STATUTORY INSTRUMENTS

2018 No. 333

PENSIONS

The Pensions Increase (Review) Order 2018

Made - - - -	*8th March 2018*
Laid before Parliament	*9th March 2018*
Coming into force - -	*9th April 2018*

The Secretary of State for Work and Pensions has, by virtue of section 151 of the Social Security Administration Act 1992(**1**), given a direction(**2**) that the sums mentioned in section 150(1)(c) of the Act are to be increased by a specified percentage.

The Treasury make the following Order in exercise of the powers conferred by section 59(1), (2), (5) and (5ZA) of the Social Security Pensions Act 1975(**3**) and now vested in them(**4**):

Citation and Commencement

1. This Order may be cited as the Pensions Increase (Review) Order 2018 and comes into force on 9th April 2018.

Interpretation

2.—(1) In this Order, "the Act" means the Social Security Pensions Act 1975.

(2) In this Order, any reference to a pension is a reference to a pension which began before 9th April 2018(**5**).

(**1**) 1992 c.5; section 151(1) was amended by Section 130(2) of the Pensions Act 1995 (c.26).
(**2**) This direction is contained in S.I. 2018/281.
(**3**) 1975 c.60. Section 59(1) was amended by section 1(7) of the Pensions (Miscellaneous Provisions) Act 1990 (c.7) and by the Social Security (Consequential Provisions) Act 1992 (c.6), Schedule 2, paragraph 34. Section 59(5) was amended by section 11 of the Social Security Act 1979 (c. 18) and the Social Security Act 1985 (c. 53), Schedule 5, paragraph 33. Section 59 was also amended by the Social Security Act 1979, section 11 and Schedule 3, paragraph 20; section 9(8) of the Social Security Act 1986 (c.50) (which inserted sub-section (5A)); section 5 of the Pensions (Miscellaneous Provisions) Act 1990 (which inserted subsection (5ZA)) and the Pensions Schemes Act 1993 (c.48), section 190 and Schedule 8, paragraph 9(1). Section 59 was modified by section 59A, which was inserted by section 11(4) of the Social Security Act 1979, amended by the Social Security Act 1986, section 9(9), and further amended by the Pensions Schemes Act 1993, section 190 and Schedule 8, paragraph 9(2). Section 59(5ZA) was amended, and subsections (5ZB) and (5ZC) inserted, by the Pensions Act 2008 (c.30), section 137 and Schedule 11, Part 6. Subsections (5ZB), (5ZC) and (7) were in addition amended by S.I. 2014/560, Schedule 3, paragraph 2.
(**4**) By virtue of article 2(1)(c) and (d) of S.I. 1981/1670.
(**5**) By virtue of section 59(7) of the Social Security Pensions Act 1975, sections 59 and 59A of that Act have effect as if they were contained in Part 1 of the Pensions (Increase) Act 1971 (c.56). Consequently, for the purposes of section 11 of the Interpretation Act 1978 (c.30) the following expressions used in this Order have the meaning which they bear in 59 of the Social Security Pensions Act 1975 and the Pensions (Increase) Act 1971: beginning date, complete months, derivative pension, lump sum,

Pensions increase: annual rate and lump sums

3.—(1) This article applies to an official pension if—

(a) a qualifying condition is satisfied; or

(b) the pension is—

(i) a derivative pension;

(ii) a substituted pension; or

(iii) a relevant injury pension.

(2) In relation to any period on or after 9th April 2018, the pension authority may increase the annual rate(**6**) of the pension—

(a) for a pension which began before 10th April 2017, by 3 per cent;

(b) for a pension which began on or after 10th April 2017, by 3 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 9th April 2018.

(3) In relation to a lump sum which is payable on or after 10th April 2017 but before 9th April 2018, the pension authority may increase the lump sum by 3 per cent 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, 10th April 2017) and the date on which it became payable.

Reductions in respect of guaranteed minimum pensions

4.—(1) Where—

(a) a pension is entitled to an increase in a guaranteed minimum pension on 9th April 2018; and

(b) entitlement to that guaranteed minimum pension arises from an employment from which (either directly, or indirectly by virtue of the payment of a transfer credit) entitlement to the official pension also arises;

the amount by reference to which any increase is calculated for the purposes of article 3(2) must 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 Act(**7**).

(2) Where on the death of a deceased spouse or civil partner a person becomes entitled to a guaranteed minimum pension in relation to a surviving spouse's pension or a surviving civil partner's pension, the amount by reference to which any increase is calculated for the purposes of article 3(2) must be reduced in accordance with section 59(5ZA) of the Act.

official pension, pension authority, qualifying condition, relevant injury pension and substituted pension. Section 8(2) of the Pensions (Increase) Act 1971 also makes provision about when a pension begins for the purposes of that Act.

(**6**) Section 59(5) of the Social Security Pensions Act 1975 provides that increases in the rate of a pension are to be calculated by reference to the basic rate of the pension as authorised to be increased by section 1 of the Pensions (Increase) Act 1971 or by an order under section 2 of that Act or section 59 of the Social Security Pensions Act 1975.

(**7**) The power of direction is invested in the Treasury by S.I. 1981/1670.