**EXPLANATORY MEMORANDUM TO**

**THE GUARANTEED MINIMUM PENSIONS INCREASE ORDER (NORTHERN IRELAND) 2011**

**S.R. 2011 No. 112**

## 1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Social Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under section 105 of the Pension Schemes (Northern Ireland) Act 1993 and is subject to the negative resolution procedure.

## 2. Purpose

2.1 This Order specifies the amount by which the guaranteed minimum pension element of an individual's occupational pension entitlement (a person could accrue a guaranteed minimum pension in a contracted out occupational pension scheme between1978 and1997) is increased with effect from 6th April 2011.

## 3. Background

3.1 Before April 1997, a defined benefit occupational pension scheme contracted out of the State Earnings Related Scheme had to provide a guaranteed minimum pension. Entitlement to a guaranteed minimum pension gives a member of a contracted-out occupational pension scheme the right to receive a defined minimum amount of earnings-related pension from the scheme.

3.2 Whenever the Secretary of State for Work and Pensions makes an order under section 109(4) of the Pension Schemes Act 1993 specifying a percentage by which there is to be an increase, the Department is empowered to make a corresponding order. The Secretary of State for Work and Pensions made an order prescribing an increase of 3 per cent. The Department has no power to set a different percentage increase for Northern Ireland. This Order makes corresponding provision for Northern Ireland.

## 4. Consultation

4.1 There is no requirement to consult on this Order as it makes in relation to Northern Ireland only provision corresponding to provision contained in an Order made by the Secretary of State for Work and Pensions in relation to Great Britain.

## 5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for this Order. As the amendments are technical in nature or consequential, the proposals would have little implication for any of the section 75 categories. In light of this, the Department has concluded that the proposals would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

## 6. Regulatory Impact

6.1 The provisions impose no new costs on business, charities and voluntary bodies which sponsor occupational pension schemes.

## 7. Financial Implications

7.1 None for the Department.

## 8. Section 24 of the Northern Ireland Act 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that this Order –

(a) is not incompatible with any of the Convention rights,

(b) is not incompatible with Community law,

(c) does not discriminate against a person or class of person on the ground of religious belief or political opinion, and

(d) does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

## 9. EU Implications

9.1 None.

## 10. Parity or Replicatory Measure

10.1 The corresponding Great Britain Order is the Guaranteed Minimum Pensions Increase Order 2011 (S.I. 2011/801) which comes into force on 6th April 2011. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions provided for in section 87 of the Northern Ireland Act 1998.