weeks, weeks in employment, to which modified contributions apply, while also a long-term carer can be counted.

Paragraph (c)(ii) provides in the primary provision the calculation rule for the rate of pension for those who have a mixture of long-term caring contributions and modified contributions and provides that the modified contribution weeks will be discarded for the purpose of calculating the rate payable, with the rate calculated only on the long-term caring contributions.

Paragraph (k) of the Head inserts a new paragraph (v) into subsection (17) which provides for the making of Regulations to provide for the calculation of the rate of pension payable where the circumstances of subsection (16)(c)(i) apply.

Commencement

This section comes into operation on 1 January 2024.

HEAD 8 - Amendment to section 111 of the Principal Act

X. The Principal Act is amended by the substitution of the following section for section 111:

> **“Rate of pension**
>
> 111. (1) Subject to subsection (2) and this Part, the weekly rate of State pension (contributory)-
>
> (a) at the age referenced rate for age 66 years,
>
> (b) at the age referenced rate for age 67 years,
>
> (c) at the age referenced rate for age 68 years,
>
> (d) at the age referenced rate for age 69 years,
>
> (e) at the age referenced rate for age 70 years,
>
> shall be as set out in column (2) of Part 1 of Schedule 2.”.

Notes

Purpose of Head

The purpose of this Head is to provide for the insertion of the age referenced rates of State Pension (contributory) for each of the ages at which pension may be claimed which from 1 January 2024 will be at ages 66, 67, 68, 69 or 70.

Background

Currently, section 111 of the Act provides for one weekly rate of State Pension (contributory) and references where that rate is to be found - Part 1 of Schedule 2 to the Act. With the introduction of pension deferral from 1 January 2024, it is necessary to amend this provision to take account of the flexibility in the age of retirement and rate that that may apply depending on the age a person is when they choose to retire from working and making contributions.

Head

A new section 111 is substituted for the current one. The new section sets out the age referenced rates of State pension (contributory), for ages 66 to 70, which are be payable from 1 January 2024. Included among the age referenced rates of State pension (contributory) is the ‘age referenced rate for age 66 years’ which equates to the current pensionable rate which is found in Part 1 of Schedule 2. The new format of section 111 should be read in conjunction with the new format of Part 1 of Schedule 2.

Commencement

This section comes into operation on 1 January 2024.

HEAD 9 – Amendment to section 110 of the Principal Act

X. The Principal Act is amended in section 110-

(a) by the insertion of “or the age referenced rate of State pension (contributory) as the case may be,” after “State pension (contributory),” in each place that it occurs, and

(b) In subsection (1)(a) by the insertion of “deferred pensionable age, as the case may be,” after “pensionable age”,

.

Note

Purpose of Head

The purpose of this Head is to set out further consequential changes arising from the deferral of State Pension age in section 110.

Heads

In section 110, the Head provides for the insertion of deferred pensionable age for the period in which the contributions requirement must be met by self-employed contributions, where the person defers draw down of State Pension (contributory).

Commencement

This section comes into operation on 1 January 2024.

HEAD 10 – Amendment to section 112 of the Principal Act

X. The Principal Act is amended in section 112 -

(a) by the insertion in each of subsections (1), (1B), (2), (3), (4), (5) and (6) of "or the age referenced rate of State pension (contributory), as the case may be," after "State pension (contributory)," ,

and

(b) by the insertion of "or in the case of the age referenced rate of State pension (contributory), after 1 January 2024" after "2007".

Note

Purpose of Head

The purpose of this Head is to set out further consequential changes arising from the deferral of State Pension age in section 112.

Heads

Changes to section 112 are required so that the rate of increase for a qualified adult will be paid at deferral, where relevant, rather than pensionable age. This reflects that an increase is paid to the primary claimant and is not a payment in its own right so should be paid at the same point as State Pension (contributory). This will require other consequential changes for increases linked to State Pension (contributory) under the relevant Regulations and Administrative Schemes. Payments based on age, such as Free Travel, will not be affected.

Commencement

This section comes into operation on 1 January 2024.

HEAD 11 - Amendment to section 241 of the Principal Act

X. The Principal Act is amended in section 241(2) -

(a) in paragraph (a) by the deletion of "State pension (contributory)",

(b) by the insertion of the following paragraph after paragraph (aa):

"(ab) in the case of State pension (contributory)-

i. where in respect of having attained pensionable age, 6 months before the date on which the claim is made,

ii. where in respect of having attained a deferred pensionable age, up to 6 months before the date on which the claim for an age referenced rate of deferred State pension (contributory) rate relating to that deferred pensionable age is made,".

Notes

Purpose of Head

This Head provides for changes to section 241(2) which relate to the backdating of State Pension (contributory) claims to provide for late claims in the context of deferral of pension age.

Head

The Head removes State pension from its current listing within section 241(2)(a) and creates a new sub-paragraph (ab) to deal specifically with State Pension (contributory) in the context of claims within the required time frames.

Clause (i) of new sub-paragraph (ab) replicates the current rule as respects those who apply in respect of 66th birthday eligibility.

Clause (ii) of the new sub-paragraph (ab) also replicates the current rule as respects those who apply in respect of a deferred claim relating to a deferred pensionable age.

In each case payment is backdated to a maximum of 6 months.

Commencement

This section comes into operation on 1 January 2024.

HEAD 12 - Amendment to Schedule 2, Part 1

X. The Principal Act is amended in in Part 1 of Schedule 2, by the substitution of the following reference for reference 3:

“

3. State Pension (contributory)							
(a) Age referenced rate for age 66 years	265.30	176.70	42.00	50.00	22.00	10.00	20.00
(b) Age referenced rate for age 67 years	X*	X*	42.00	50.00	22.00	10.00	20.00
(c) Age referenced rate for age 68 years	X*	X*	42.00	50.00	22.00	10.00	20.00
(d) Age referenced rate for age 69 years	X*	X*	42.00	50.00	22.00	10.00	20.00
(e) Age referenced rate for age 70 years	X*	X*	42.00	50.00	22.00	10.00	20.00
Additional increase for a qualified adult who has attained pensionable age	–	61.10	—	—	—	—	—

*Rates to be confirmed

Notes

Purpose of Head

This Head is consequential to the main provisions of the Act and amends Schedule 2, Part 1 of the Act to include provision for rates payable at each age in deferral. The rates will be set as part of the Budgetary process each year.

Head

The head substitutes a new reference 3 into Part 1 of Schedule 2. The new reference utilises the same terms as employed in the definition of ‘age referenced rate of State pension (contributory)’ inserted into section 108(2) and the reconstructed section 111, to reflect the new rates payable according the to deferred age in question.

<u>Commencement</u>

This section comes into operation on 1 January 2024.

ENDS