

Freedom of Information request 1358/2013

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Information request

- (1). *How will increases be calculated on contracted out pensions? Will it be the same as on the new flat rate pension? If not please show how it will be worked out?*
- (2). *How will increases be worked out on State second pension in excess of the flat rate pension? Will it be the same way as on the flat rate pension? If not how will it be worked out?*

DWP response

(1) Following the introduction of the new flat-rate State pension, there will no longer be any direct comparison between the contracted-out pensions in payment and the State Pension. Salary-related pension schemes will continue to increase pensions in line with existing legislation. There is no longer any requirement to increase money purchase pensions in payment.

(2) Any amount of pension in excess of the full new flat-rate pension will be treated as a protected payment. This protected payment will be increased up to State Pension age in line with prices and also increased once in payment in line with prices. The full flat-rate pension will be increased at least in line with average earnings.