



## BRIEFING PAPER

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# Inheriting additional State Pension

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## Summary

This note looks at the development of policy on the rights to inherit additional State Pension entitlement.

When the State Earnings Related Pension Scheme (SERPS) was introduced in 1978, there was provision for widows to inherit up to 100% of their late husband's entitlement. Widowers were also entitled, although initially on a more limited basis. From 2010, men and women have been entitled on the same basis. When civil partnerships and same-sex marriages were introduced in 2005 and 2013, entitlement was on the same basis as for widowers. This is discussed in more detail in Library Briefing Paper SN-03035 [Pensions: civil partnerships and same sex marriages](#) (October 2015).

In 1986, the Conservative Government, concerned at the emerging costs of SERPS, passed legislation which reduced the percentage of SERPS which could be inherited from 100% to 50% in respect of a death on or after 6 April 2000. However, as a result of inadequate publicity for this change, the Labour Government decided to postpone it until 6 October 2002 and to phase in the reduction so that the full 50% cut would not be achieved until 6 October 2010. For those who had been misinformed and were not fully covered by the new arrangements, the departmental compensation scheme was a possibility. This is discussed in more detail in Library Briefing Paper SN-00706 [Reductions in inherited SERPS](#) (June 2016).

A new State Pension (nSP) was introduced on 6 April 2016, for people reaching State Pension age on or after that date. The Coalition Government said it intended people to qualify on the basis of their own NI record and that there was "no rationale" for allowing them to inherit or derive state pension income based on the NI record of their spouse or civil partner. However, there is transitional protection to cover pre-implementation NI records. There would be no change where both members of a couple reach, or would have reached, SPA before the nSP was introduced. In other cases, the transitional arrangements depend on when the survivor and deceased reach SPA.

# 1. The old State Pension

The State Pension has just been reformed, with a new State Pension introduced for people reaching State Pension age from 6 April 2016.

The old State Pension had two parts:

- The basic State Pension (bSP) which is a contributory, flat-rate benefit, paid at £119.30 pw (2016/17) to people with at least 30 'qualifying years' (of National Insurance contributions or credits).
- The additional State Pension, which is partly earnings-related. This was introduced in the form of the State Earnings Related Pension Scheme (SERPS) in 1978.<sup>1</sup> SERPS was replaced by the State Second Pension (S2P) from April 2002.<sup>2</sup>

An important feature of this system was provision for individuals to derive entitlement to the bSP based on the contributions for a (former) spouse or civil partner and to inherit some of the late partner's additional State Pension.<sup>3</sup> Because of changes in the rules over time, the amount of additional State pension someone can pass on depends on their date of birth, the year they reach State Pension age and their sex.<sup>4</sup> There are also differences in the rules affecting widows, widowers and civil partners. Gov.UK explains:

If your spouse or civil partner dies, you may be able to inherit part of their Additional State Pension. [Contact the Pension Service](#) to check what you can claim and how.

## **You're under State Pension age**

You may inherit Additional State Pension if you get [Widowed Parent's Allowance](#). However, if your Widowed Parent's Allowance ends, the Additional State Pension ends too. It may be paid again when you reach State Pension age if:

- you haven't remarried or formed a new civil partnership
- you were entitled to Widowed Parent's Allowance when over the age of 45

If you get Bereavement Allowance you won't inherit any Additional State Pension until you reach State Pension age, and only if you haven't remarried or formed a new civil partnership

If your Widowed Parent's Allowance or Bereavement Allowance ended before you were 55, the amount of Additional State Pension you receive will be less

## **You've reached State Pension age**

The amount you can inherit depends on your spouse or civil partner's date of birth.

You can inherit up to 50% of their State Second Pension.

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<sup>1</sup> [Social Security Pensions Act 1975](#).

<sup>2</sup> Between 1961 and 1978, earnings related provision was provided through Graduated Retirement Benefit

<sup>3</sup> For more detail, DWP, [A detailed guide to State Pensions for advisers and others](#), NP 46, August 2008

<sup>4</sup> Pension Service, [Inheriting a SERPS pension](#), SERPSL1, December 2007, p10-12, which includes a table explaining how this works

The maximum amount of Additional State Pension you can get is £164.36 per week from April 2015 to April 2016. This is based on your own and your partner's National Insurance contributions.

### **Maximum State Earnings-Related Pension Scheme (SERPS) pension you can inherit**

The maximum amount depends on the birth date of the person who has died.

<b>Man's date of birth</b>	<b>Woman's date of birth</b>	<b>Maximum % of their SERPS you can inherit</b>
5/10/37 or before	5/10/42 or before	100
6/10/37 to 5/10/39	6/10/42 to 5/10/46	90
6/10/39 to 5/10/41	6/10/44 to 5/10/46	80
6/10/41 to 5/10/43	6/10/46 to 5/10/48	70
6/10/43 to 5/10/45	6/10/48 to 6/07/50	60
6/10/45 and after	6/07/50 and after	50

You can't inherit your spouse or civil partner's Additional State Pension if all the following apply:

- you reached the State Pension age before 6 April 2010
- your spouse or civil partner died after you reached State Pension age but before their State Pension age
- you're a man who was married or in a civil partnership, or a woman who was married to another woman (unless she had legally changed her gender after marriage) or in a civil partnership.<sup>5</sup>

It was also possible to inherit half of a last spouse' Graduated Retirement Benefit (GRB).<sup>6</sup> GRB was for employees for paid graduated NI contributions between 6 April 1961 and 5 April 1975.<sup>7</sup>

## **1.1 Entitlement based on marital status**

### **Widows**

When the contributory state pension was introduced in 1948, there was provision for married women to opt out and rely on their husband's insurance (NI) record for a state pension paid at a reduced rate – 60 per cent of the full State pension. This was based on the assumption that married women would not work full-time and would be financially dependent on their husband's as breadwinners.<sup>8</sup>

In a 1975 White Paper, the then Secretary of State for Social Services Barbara Castle said that her Government was not prepared to perpetuate a system under which:

<sup>5</sup> Gov.UK, [Additional State Pension](#); See also Pension Service, [Inheriting a SERPS pension](#), SERPSL1, December 2007

<sup>6</sup> DWP, [The single-tier pension: a simple foundation for saving](#), Cm 8528, January 2013, Annex 3.D

<sup>7</sup> DWP, [State pensions – your guide](#), October 2014

<sup>8</sup> DWP, [Women and pensions: the evidence](#), 2005, Chapter 2, p18

[...] married women and some widows who go out to work have a choice between paying full contributions for inferior benefits and paying at a reduced rate which confers no benefit rights.<sup>9</sup>

She argued that women who went out to work should “share equal responsibilities and enjoy equal rights.”<sup>10</sup> Measures to deliver this would include removing the option for married women to pay reduced rate NICs and the introduction of Home Responsibilities Protection to protect entitlement during periods of caring.<sup>11</sup>

There would be provision for widows under and over pension age to inherit their husband’s entitlement:

### **Widow’s pension**

#### *i) The pension formula*

23. The widow’s full pension and the personal rate of widowed mother’s allowance are at present at the flat rate of £10. Under the new scheme they will be replaced by earnings-related pensions. These will comprise the whole of the single rate of retirement pension which the husband was receiving when he died, or, where the husband died before reaching retirement age, a pension calculated on his earnings in his best 20 years. If he had been insured for fewer than 20 years, earnings will be created to him at the base level in the years required to make up 20.

#### *ii) Widows under 60*

24. The pensions described in the last paragraph will become payable after six months of widowhood. During that first period of widowhood a widow’s allowance, including an earnings-related supplement, will as now be payable at a preferential rate. When widow’s allowance ceases, the full pension will be available to widowed mother, or to a woman who is over 50 when widowed or when her children grow up. A woman who is between 40 and 50 when widowed, or when her children grow up, will receive an earnings-related pension reduced according to her age at the time.

#### *(iii) Retirement Pension for Widows*

25. From age 60, or on retirement if this is later, a widow – irrespective of her age at widowhood – will be able to add 25% of her own average earnings above the base level she draws on her husband’s record, subject to the scheme’s maturity provisions (see paragraph 26) and to the limitation that her total pension may not exceed the maximum payable on one record [...]<sup>12</sup>

### **Widow(er)s**

Before the [Social Security Pensions Act 1975](#), the social security system had provided benefits for widows only. The 1975 White Paper announced the introduction of a widower’s pension – in the form of inherited SERPS – for the first time:

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<sup>9</sup> Ibid

<sup>10</sup> [HC Deb, 18 March 1975, c1486-7](#)

<sup>11</sup> DHSS, *Better pensions fully protected against inflation: proposals for a new pensions scheme*, Cmnd 5713, September 1974, para 45-6; *Social Security Pensions Act 1975*; For more on the background, see Library Briefing Papers CPB-07286 [Women and Pensions](#) (November 2015)

<sup>12</sup> Ibid

### **New benefits for widowers**

28. An important new proposal is the recognition of the financial needs of widowers. A man over 65 when his wife dies will have his retirement pension recalculated on the same basis as the retirement pension his widow would have got if he had died first – see paragraphs 25 and 26. For example, if a husband has a pension of £15 including £5 related to earnings above the base level and his wife has a pension of £13 including £3 related to earnings above the base level, the survivor will receive a pension of £18, whether it is husband or wife.

29. The scheme also recognises the needs of a widower under retirement age who is ill when his wife dies. He will have a right to an invalidity pension calculated on her earnings record if it is better than his own.<sup>13</sup>

The legislation provided that for a widower to be entitled both he and his wife had to be over pension age when she died.<sup>14</sup>

When the legislation was before Parliament, the then Opposition social security spokesperson Kenneth Clarke said this would mean men and women were treated unequally:

The amendment highlights the fact that a man will be entitled to a Category B retirement pension as a widower only if he and his wife were both over pensionable age at the time when she died. The only case in which entitlement to a widower's pension can arise is when the man is over 65 and when a woman is over the age 60 at a time when the wife pre-deceases the husband. That is narrow, and there is no flexibility in the Bill. It circumscribes the circumstances under which a widower's pension will be paid.

No similar restriction is put on the entitlement to Category B retirement pension by a widow under Section 29 of the principal Act. This is a much tighter restriction for widowers. I assume that it is made only because the Government consider that the scheme allows a small amount to be expended on the provision for widowers' pension and they want to make a small start. If the stark truth is that the Government do not feel able to devote resources beyond that, I should be grateful to the Minister for putting that on record. I should also like him to consider whether this tight restriction might not give rise to hardship in some cases. The situation I have in mind is when the wife is over pensionable age when she dies although her husband is not. There are rare cases where husband and wife are of equal age or the wife is a little older. If a wife has a full lifetime of contributions and is earning an earnings related Category A pension in her own retirement over the age of 60, it seems somewhat harsh, if she dies at the age of 63, and her husband is 63, that all her lifetime's contributions are totally wasted and there is no entitlement to a widower's pension in that situation.<sup>15</sup>

The then Pensions Minister Brian O'Malley confirmed that the Government saw this as a first step and that financial constraints prevented more at the time:

We are introducing something new. There is no provision within the existing national insurance system for widower's benefits of

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<sup>13</sup> Department for Social Services, *Better pensions. Fully protected against inflation*, September 1974, Cmnd 5713, p8

<sup>14</sup> *Social Security Pensions Act 1975*, s8

<sup>15</sup> SC Deb (A) 22 April 1975, cc 247-248

any kind. All we are doing is making a start. It may be a modest start but it is nevertheless a start and it is breaking new ground. If the hon. Gentleman were to ask me this morning whether I thought that this was the last word on the subject I would say to him, looking over the longer term, that I would be surprised if it was.

The Government certainly accept that extensions to the arrangement put forward in the Bill may follow in due course and, while not wanting to accept the hon. Gentleman's amendment this morning, I am certainly not turning down the possibility of a later widening of the cover for widowhood which the scheme provides.

Hon. Members know very well indeed the pressures and demands on total levels of public expenditure and the pressures for expenditure from within the National Insurance Scheme. I recognised from the outset that we were bringing forward an improvement for the widower. We were putting something where nothing now exists. But it is only a beginning. The provision and arrangements for it might be widened at some time in the future.<sup>16</sup>

In fact, it was not until April 2001 that widowers' benefits were introduced generally within the national insurance scheme under the [Pensions Act 1995](#). This replaced widows' benefits (widows' pension, widowed mothers' allowance and widows' payment) with new bereavement benefits available on equal terms to widows and widowers. In some respects, however, they were less generous than the widows' benefits they replaced. Most notably, widows and widowers aged 45 or over without dependent children only get a weekly bereavement allowance (with no SERPS component) paid for a year. The widows' pension carried on to pension age and had a SERPS component.

The introduction of bereavement benefits for widow(ers) in April 2001 meant some widowers under SPA could inherit SERPS. Bereavement benefits replaced the benefits formerly available to women only (Widow's Payment, Widowed Mother's Allowance and Widow's Pension). They were payable to both widows and widowers and included:

- A Bereavement Payment of £2000, double the value of the former lump sum paid to widows.
- A Widowed Parent's Allowance replaced Widowed Mother's Allowance. This included an inherited SERPS component and was paid to widow(ers) with a dependent child aged under 16, or under 19 and still in full-time non-advanced education.
- A Bereavement Allowance for widower(ers) aged 45 or over without dependent children. This has no SERPS component and is payable for one year only. The former Widows' Pension continued to pension age.

The new benefits were introduced on 9 April 2001. Widowers with dependent children on that date were able to claim Widowed Parents Allowance even if they were already widowed when the scheme came

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<sup>16</sup> SC Deb (A) 22 April 1975, c 249



into force. However, the Bereavement Payment and Bereavement Allowance were only to be available to men whose spouses died on or after 9 April 2001.<sup>17</sup> For the circumstances in which widowers can now inherit SERPS, see the section on 'entitlement' above.

The *Pensions Act 1995* introduced the legislation to equalise the SPA for men and women, by raising the pension age for women to 65 in stages, starting in April 2010. It also made changes to equalise other retirement pension rules, including the different rules on the inheritance of SERPS by widows and widowers, also from April 2010.<sup>18</sup> This specific change does not appear to have been debated in any detail during the passage of the legislation through Parliament. Debates on the sections of the Bill dealing with equalisation concentrated on the issue of raising the women's pension age. James Arbuthnot, the then Parliamentary Under Secretary of State for Social Security, merely said:

Paragraph 3 inserts a new section into the Social Security Contributions and Benefits Act 1992. It equalises the conditions for paying category B pensions – derived right pensions – to men and women for people reaching pension age on or after 6 April 2010 the lower rate category B pensions for married women will be available to men on the same basis, and widowers' category B pensions will be available on the same basis as those for widows. It is only fair to extend derived right pensions to men on the same basis as currently applies to women, especially in a society in which the traditional roles of men and women are tending to merge. It is estimated that the cost will be £30 million in public expenditure by 2020.<sup>19</sup>

The relevant legislation is in Section 48 B of the *Social Security Contributions and Benefits Act 1992*. This is restricted to widowers and surviving civil partners reaching SPA on or after 6 April 2010.<sup>20</sup> There are two parts to this:

- Section 48B (1) to (3) provides for a widower or civil partner to inherit SERPS if they have reached SPA at the time their late spouse or civil partner died, regardless of whether or not the contributor had attained pension age.
- Section 48B (4) to (8) relates to deaths before the survivor reached SPA. It allows a widower to be treated as though he had been entitled to a Widow's Pension (and therefore is restricted to deaths before the introduction of bereavement benefits on 9 April 2001). This allows the widower to be treated as entitled to a Category B pension at the rate of the widow's pension they would have been entitled to had they been women.

## Civil partners and same sex married couples

The *Civil Partnership Act 2004* created a union which is very similar, but not fully identical, to marriage.<sup>21</sup> A preceding consultation document

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<sup>17</sup> This is covered in more detail in Library Standard Note SN/SP 431, Bereavement benefits.

<sup>18</sup> Paragraph 3 of schedule 4 of the Act inserts new (equal) provisions in the *Social Security Contributions and Benefits Act 1992* on Category B retirement pensions

<sup>19</sup> SC Deb (D), 15 June 1995, c 643

<sup>20</sup> *Pensions Act 1995*, Schedule 4, paragraph 3 (3); *Civil Partnerships Act 2003*, Schedule 24, paragraph 28 (6)

<sup>21</sup> For more on the background, see Library Research Paper [RP 14/29](#) (May 2014).

proposed giving civil partners the same state pension rights as married couples once entitlement for both husbands and wives had been equalised in 2010:

7.24 The Government's decisions on the way in which state pensions might take account of registered civil partnerships will be affected by a forthcoming change. From 2010, the state pension age for men and women will begin to be equalised over a 10-year period. In 2010 also, derived pension rights for spouses and some other pension benefits will begin to be available on equal terms to men and women. It is thus not until 2020 that the state pension scheme will provide fully equal rights, at the same age, to people who are married.

7.25 Against this background, it would not be possible before 2010 to introduce state pension rights for registered partners which are both similar to those of married couples and treat all-male and all-female couples equally. Introducing changes before this time would create new inequalities within the state pension system.

[...]

**The Government proposes that registered partners should be given the same state pension rights as married couples once entitlement for both husbands and wives has been equalised in 2010.<sup>22</sup>**

Schedule 24 of the *Civil Partnerships Act 2004* amended the *Social Security Contributions and Benefits Act 1992*, to allow civil partners to draw on the contribution record of a civil partner:

799. *Paragraphs 23 to 33 and 51* extend state pension rights to civil partners. Currently, a married woman (but not a married man) can use her husband's National Insurance contribution record to qualify for a basic state pension when they have both reached state pension age. Civil partners (like married men) will be able to qualify for these pensions when their civil partners who were born on or after 6 April 1950 reach state pension age. Because of the difference in state pension ages, this means that female civil partners will qualify from 2010 onwards and male civil partners from 2015 onwards.

800. Where a woman is widowed after reaching state pension age she can qualify for a state pension calculated as if her husband was entitled to it when he died, regardless of her husband's age on death. It consists of a basic pension plus additional pension (a percentage of SERPS depending on when the spouse reached pensionable age and 50 per cent of any State Second Pension). Until 2010 civil partners, like widowers, will only be able to receive these pensions if both spouses or civil partners are over state pension age when the first one dies. However, widowers and civil partners who reach pension age on or after 6 April 2010 will be able to qualify regardless of the age at which their wife or civil partner dies (i.e. on the same basis as widows).

801. Where a spouse is widowed before reaching pension age a state pension can be awarded if a widow or widower at any time in the past was entitled to a bereavement allowance or widowed parent's allowance when over age 45 but only as additional pension and, if aged 45 to 54 when widowed, it is reduced on a

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<sup>22</sup> DTI Women and Equality Unit, [A framework for the legal recognition of same-sex couples](#), June 2003

sliding scale. These provisions will apply to civil partners from the implementation date.<sup>23</sup>

In 2012, the Coalition Government decided that same sex married couples should be treated in the same way as civil partners for State Pension purposes.<sup>24</sup> A detailed description of the relevant provisions is in paragraphs 125-131 [Marriage \(Same Sex Couples\) Act 2013 – Explanatory Notes](#).

## 1.2 Reductions in inherited SERPS

Although the 1975 Act was passed with all party support, the Conservative government began to reassess SERPS during its review of the social security system in the mid-1980s. This review led to the [Social Security Act 1986](#), which implemented a number of major changes to the system.<sup>25</sup>

The Act was preceded by Green and White Papers on social security reform. In the Green Paper published in June 1985, the Conservative government had proposed phasing SERPS out altogether.<sup>26</sup> However, by the time of the White Paper in December 1985, the Government had decided to modify SERPS rather than to abolish it.

The motivation for reform was increasing longevity and a projected decline in the ratio of working age people to pensioners. The Green Paper also argued that the structure of SERPS benefited newly retired pensioners more than older ones and that half the extra costs resulted from payments to occupational pensioners rather than to those solely in receipt of state pensions.

The White Paper proposed reductions in the SERPS an individual could build up in their own right.<sup>27</sup> In addition, the amount of SERPS that could be inherited by a spouse would be one half, rather than up to the full amount.<sup>28</sup>

In contrast to the reductions in SERPS accrual, which were to be phased-in gradually, the reductions in the amount that could be inherited were deferred until the turn of the century.<sup>29</sup> During the Committee stage debate, Tony Newton, the then Minister of State at the DHSS, had said:

We have every intention of mounting a major publicity campaign to herald the pension changes contained in the present Bill, should it become an Act, as we expect that it will.<sup>30</sup>

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<sup>23</sup> [Civil Partnership Act 2004, schedule 24 – Explanatory Notes](#)

<sup>24</sup> [Equal marriage: The Government's response, December 2012](#), para 9.16-18

<sup>25</sup> The changes to SERPS were in s19 of the 1986 Act, later consolidated into the *Social Security Contributions and Benefits Act 1992*

<sup>26</sup> DHSS, *Reform of Social Security: Programme for Change*, Cmnd 9518, June 1985, chapter 1

<sup>27</sup> See Library Briefing Paper SN-0255 [State Second Pension](#) (2013)

<sup>28</sup> *Reform of Social Security: Programme for Action*, Cmnd 9691, December 1985, page 13

<sup>29</sup> NAO, [State Earnings-Related Pension Scheme: the failure to inform the public of reduced pension rights for widows and widowers](#), HC 320, March 2000, p 21

<sup>30</sup> SC B Deb 25 February 1986 c 451

## 12 Inherited SERPS

However, inadequate publicity led to a campaign and subsequent decision by the Labour Government to further delay the reduction and then phase them in:

The [\*Welfare Reform and Pensions Act 1999\*](#) (s51), as amended by the [\*Child Support, Pensions and Social Security Act 2000\*](#), provided for the spouses of those who died before 6 October 2002 to continue to be entitled to inherit up to 100% of their late spouse's SERPS.

Regulation 2 of the [\*Social Security \(Inherited SERPS\) Regulations 2001\*](#) (SI 2001/1085), provided that the spouses of people who had reached pension age by 6 October 2002 would continue to inherit up to 100% regardless of the date of their spouse's death. A taper applied to the amount that could be inherited by the spouses of people retiring after 6 October 2002 could inherit:<sup>31</sup>

<b>Man's date of birth</b>	<b>Woman's date of birth</b>	<b>Maximum % of their SERPS you can inherit</b>
5/10/37 or before	5/10/42 or before	100
6/10/37 to 5/10/39	6/10/42 to 5/10/46	90
6/10/39 to 5/10/41	6/10/44 to 5/10/46	80
6/10/41 to 5/10/43	6/10/46 to 5/10/48	70
6/10/43 to 5/10/45	6/10/48 to 6/07/50	60
6/10/45 and after	6/07/50 and after	50

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<sup>31</sup> [Gov.UK – Additional State Pension – further information;](#)

## 2. New State Pension

One of the Coalition Government's intentions in introducing the **new State Pension (nSP)**, was that people should qualify on the basis of their own contributions. It said that there would "no rationale" for allowing people to "inherit or derive state pension income based on the National Insurance record of their spouse or civil partner." However, there would be "transitional protection to cover a variety of circumstances" where the Government believed it was "right to recognise contributions made prior to the implementation of the single tier pension."<sup>32</sup> Where both members of a couple reached (or would have reached) State Pension age (SPA) before the nSP was implemented, there was no change.<sup>33</sup> In other cases, the transitional arrangements depend on when the survivor and deceased reach SPA:<sup>34</sup>

- Where the **contributor reached SPA or died in the old system and the dependant reached SPA in the nSP**. The basic principle is that the dependant is entitled to an inherited amount equivalent to what they would have been entitled to had the old system had continued.
- Where the **survivor reached SPA in the old system and the deceased reached SPA in the new one, or died under SPA after April 2016**, the old rules continue to apply, but only contributions made by the deceased before April 2016 will count. The maximum amount the survivor will be able to inherit is 50% because the deceased's SPA will be after 5 October 2010.
- Where both the **contributor and dependant reach SPA in the nSP**, the dependant can inherit half the contributor's 'protected payment.' The term 'protected payment' refers to any amount the contributor had built up by April 2016 under the old system that was in excess of the full amount of the new State Pension - £155.65pw.<sup>35</sup>

Section 7 (4) provides for a cap to be set in regulations on the amount that can be inherited. However, no such regulations have been made.<sup>36</sup>

The relevant legislation is in the [Pensions Act 2014](#), s7 and Sch 3. There is guidance in DWP's [Decision Makers' Guide](#) (para 74302ff).

### Impact

The Impact Assessment said:

While people may lose the ability to inherit additional pension from a spouse or civil partner, they may nevertheless suffer no

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<sup>32</sup> DWP, [The single-tier pension: a simple foundation for saving](#), Cm 8528, Jan 2013, Annex 3.D

<sup>33</sup> Ibid p96

<sup>34</sup> Ibid p97; DWP, [The new State Pension](#), April 2016, p9

<sup>35</sup> DWP, [The single-tier pension: a simple foundation for saving](#), Cm 8528, January 2013, para 86 and Annex3, p12; [Pensions Act 2014](#), s5 and Sch 1 and 2; DWP's Decision Maker's Guide, para [74326-33](#)

<sup>36</sup> DWP, [Decision Makers' Guide](#), para 74306

overall notional loss due to gaining from another aspect of the reform package.<sup>37</sup>

For more on the impact, see Library Briefing Paper CBP-07414 [The new State Pension – transitional questions](#) (February 2016).

In its recent report on *Communicating the State Pension*, the Work and Pensions Select Committee recommended that the Government do more to communicate the impact of its reforms, particularly to those who would receive less than they might have expected:

**8. The losses are largely products of the simplification of an outdated and extraordinarily complex system. It is those complexities, however, that make explaining the consequences to those affected imperative. People who understand their individual circumstances are better placed to adapt their plans in their best interest. Government should not rely on general awareness campaigns or happenstance in promoting that understanding. It should focus on identifying the individuals affected, assessing their potential losses, and communicating with them.**<sup>38</sup>

In response, the Government said it recognised that the issue was complex and was taking steps to raise awareness:

21. We recognise that the rules around deriving and inheriting State Pension are complex. In order to raise awareness and help affected individuals understand the changes, we have worked with stakeholders such as Age UK to develop comprehensive fact sheets - available in the stakeholder toolkit on Gov.uk. We have also specifically placed information in media likely to be accessed by the affected groups - women's magazines and social media advertising. Furthermore, there is an interactive tool on derived pension impacts on the Gov.uk website. This tool guides people through the changes and provides them with factual information.

22. Unfortunately, we have concluded that an effective, targeted direct mail approach to all those who may be affected is not available. This is because it is not possible to identify who all the affected people may be. One of the key reasons for this is because someone may only be affected by the changes to derived State Pension if they are widowed at some time in the future – an event which cannot be predicted. We also do not have accurate information about a person's marital status and the extent to which they could have benefitted from their spouse or civil partner's National Insurance contributions to boost their State Pension. As an alternative we have considered writing to a wider group, based simply on the number of qualifying years they have on their National Insurance record. However, we estimate this would involve contacting around 2 million people to target the approximately 260,000 who could potentially fall into the group affected by these changes, by 2030. We do not want to create uncertainty and concern among those not directly affected, which could occur through poorly targeted mailing.

23. We have therefore concluded that we should supplement the existing approach of encouraging people to seek personalised information on their state pension through awareness raising and

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<sup>37</sup> DWP, [Single-tier pension: a simple foundation for private saving: impact assessment](#), October 2013, para 92

<sup>38</sup> Work and Pensions Committee, [Communication of the new State Pension](#), HC 926, 27 March 2016

working with stakeholders, with the direct mail exercise for those at risk of having fewer than ten qualifying years on their National Insurance record.<sup>39</sup>

DWP produced a factsheet to inform the debates on the legislation: [State Pension entitlements derived from a current or former spouse's or civil partner's National Insurance contributions](#) (January 2013).

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<sup>39</sup> [Government response to the Work and Pensions Select Committee's Eight Report of 2015-16, Communication of the new state pension](#) (June 2016)

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