

DMG Chapter 74: State pension

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Introduction

Scope of this Chapter

74001 This Chapter gives guidance on SP. SP is the legislative term for “new state pension” whereas the legislative term for “old state pension” is RP. To be entitled to SP, a person must reach pensionable age on or after 6.4.16¹. A person who reached pensionable age before 6.4.16 may be entitled to RP².

Note: See DMG Chapter 75 for guidance on RP.

1 Pensions Act 14, s 1(2); 2 SS CB Act 92

Differences between state pension and retirement pension

Single-component pension

74002 Once the transition to the new SP is complete it will be a single-component pension in contrast to RP which can consist of BP and AP and other components such as GRB or age addition.

Contributions of others

74003 With the exception of

1. inheritance of a deceased spouse or civil partner's

1.1 AP (see DMG 74302 et seq) **and**

1.2 deferred RP (see DMG 74341 et seq) **and**

1.3 deferred GRB (see DMG 74368 et seq) **and**

2. transitional rate of SP for women who paid reduced rate NI **and**

3. pension sharing on divorce (see DMG 74451 et seq)

entitlement to SP is based only on the person's own NI contributions.

Non-contributory pensions

74004 Cat C and Cat D RP are non-contributory pensions. People reaching pensionable age on or after 6.4.16 will not be able to claim Cat C (with one exception) or Cat D RP.

Note: See DMG Chapter 75 for guidance on the exception with regard to Cat C RP.

Age addition

74005 People over age 80 are entitled to an age addition if they are entitled to RP of any category. However, this age addition will **not** be paid to people in receipt of SP.

Payability

74006 Unlike RP, SP will always be payable from the date of entitlement to the date of the claimant's death¹. Therefore, there could be part-week payments at the beginning and end of awards. However, there will **not** be part-week payments if there is a change of circumstances (for example where a person becomes entitled to an inherited amount or shared AP after the start of their SP award).

Note 1: A claimant may defer entitlement to SP² (see DMG 74501 et seq).

Note 2: See DMG Chapter 04 for guidance on supersession where there has been a change of circumstances and DMG Chapter 08 for guidance on SP paydays and the day from which SP will be paid.

1 SS (C&P) Regs, reg 16(5); 2 Pensions Act 14, s 16

74007 - 74010

Rate of state pension

74011 Entitlement to SP may be at

- 1.** the full rate (see DMG 74101 et seq) **or**
- 2.** the reduced rate (see DMG 74151 et seq) **or**
- 3.** the transitional rate (see DMG 74201 et seq).

Note: Entitlement to SP may be postponed or suspended (see DMG 74501 et seq).

Reference to HMRC

74012 Entitlement to SP at any of the rates in DMG 74011 depends on the conditions of entitlement being satisfied. In practice the NI contribution record is usually obtained and any decision is based on the assumption that the record is factually correct. However, where there is a dispute about the record, the matter must be referred by the DM to HMRC for a formal decision¹. That referral should be made² to:
HMRC

National Insurance Contributions Office
NE98 1ZZ

Note 1: See DMG Chapters 03, 04 and 06 for guidance on how decisions and appeals are handled after a reference to HMRC.

Note 2: See DMG Chapter 01 where the dispute is about whether credits should be awarded.

1 SS CS (D&A) Regs, reg 11A and 38A; 2 Secretary of State for Work and Pensions
v TB v HMRC (RP) [2010] UKUT 88 (AAC) [2010] AACR 38

74013 - 74020

Definitions

74021 [See [DMG memo 12/23](#)] DMG 74022 – 74028 explain the meaning of terms used throughout this Chapter.

Pensionable age

74022 To be entitled to SP a person must have reached pensionable age¹. Pensionable age² is

- 1.** the 65th birthday for a man born before 6.12.53
- 2.** the 66th birthday for a person born after 5.10.54 but before 6.4.60
- 3.** the 67th birthday for a person born after 5.3.61 but before 6.4.77

4. the 68th birthday for a person born after 5.4.78.

Note 1: See Appendix 1 to this Chapter for pensionable age for a woman born from 6.4.53 to 5.12.53 inclusive. See Appendix 2 to this Chapter for pensionable age for a person born 6.12.53 to 5.10.54 inclusive. See Appendix 3 to this Chapter for pensionable age for a person born 6.4.60 to 5.3.61 inclusive (DMs should note that pensionable age for such a person is linked to their date of birth and there is no common pensionable age for those born within a specified period). See Appendix 4 to this Chapter for pensionable age for a person born 6.4.77 to 5.4.78 inclusive.

Note 2: A person is over pensionable age if they have reached that age; otherwise they are under pensionable age³.

1 Pensions Act 14, s 2(1)(a), 2(2)(a); 4(1)(a); 7(1)(a); 9(1)(a); 12(1)(a) & 13(1)(a); 2 s 22(1);
SS CB Act 92, s 122(1); Pensions Act 1995, Sch 4, Part I, para 1(3) – (10); 3 Pensions Act 14, s 22(1)

Qualifying year

74023 A qualifying year is a tax year, during a person's working life, in which

- 1.** their earnings factor **or**
- 2.** the sum of their earnings factors

is equal to, or greater than, the QEF for the year¹. A qualifying year can consist entirely of credits.

Note 1: This is the same as the QEF for RP purposes.

Note 2: See DMG 74036 for guidance on how credits affect a qualifying year.

1 Pensions Act 14, s 2(4)

Pre-commencement qualifying year

74024 A pre-commencement qualifying year is

- 1.** a qualifying year

1.1 beginning on or after 6.4.78 **and**

1.2 ending before 6.4.16 **or**

- 2.** for periods before 6.4.78, a reckonable year that would have been treated¹ as a qualifying year for determining a person's entitlement to Cat A RP² (this includes pre-1975 reckonable years).

A pre-commencement qualifying year can consist entirely of credits.

Note 1: See DMG Chapter 75 for guidance on entitlement to Cat A RP.

Note 2: See DMG 74036 for guidance on how credits affect a pre-commencement qualifying year.

1 SS (WB, RP & OB) (Trans) Regs, reg 13(1); 2 Pensions Act 14, s 4(4)

Post-commencement qualifying year

74025 A post-commencement qualifying year is a qualifying year beginning on or after 6.4.16¹. A post-commencement qualifying year can consist entirely of credits.

Note: See DMG 74036 for guidance on how credits affect a post-commencement qualifying year.

1 Pensions Act 14, s 4(4)

Working life

74026 A person's working life is the period between the tax years in which they reach age 16 and pensionable age. It includes the tax year in which they reach age 16 but does **not** include the tax year in which they reach pensionable age¹.

1 Pensions Act 14, s 22(1); SS CB Act 92, s 122(1) & Sch 3, Part 1, para 5(8)

Qualifying earnings factor

74027 The QEF is an earnings factor equal to the LEL for a tax year multiplied by 52¹.

Note: For tax years 1975/76 – 1977/78 (inclusive) the QEF was an earnings factor equal to the LEL for a tax year multiplied by 50.

1 Pensions Act 14, s 22(1); SS CB Act 92, s 122(1)

Tax year

74028 A tax year is the period of 12 months beginning with 6 April in any year¹.

1 Pensions Act 14, s 22(1); SS CB Act 92, s 122(1)

Rebate-derived amount

74029 A rebate-derived amount is an amount reflecting any period of contracting-out for AP purposes between 6.4.78 and 5.4.16. People contracted-out paid a lower rate of NI contributions and received a GMP. The rebate-derived amount is calculated by

1. splitting periods of contracting-out into the periods

1.1 6.4.78 to 5.4.97

1.2 6.4.97 to 5.4.02 and

1.3 6.4.02 to 5.4.16

2. working out the net weekly AP for each period under the legislation before 6.4.16

3. working out the gross weekly AP for each period (i.e. the amount as if there had not been contracting-out

4. deducting the amount at **2.** from the amount at **3.** to get a rebate-derived amount for each of the periods at **1.**

5. adding together the amounts at **4.** to give an overall weekly value for the period 6.4.78 to 5.4.16.

Note: Each amount is rounded to the nearest penny throughout the calculation.

74030 – 74035

Credits

74036 A person may be entitled to be credited with contributions or earnings. However, this is only to the extent necessary to make a year a qualifying year. Where a week falls in two tax years, the earnings or contributions are credited for the earlier tax year.

74037 – 74040

Marriage

74041 Throughout this Chapter, unless the context otherwise requires, references to

1. marriage includes marriage of a same sex couple

2. a married couple includes a married same sex couple

3. a person who is married includes a person who is married to a person of the same sex¹, including a person who is married by virtue of converting or changing their civil partnership to marriage and in such cases, the marriage is treated as having subsisted from the date the civil partnership was formed.

This also applies, for example, to a marriage that has ended or a person whose marriage has ended². However, two people are treated as being not married to each other if either of them is married polygamously³.

Note: See DMG Chapter 10 for full guidance on marriage.

1 Marr (SSC) Act 13, Sch 3, Part 1, para 1(1); 2 Sch 3, Part 1, para 1(2); 3 Pensions Act 14, s 22(2)

74042 For the purpose of DMG 74041, unless the context otherwise requires, it does not matter how a reference is expressed¹. Therefore, for example, a reference to

- 1.** husband includes a man who is married to another man
- 2.** wife includes a woman who is married to another woman
- 3.** spouse includes a person who is married to another person of the same sex
- 4.** widower includes a man whose marriage to another man ended when the other man died
- 5.** widow includes a woman whose marriage to another woman ended when the other woman died.

Note: For the avoidance of doubt, in a marriage between a man and a woman, the terms husband and wife are to be applied as appropriate to the sex.

1 Marr (SSC) Act 13, Sch 3, Part 1, para 1(3)

Civil partnerships

74043 Legislation¹ provides a legal framework that enables recognition of same sex relationships through the status of civil partner and the legal relationship of civil partnership. This legislation took effect on 5.12.05. A civil partnership is a relationship between two people of the same sex which is formed when they register as civil partners. Also, a person can be treated as having formed a civil partnership by virtue of having registered certain overseas relationships. A civil partnership ends only on death, dissolution or annulment or, where the civil partnership is converted or changed into a marriage (see DMG 74041), the date of that conversion or change (in such cases the marriage is treated as having subsisted since the civil partnership was formed except where 75104 applies). Further legislation² provides that, from 2.12.19, opposite sex couples in England and Wales can form civil partnerships and in Scotland³ from 28.07.2020.

Note: See DMG Chapter 10 for full guidance on civil partnerships.

1 CP Act 04; 2 Civil Partnerships, Marriages and Deaths (Registration etc) Act 2019; 3 The CP (Scot) Act 2020

People who have changed gender

Gender recognition certificate received on or after female pensionable age but before age 65: male to female transgender person

74044 Where a male to female transgender person receives a full GRC on or after female pensionable age but before male pensionable age, any NI contributions paid

- 1.** on or after female pensionable age **and**

2. before the date the GRC is issued

are not refundable¹. Therefore, those NI contributions will continue to be taken into account in the calculation of the amount of SP.

1 GR Act 04, Sch 5, Part 2, para 6A(4)

74045 Once notified of the issue of a GRC to a male to female transgender person, DMs should decide entitlement to SP on the basis that pensionable age is the date of the GRC¹. The claimant is not to be taken to have deferred for any period ending before the GRC is issued².

1 GR Act 04, Sch 5, Part 2, para 6A; 2 Sch 5, Part 2, para 10(1)(za);
R(P) 2/09; MP v SSWP (RP) [2009] UKUT 205(AAC) [2010] AACR 13

Gender recognition certificate received on or after female pensionable age but before age 65: female to male transgender person

74046 Where a female to male transgender receives a full GRC on or after female pensionable age but before age 65, DMs should decide entitlement to SP on the basis that pensionable age is 65. If immediately before a full GRC is issued a female to male transgender person

1. is entitled to SP **and**

2. has not reached age 65

entitlement will cease once a full GRC is issued¹. A new claim for SP can be made as the person approaches age 65.

1 GR Act 04, Sch 5, Part 2, para 1 & 6A(2)

Example

Jackie defers her SP for three years. When she is 63 she makes a claim for, and receives, SP including Incs for the deferral. Six months later Jackie is issued with a full GRC and SP and Incs for deferral cease. There will be no entitlement to those Incs when a further claim for SP is made. There will have to be deferment after reaching age 65 for there to be entitlement to Incs in the acquired gender.

Gender recognition certificate received on or after age 65: male to female transgender person - state pension awarded

74047 Where a male to female transgender person receives a full GRC on or after male pensionable age, then any NI contributions paid

1. on or after female pensionable age **and**

2. before the date the GRC is issued

are not refundable¹. Therefore, those NI contributions will continue to be taken into account in the calculation of the amount of SP.

1 GR Act 04, Sch 5, Part 2, para 6A(4)

Gender recognition certificate received on or after age 65: male to female transgender person - state pension not awarded

74048 Where a male to female transgender person receives a GRC on or after age 65, DMs should decide entitlement to SP on the basis that pensionable age is male pensionable age. The person is not to be taken to have deferred for any period ending before the certificate is issued¹ unless the entitlement

1. was actually deferred during the period **and**

2. would have been capable of being so deferred had the person's gender been the acquired gender.

1 GR Act 04, Sch 5, Part 2, para 10(2); R(P) 2/09; MP v SSWP (RP) [2009] UKUT 205(AAC) [2010] AACR

13

Gender recognition certificate received on or after age 65: female to male transgender person - state pension awarded

74049 Where a female to male transgender person receives a GRC on or after age 65, the DM should not revise entitlement to SP. This is because as a female there is no liability to make NI contributions after female pensionable age. The person should not be deemed to have made contributions until male pensionable age¹.

1 GR Act 04, Sch 5, Part 2, para 6A(1) & (4)

Gender recognition certificate received on or after age 65: female to male transgender person - state pension not awarded

74050 Where a female to male transgender person receives a GRC on or after age 65, DMs should decide entitlement to SP on the basis that pensionable age is 65. The person should not be treated as having made contributions until male pensionable age¹.

1 GR Act 04, Sch 5, Part 2, para 6A(1) & (4)

74051 – 74100

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Full rate of state pension 74101 - 74150

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Introduction

74101 The guidance at DMG 74102 – 74104 applies to people who have no pre-commencement qualifying years.

Note: See DMG 74201 et seq for guidance on SP payable at the transitional rate which applies when people have at least one pre-commencement qualifying year.

74102 People may be entitled to SP at the full rate if

- 1.** they are under age 16 on 6.4.16 **or**
- 2.** they arrive in the UK for the first time on or after 6.4.16 **or**
- 3.** for any other reason they
 - 3.1** have not paid, or been credited with, NI contributions **or**
 - 3.2** do not have a qualifying year

before 6.4.16.

Entitlement

74103 A person is entitled to SP payable at the full rate if they

- 1.** have reached pensionable age **and**
- 2.** have 35 or more qualifying years¹.

Note 1: See DMG 74022 for the meaning of pensionable age and DMG 74023 for the meaning of qualifying year.

Note 2: See DMG 74012 for guidance on references to HMRC if there is a dispute about a NI contribution

record.

Note 3: See DMG Chapter 03 for guidance on revision where there is a late award of contributions or credits, or because of changes to Class 2 NI collection.

1 Pensions Act 14, s 2(1)

Amount

74104 The full rate of SP is the weekly rate specified in regulations¹. This will initially be £155.65². When the full rate of SP is up-rated in April 2017 and subsequent years, the rate will be replaced by a new rate that applies from the date the up-rating Order takes effect.

1 Pensions Act 14, s 3(1) ; 2 SP Regs, reg 1A

74105 – 74150

Reduced rate of state pension 74151 - 74200

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Introduction

74151 The guidance at DMG 74152 – 74162 applies to people who have no pre-commencement qualifying years.

Note: See DMG 74201 et seq for guidance on SP payable at the transitional rate which applies when people have at least one pre-commencement qualifying year.

74152 People may be entitled to SP at the reduced rate if

- 1.** they are under age 16 on 6.4.16 **or**
- 2.** they arrive in the UK for the first time on or after 6.4.16 **or**
- 3.** for any other reason they
 - 3.1** have not paid, or been credited with, NI contributions **or**
 - 3.2** do not have a qualifying year

before 6.4.16.

Entitlement

74153 A person is entitled to SP payable at the reduced rate if they have

- 1.** reached pensionable age¹ **and**
- 2.** at least 10 qualifying years² but less than 35³.

Note 1: See DMG 74022 for the meaning of pensionable age and DMG 74023 for the meaning of qualifying year.

Note 2: See DMG 74012 for guidance on references to HMRC if there is a dispute about a NI contribution record.

Note 3: See DMG 74406 for when the minimum period of 10 qualifying years does not apply.

Note 4: See DMG Chapter 03 for guidance on revision where there is a late award of contributions or credits, or because of changes to Class 2 NI collection.

1 Pensions Act 14, s 2(2)(a); 2 SP Regs, reg 13(1); 3 Pensions act 14, s 2(2)(b)

74154 Contributions paid by a person who has worked or resided outside the UK may count towards the minimum period of 10 qualifying years.

74155 – 75160

Amount

74161 The reduced rate of SP is $\frac{1}{35}$ of the full rate multiplied by the number of qualifying years¹.

Note: See DMG 74101 et seq for guidance on the full rate of SP.

1 Pensions Act 14, s 3(2)

Example

Duncan has 25 qualifying years. He is entitled to SP of $\frac{25}{35} \times £155.65 = £118.18$. (DMs should note that the rate used is for illustrative purposes only.)

74162 Although contributions paid by a person who has worked or resided outside the UK may count towards the minimum period of 10 qualifying years, they are **not** included when deciding the amount of SP. Therefore, a person may receive less than $\frac{10}{35}$ of the full rate of SP.

Example

Cecilia has 8 qualifying years. However, she also has 5 qualifying years when working outside the UK. Therefore, Cecilia has more than 10 qualifying years. However, the DM decides that she is entitled to $\frac{8}{35}$ of the full rate of SP.

74163 – 74200

Transitional rate of state pension 74201 - 74300

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Introduction

74201 The transitional rate of SP applies to people who have

1. paid **or**
2. been treated as having paid **or**
3. been credited with

NI contributions in respect of tax years before 6.4.16.

Entitlement

74202 A person is entitled to SP payable at the transitional rate if they have

1. reached pensionable age¹ **and**
2. at least 10 qualifying years² **and**
3. at least one pre-commencement qualifying year³.

Note 1: See DMG 74022 for the meaning of pensionable age, DMG 74023 for the meaning of qualifying year and DMG 74024 for the meaning of pre-commencement qualifying year.

Note 2: See DMG 74012 for guidance on references to HMRC if there is a dispute about a NI contribution record.

Note 3: See DMG Chapter 03 for guidance on revision where there is a late award of contributions or credits, or because of changes to Class 2 NI collection.

74203 A reckonable year that would have been treated as a qualifying year for determining a person's entitlement to Cat A RP (see DMG 74024 **2.**) counts towards the minimum number of qualifying years required in order to be entitled to SP payable at the transitional rate¹ (see DMG 74202 **2.**).

Note: See DMG 74023 for guidance on the meaning of qualifying year.

1 SS (WB, RP & OB) (Trans) Regs, reg 13(1) & Pensions Act 14, s 4(4)

74204 A person who is entitled to SP at the transitional rate and who has some post 6.4.16 qualifying years cannot also qualify for SP¹ in accordance with DMG 74101 et seq or DMG 74151 et seq.

1 Pensions Act 14, s 4(3)

74205 – 74210

Amount

74211 The transitional rate of SP is the higher of a weekly rate equal to

1. the total of the amounts calculated¹ as in DMG 74221 et seq for a person's

1.1 pre-commencement **and**

1.2 post-commencement

qualifying years capped at the full rate of SP on the day a person reaches pensionable age² **or**

2. the amount for a person's pre-commencement qualifying years only³.

Note 1: See DMG 74401 for guidance on special rules about the transitional rate of SP for women with reduced rate elections⁴.

Note 2: See DMG 74266 for guidance on recalculating and backdating of the transitional rate of SP⁵.

Note 3: See DMG 74022 for the meaning of pensionable age, DMG 74024 for guidance on the meaning of pre-commencement qualifying year and DMG 74025 for guidance on the meaning of post-commencement qualifying year.

1 Pensions Act 14, Sch 1; 2 s 5(1)(a); 3 s 5(1)(b) 4 s 5(4) & 11; 5 s 5(3) & 6

74212 – 74220

Calculating the amount of the transitional rate of state pension

74221 DMG 74222 et seq give guidance on how to calculate the amount for a person's pre-commencement qualifying years and DMG 74263 et seq give guidance on how to calculate the amount for a person's post-commencement qualifying years.

Amount for pre-commencement qualifying years

74222 A person's amount for pre-commencement qualifying years is calculated by

- 1.** calculating the weekly amount of RP (including AP (less any GMP deduction)) and GRB (see DMG 74231 et seq) **and**
- 2.** calculating the weekly amount of SP (see DMG 74251 et seq) **and**
- 3.** taking the highest of the amounts at **1.** and **2.** **and**
- 4.** revaluing the amount at **3.** (see DMG 74262).

The amount at **4.** is the amount for the person's pre-commencement qualifying years¹.

Note: See DMG 74024 for guidance on the meaning of pre-commencement qualifying year.

1 Pensions Act 14, Sch 1, Part 2, para 2

Example

Michael reaches pensionable age on 6.7.16. He had not been contracted-out at any point. His weekly amount of RP (including AP) and GRB is £157.37 and his weekly amount of SP is £155.65. Revaluation is not applicable. Therefore, the amount for Michael's pre-commencement qualifying years is £157.37. (DMs should note that the rate used is for illustrative purposes only.)

74223 – 74230

Calculating the weekly amount of retirement pension and graduated retirement benefit

74231 For the purposes of DMG 74222 **1.** the weekly amount of RP and GRB is

- 1.** the rate of any Cat A RP and GRB to which the person would have been entitled if they had reached pensionable age on 6.4.16¹ **or**
- 2.** if they are not entitled to RP, the rate of any GRB to which they would have been entitled² if they had reached pensionable age on that date³.

Note 1: See DMG 74232 et seq for guidance on how to calculate that weekly amount⁴.

Note 2: See DMG Chapter 75 for full guidance on Cat A RP and GRB.

1 Pensions Act 14, Sch 1, Part 2, para 3(1)(a); 2 SS (GRB) (No. 2) Regs, Sch 1; NI Act 65, s 36(7);
3 Pensions Act 14, Sch 1, Part 2, para 3(1)(b); 4 Sch 1, Part 2, para 3(2)

Example 1

Norman reaches pensionable age on 11.7.17. He would have been entitled to Cat A RP of £162.14 (BP plus AP (with no GMP deduction)) and GRB of £2.32 if he had reached pensionable age on 6.4.16. Therefore, for the purpose of calculating the amount for Norman's pre-commencement qualifying years, the weekly amount of RP and GRB before revaluation is £164.46. (DMs should note that the rate used is for illustrative purposes only.)

Example 2

Martha reaches pensionable age on 6.11.17. She would have been entitled to Cat A RP of £121.68 (BP plus AP (with a GMP deduction)) and GRB of £5.68 if she had reached pensionable age on 6.4.16. Therefore, for the purpose of calculating the amount for Martha's pre-commencement qualifying years, the weekly amount of RP and GRB before revaluation is £127.36. (DMs should note that the rate used is for illustrative purposes only.)

74232 DMs should calculate the amount of RP and GRB that would have had effect on 6.4.16¹. In doing so, they should have regard to DMG 74233 et seq.

1 Pensions Act 14, Sch 1, Part 2, para 3(3)

74233 Except where DMG 74234 applies, for the purpose of the calculation at DMG 74231, DMs should ignore

1. the rule that entitlement to Cat A RP and GRB is for people who reach pensionable age before 6.4.16¹

2. any requirement to make a claim²

3. any

3.1 suspension of **or**

3.2 disqualification from

any amount of RP³

4. state scheme pension debit⁴

5. any inherited GRB for

5.1 widows or

5.2 widowers or

5.3 surviving civil partners⁵.

Note 1: See DMG Chapter 02 for guidance on the requirement to make a claim.

Note 2: See DMG Chapter 04 for guidance on suspension.

Note 3: See DMG Chapter 07 for guidance on disqualification for people absent from GB and DMG Chapter 12 for guidance on disqualification for people imprisoned or detained in legal custody.

Note 4: See DMG Chapter 75 for guidance on Cat A RP, GRB and state scheme pension debit.

1 Pensions Act 14, Sch 1, Part 2, para 3(4)(a); 2 Sch 1, Part 2, para 3(4)(b);

3 Sch 1, Part 2, para 3(4)(c); 4 Sch 1, Part 2, para 3(4)(d); SS CB Act 92 s 45B;

5 Pensions Act 14, Sch 1, Part 2, para 3(4)(e); SS (GRB) (No. 2) Regs, Sch 1; NI Act 65, s 37

Example

Ikbal's GRB of £4.16 includes £1.64 inherited from his late spouse. Therefore, for the purpose of calculating the amount for Ikbal's pre-commencement qualifying years, the weekly amount of GRB before revaluation is £2.52.

74234 The effect of DMG 74233 **1.** does not apply in respect of a substituted Cat A RP based on

1. a late or former spouse's **or**

2. a late or former civil partner's

NI contributions¹.

1 SS CB Act 92, s 48 (as amended by Pensions Act 14, Sch 12, para 56)

74235 For the purpose of the calculation at DMG 74231, when considering Cat A RP AP¹, a person's working life is the period

1. beginning with the tax year in which they reached age 16 **and**

2. ending with the tax year before the one in which they actually reached pensionable age².

1 SS CB Act 92, s 45(4)(b); 2 Pensions Act 14, Sch 1, Part 2, para 3(5)

74236 An increase of RP¹ due to uprating from 6.4.16 which

1. is agreed before 6.4.16 **and**

2. takes effect after 6.4.16

is included² for the purpose of the calculation at DMG 74231.

1 SS A Act 92, s 150 & 150A; 2 Pensions Act 14, Sch 1, Part 2, para 3(6)

74237 On or after 6.4.16, a person may be credited with earnings or contributions in accordance with DMG 74036 for a tax year starting before that date. Where this happens, for the purpose of the calculation at DMG 74231, those earnings or contributions are treated as having been credited before 6.4.16¹.

1 Pensions Act 14, Sch 1, Part 2, para 3(7)

74238 For the purpose of the calculation at DMG 74231, a determination that a person is reinstated into the state scheme¹ which is made on or after 6.4.16 is treated as having been made before that date².

1 PS Act 93, s 48A(2); 2 Pensions Act 14, Sch 1, para 3(8)

74239 - 74250

Calculating the weekly amount of state pension

74251 For the purposes of DMG 74222 **2.** the weekly amount of SP¹ is calculated in accordance with DMG 74252 – 74253.

1 Pensions Act 14, Sch 1, Part 2, para 4(1)

74252 If a person has 35 or more pre-commencement qualifying years the rate is equal to

1. the full rate of SP on 6.4.16 **less**

2. the amount of any rebate-derived amount, provided for through certain contracted-out occupational pension schemes¹.

Note: See DMG 74029 for the meaning of rebate-derived amount.

1 Pensions Act 14, Sch 1, Part 2, para 4(2) & 5

Example

Rose has 40 pre-commencement qualifying years. However, she has a rebate-derived amount of £37.25 a week. For the purpose of calculating the amount for Rose's pre-commencement qualifying years, the weekly amount of SP is £118.40 (i.e. £155.65 - £37.25). (DMs should note that the rate used is for illustrative purposes only.)

74253 If a person has less than 35 pre-commencement qualifying years the rate is equal to

1. a proportion of the full rate of SP on 6.4.16 **less**

2. the amount of any rebate-derived amount, provided for through certain contracted-out occupational pension schemes¹.

Note 1: For the purposes of **1.**, the proportion is $1/35 \times$ the number of pre-commencement qualifying years².

Note: See DMG 74029 for the meaning of rebate-derived amount.

1 Pensions Act 14, Sch 1, Part 2, para 4(3) & 5; 2 Sch 1, Part 2, para 4(4)

Example

Daisy has 28 qualifying years. She also has a rebate-derived amount of £28.66 a week. For the purpose of calculating the amount for Daisy's pre-commencement qualifying years, the weekly amount of SP is £95.86 (i.e. $28/35 \times £155.65 = 124.52 - £28.66$). (DMs should note that the rate used is for illustrative purposes only.)

74254 – 74260

Making a comparison

74261 DMs should compare the amounts calculated in accordance with DMG 74231 et seq and DMG 74251 et seq. The most beneficial to a person is used as the starting basis of their transitional rate of SP. This is known as a person's starting amount¹. The starting amount may be more than the full rate of SP. If this is the case the amount of the excess is known as a protected payment. Alternatively, it may be lower. Where it is lower people can add qualifying years sufficient to provide entitlement to the full rate of SP. That applies even if a person already had 35 or more qualifying years. A person whose starting amount is more than the full rate of SP may still increase their starting amount if they are able to fill gaps in their pre-April 2016 contribution record, for example, by paying Class 3 NI contributions for earlier tax years or if they are awarded credits for a past period. Where this happens, a person will increase their protected payment.

1 Pensions Act 14, Sch 1, Part 2, para 2

Example 1

Christian's starting amount is £160.90. This exceeds the full SP rate of £155.65. Christian has a protected payment of £5.25. (DMs should note that the rates used are for illustrative purposes only.)

Example 2

Rosemary's starting amount is £162.40, which gives her a protected payment of £6.75 a week (£162.40 - £155.65). She has 28 pre-2016 qualifying years and make Class 3 NI contributions for tax years 2010/11 and 2011/12. This increases the old rules amount in their starting amount calculation by £7.95 (£119.30 ÷ 30 x 2). Her new starting amount is £170.35. Her new protected payment is £14.70. (Note that if Class 3 NI contributions are made after pensionable age the increase takes effect only from the date the Class 3 NI contributions are paid.) (DMs should note that the rates used are for illustrative purposes only.)

Revaluation

74262 The starting amount is revalued¹ from 6.4.16 to pensionable age. Amounts up to the full rate will be increased by the same percentage as the full rate of SP is increased in that period. Amounts in excess of the full rate will be increased by the percentage increase in prices in that period². The revalued amount is the amount for a person's pre-commencement qualifying years³.

1 Pensions Act 14, Sch 1, Part 2, para 6; 2 SS A Act 92, s 148AC; 3 Pensions Act 14, Sch 1, Part 2, para 2

Amount for post-commencement qualifying years

74263 If a person has 35 or more post-commencement qualifying years, the amount is equal to the full rate of SP on the day they reached pensionable age¹. The sum of a person's pre-commencement and post-commencement qualifying years is capped at the full rate. If their starting amount is already in excess of the full rate, no post-commencement years are added (see DMG 74211).

1 Pensions Act 14, Sch 1, Part 3, para 7(2)

74264 If a person has less than 35 post-commencement qualifying years, the amount is equal to a proportion of the full rate of SP on the day they reached pensionable age¹.

Note: The proportion is $1/35 \times$ the number of post-commencement qualifying years².

1 Pensions Act 14, Sch 1, Part 3, para 7(3); 2 Sch 1, Part 3, para 7(3)

Recalculation and backdating of transitional rate

74265 The amount of the transitional rate of SP is modified¹ if a person who was contracted-out of AP is contracted back in through the payment of the relevant premium after they have reached pensionable age². When this applies, the transitional amount is recalculated³ taking DMG 74238 into account⁴. The recalculated amount applies from the day the person reached pensionable age⁵.

Note: See DMG 74022 for the meaning of pensionable age.

1 Pensions Act 14, s 6(1); 2 PS Act 93, s 48A(2); 3 Pensions Act 14, s 6(2); 4 Sch 1, Part 2, para 3(8); 5 s 6(3)

Transitional entitlement based on contributions of others 74301 - 74400

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[Survivor's pension based on inherited graduated retirement benefit](#) 74376 - 74400

Introduction

74301 For RP purposes, a person who is or has been

1. married **or**
2. in a civil partnership

may be entitled to RP based on the NI contributions of their spouse or civil partner. This will not generally apply to a person claiming SP. This Part explains the exceptions for people claiming SP who are widowed or whose civil partner has died.

Survivor's pension based on inheritance of additional pension

74302 A person is entitled¹ to a survivor's pension if

1. they have reached pensionable age **and**
2. their
 - 2.1 spouse died while they were married **or**
 - 2.2 civil partner died while they were civil partners of each other **and**
3. they are entitled to an inherited amount calculated as in DMG 74316 – 74333.

Note: See DMG 74022 for the meaning of pensionable age.

1 Pensions Act 14, s 7(1)

74303 A survivor's pension can be paid

- 1.** in addition to any other SP **or**
- 2.** on its own if there is no other SP.

Also, the minimum qualifying period does not apply.

74304 When determining entitlement to, or calculating, an inherited amount as in DMG 74316 – 74333, DMs should ignore

- 1.** any requirement to make a claim for RP or SP **and**
- 2.** any suspension or disqualification of any amount of RP or SP¹.

1 Pensions Act 14, Sch 3, para 9

Rate

74305 The rate of survivor's pension as in DMG 74201 **2.** will be payable at the weekly rate of the inherited amount¹ calculated as in DMG 74316 - 74333.

1 Pensions Act 14, s 7(2)

74306 There is no cap on the total amount of SP that can be paid when a person is

- 1.** entitled to
 - 1.1** SP at the full, reduced or transitional rate **or**
 - 1.2** the basic amount for a woman under DMG 74431 **and**
- 2.** also entitled to a survivor's pension.

Although there is a power¹ to make regulations setting a cap, no regulations have been made.

1 Pensions Act 14, s 7(4)

74307 – 74315

Deceased spouse or civil partner reached pensionable age, or died under that age, before 6.4.16

74316 A person whose spouse or civil partner has died is entitled to an inherited amount¹ if

1. their

1.1 marriage took place **or**

1.2 civil partnership was formed

before 6.4.16 **and**

2. their spouse or civil partner died before 6.4.16 **and**

3. they were under pensionable age when their spouse or civil partner died **and**

4. they would, on reaching pensionable, have been entitled to a Cat B RP².

Note 1: To be entitled to a Cat B RP there is a requirement that a person has to reach pensionable age before 6.4.16. However, for the purposes of **4.**, that requirement does not apply³.

Note 2: See DMG Chapter 75 for full guidance on Cat B RP.

1 Pensions Act 14, Sch 3, para 2(1); 2 SS CB Act 92, s 48B(4) & (4A) & 48BB;

3 Pensions Act 14, Sch 3, para 2(1)(d)

74317 Where DMG 74316 applies, the inherited amount is the weekly amount of Cat B RP, less the amount of BP, which would have been payable on the day the person reached pensionable age¹.

1 Pensions Act 14, Sch 3, para 2(2)

74318 A person whose spouse or civil partner has died is entitled to an inherited amount¹ if

1. their

1.1 marriage took place **or**

1.2 civil partnership was formed

before 6.4.16 **and**

2. their spouse or civil partner

2.1 reached pensionable age before 6.4.16 **and**

2.2 died on or after that date **and**

3. they were under pensionable age when their spouse or civil partner died **and**

4. they would, on reaching pensionable, have been entitled to a Cat B RP².

Note 1: To be entitled to a Cat B RP there is a requirement that a person has to reach pensionable age before 6.4.16. However, for the purposes of **4.**, that requirement does not apply³. Also for the purposes of **4.**, before 6.4.17 one of the conditions of entitlement to a Cat B RP was that a person was entitled to BA at any time before reaching pensionable age. From 6.4.17 one of the conditions for an inherited amount is that a person is entitled to BSP at any time before reaching pensionable age⁴. A person is treated as being entitled to BSP⁵ if they failed to make, or delayed making, a claim for BSP⁶ and/or they were not paid BSP because they were a prisoner⁷.

Note 2: See DMG Chapter 75 for full guidance on Cat B RP.

1 Pensions Act 14, Sch 3, para 3(1); 2 SS CB Act 92, s 48BB; 3 Pensions Act 14, Sch 3, para 3(1)(d);

4 Sch 3, para 3(1)(d); 5 SS (WP & RP) Regs, reg 7B(2); 6 reg 7B(3)(a);

7 reg 7B(3)(b); Pensions Act 14, s 32: BSP Regs, reg 6

74319 Where DMG 74318 applies, the inherited amount is the weekly amount of Cat B RP which would have been payable on the day the person reached pensionable age ignoring any basic RP in the Cat B RP¹. DMG 74318 applies where the spouse or civil partner died

1. on or after 6.4.16 while under pensionable age² **and**

2. before the day on which bereavement is introduced³.

1 Pensions Act 14, Sch 3, para 3(2); 2 Pensions Act 14 (Transitional and Transitory Provisions) Order 2016, art 3(1)(a); 3 art 3(1)(b)

74320 A person whose spouse or civil partner has died is entitled to an inherited amount¹ if

1. their

1.1 marriage took place **or**

1.2 civil partnership was formed

before 6.4.16 **and**

2. their spouse or civil partner

2.1 reached pensionable age before 6.4.16 **and**

2.2 died on or after that date **and**

3. they were over pensionable age when their spouse or civil partner died **and**

4. they would, on reaching pensionable, have been entitled to a Cat B RP².

Note 1: To be entitled to a Cat B RP there is a requirement that a person has to reach pensionable age before 6.4.16. However, for the purposes of **4.**, that requirement does not apply³.

Note 2: See DMG Chapter 75 for full guidance on Cat B RP.

1 Pensions Act 14, Sch 3, para 4(1); 2 SS CB Act 92, s 48B(1) & (1A); 3 Pensions Act 14, Sch 3, para 4(1)(d)

74321 Where DMG 74320 applies, the inherited amount is the weekly amount of Cat B RP, less the amount of BP, which would have been payable on the day the spouse or civil partner died¹.

1 Pensions Act 14, Sch 3, para 4(2)

74322 – 74325

Deceased spouse or civil partner reached pensionable age, or died under that age, on or after 6.4.16

74326 A person whose spouse or civil partner has died is entitled to an inherited amount¹ if

1. their

1.1 marriage took place **or**

1.2 civil partnership was formed

before 6.4.16 **and**

2. they were over pensionable age when their spouse or civil partner died **and**

3. their spouse or civil partner was, immediately before their death, entitled to SP payable at the transitional rate **and**

4. that transitional rate exceeded the full rate of SP.

Note: See DMG 74201 et seq for guidance on entitlement to SP at the transitional rate.

1 Pensions Act 14, Sch 3, para 5(1)

74327 Where DMG 74326 applies, the inherited amount is half the amount by which the late spouse's or civil partner's transitional amount of SP exceeded the full amount immediately before their death¹.

1 Pensions Act 14, Sch 3, para 5(2)

74328 A person whose spouse or civil partner has died is entitled to an inherited amount¹ if

1. their

1.1 marriage took place **or**

1.2 civil partnership was formed

before 6.4.16 **and**

2. they were under pensionable age when their spouse or civil partner died **and**

3. their spouse or civil partner was, immediately before their death, entitled to SP payable at the transitional rate **and**

4. that transitional rate exceeded the full rate of SP **and**

5. they did not marry or form a civil partnership

5.1 after their spouse or civil partner died **and**

5.2 before they reached pensionable age.

Note: See DMG 74201 et seq for guidance on entitlement to SP at the transitional rate.

1 Pensions Act 14, Sch 3, para 6(1)

74329 Where DMG 74328 applies, the inherited amount is half the amount by which the late spouse's or civil partner's transitional amount of SP exceeded the full amount if they had been alive when the person reached pensionable age¹.

1 Pensions Act 14, Sch 3, para 6(2)

74330 A person whose spouse or civil partner has died is entitled to an inherited amount¹ if

1. their

1.1 marriage took place **or**

1.2 civil partnership was formed

before 6.4.16 **and**

2. they were over pensionable age when their spouse or civil partner died **and**

3. their spouse or civil partner

3.1 was under pensionable age when they died **and**

3.2 would have been entitled to SP payable at the transitional rate if they had reached pensionable age on the day they died **and**

4. that transitional rate would have exceeded the full rate of SP.

Note: See DMG 74201 et seq for guidance on entitlement to SP at the transitional rate.

1 Pensions Act 14, Sch 3, para 7(1)

74331 Where DMG 74330 applies, the inherited amount is half the amount by which the late spouse's or civil partner's transitional amount of SP would have exceeded the full amount if they had reached pensionable age on the day they died¹.

1 Pensions Act 14, Sch 3, para 7(2)

74332 A person whose spouse or civil partner has died is entitled to an inherited amount¹ if

1. their

1.1 marriage took place **or**

1.2 civil partnership was formed

before 6.4.16 **and**

2. they were under pensionable age when their spouse or civil partner died **and**

3. their spouse or civil partner died on or after 6.4.16 **and**

4. their spouse or civil partner was under pensionable age when they died **and**

5. their spouse or civil partner would have been entitled to SP payable at the transitional rate if they had reached pensionable age on the same day as the person **and**

6. that transitional rate would have exceeded the full rate of SP **and**

7. they did not marry or form a civil partnership

7.1 after their spouse or civil partner died **and**

7.2 before they reached pensionable age.

Note: See DMG 74201 et seq for guidance on entitlement to SP at the transitional rate.

1 Pensions Act 14, Sch 3, para 8(1)

74333 Where DMG 74332 applies, the inherited amount is half the amount by which the late spouse's or civil partner's transitional amount of SP would have exceeded the full amount if they had reached pensionable age on the same day as the person¹.

Note: For up-rating purposes, the inherited amount is added to any other SP the survivor is entitled to excluding any increase from deferring SP, or inherited deferral increase (see DMG 74501 et seq and 74341 et seq). Amounts up to the full rate of SP are increased at least in line with the increase in average earnings. Amounts in excess of the full rate are up-rated in line with price inflation².

1 Pensions Act 14, Sch 3, para 8(2); 2 Sch 4

Example

Sue is entitled to SP of £150 per week based on her own NI contributions. Following the death of Peter, her spouse, Sue becomes entitled to an inherited amount of £30. The full rate of SP is £155.65. At the next uprating, £150 plus the first £5.65 of the inherited amount is increased in line with the increase in the full rate. The balance of £24.35 inherited amount is uprated by price inflation.

74334 – 74340

Inheritance of deferred retirement pension

Introduction

74341 For RP purposes, people who defer their entitlement can choose to receive Incs or a lump sum payment. Where a late spouse or civil partner

1. reached pensionable age before 6.4.16 **and**

2. deferred their entitlement to RP

the survivor can inherit a proportion of the deceased's deferral benefit. This applies even if the survivor reached pensionable age on or after 6.4.16.

Note 1: See DMG 74501 et seq for guidance on deferral of SP.

Note 2: See DMG Chapter 75 for guidance on deferral of RP.

Survivor's choice of inherited lump sum or state pension

74342 Where DMG 74343 applies, a person may choose¹ to be paid

1. a lump sum in accordance with DMG 74354 **or**

2. a SP in accordance with DMG 74361 et seq.

Note: See DMG 74346 – 74353 for guidance on the period within which a choice is to be made².

1 Pensions Act 14, s 8(2); 2 SP Regs, reg 4(1)

74343 A person is entitled to make a choice¹ as in DMG 74342 if

1. they have reached pensionable age **and**

2. their

2.1 spouse died while they were married **or**

2.2 civil partner died while they were civil partners of each other **and**

3. their spouse or civil partner had deferred entitlement to RP

3.1 at the time of death **and**

3.2 throughout the period of 12 months ending the day before the death **and**

4. they were

4.1 under pensionable age when their spouse or civil partner died and they did not marry or form a civil partnership

4.1.a after the death **and**

4.1.b before reaching pensionable age **or**

4.2 over pensionable age when their spouse or civil partner died **and**

5. they would

5.1 on reaching pensionable age **or**

5.2 on the death of their spouse or civil partner

have been entitled to RP if RP had not ceased to apply to people reaching state pension age on or after 6.4.16².

Note 1: For the purposes of **5.** any requirement to make a claim is ignored³. Also for the purposes of **5.**, from 6.4.17 when determining whether a person would have been entitled to RP if RP had not ceased to apply to people reaching pensionable age after 5.4.16, references to BA⁴ should be read as references to BSP⁵.

Note 2: See DMG Chapter 75 for full guidance on Cat A and Cat B RP.

Note 3: See DMG 74022 for the meaning of pensionable age.

1 Pensions Act 14, s 8(1); 2 SS CB Act 92, s 44(1)(a), 48(1), 48A(1) & (3), 48B(1), (1A), (4) & (4A), & 48BB(1) & (3);
Pensions Act 14, s 8(1)(e); 3 s 8(9)(c); 4 SS CB Act 92, s 48BB; 5 Pensions Act 14, s 8(1)(e)

74344 – 74345

Making a choice

74346 When a notice has been issued confirming that a person may make a choice as in DMG 74342, they have a period of three months starting on the date in

- 1.** that notice **or**
- 2.** the most recent notice, if more than one has been issued

to make that choice¹.

Note: If a choice is not made, a person is entitled to a lump sum² (see DMG 74354).

1 SP Regs, reg 4(2); 2 Pensions Act 14, s 8(4)

74347 If a person makes the choice before a notice has been issued, the period of three months

- 1.** starts on the later of the date on which
 - 1.1** they claim SP **or**
 - 1.2** their spouse or civil partner died **and**
- 2.** ends on the day they make the choice¹.

1 SP Regs, reg 4(3)

Making a late choice

74348 A person may make a choice after the period of three months where

- 1.** the DM considers it is reasonable **and**
- 2.** any lump sum paid has been repaid
 - 2.1** in full **and**
 - 2.2** in the currency in which it was originally paid¹.

74349 Where a late choice is made for a SP in accordance with DMG 74348, the amount of any lump sum to be paid is reduced to nil¹.

How a choice is made

74350 A person makes a choice for a lump sum or SP¹

1. in writing to an office **or**

2. by telephone to a number

which is specified in writing by the Secretary of State as accepting a notice². A person must make a choice in writing when directed to do so by the Secretary of State³.

Changing a choice

74351 Where DMG 74352 applies a choice may be altered¹.

74352 A choice may be altered if

1. the person who made the choice has not subsequently died¹ **and**

2. an application is made to alter the choice² **and**

3. the application is made within

3.1 the period of three months starting on the date in the notification which confirms that a choice has been made **or**

3.2 such longer period as the DM considers reasonable³ **and**

4. the application is made

4.1 in writing if the person is directed by the Secretary of State to do so **or**

4.2 in writing or by telephone if **4.1** does not apply⁴ **and**

5. any lump sum⁵ paid has been repaid

5.1 in full **and**

5.2 within the period in **3.** **and**

5.3 in the currency in which it was originally paid

where the application is to alter the choice so that it becomes a choice to be paid a SP⁶ **and**

6. the application is to alter the choice so that it becomes a choice to be paid a lump sum⁷, any amount paid by way of weekly SP⁸ would be less than the amount of the lump sum⁹ **and**

7. no previous alteration has been made in respect of the same deferral¹⁰ **and**

8. the choice has not been treated as a choice for a SP¹¹.

1 SP Regs, reg 6(2)(a); 2 reg 6(2)(b); 3 reg 6(2)(c); 4 reg 6(2)(d); 5 Pensions Act 14, s 9;

6 s 8; SP Regs, reg 6(2)(e); 7 Pensions Act 14, s 8; 8 s 9; 9 SP Regs, reg 6(2)(f);

10 Pensions Act 14, s 8(1)(c); SP Regs, reg 6(2)(g); 11 reg 6(2)(h); SS (C&P) Regs, reg 30(5G) & 30(5H)

74353 Where DMG 74352 **6.** applies, any SP¹ paid in respect of a deferral² is to be treated as having been paid³ on account of the lump sum⁴.

1 Pensions Act 14, s 9; 2 s 8(1)(c); 3 SP Regs, reg 6(3); 4 Pensions Act 14, s 8

Payment of a lump sum

74354 A person who

1. chooses to be paid a lump sum **or**

2. fails to make a choice within the period specified in DMG 74346

is entitled to a widowed person's or surviving civil partner's lump sum¹ payable under RP rules².

Note: See DMG Chapter 75 for full guidance on a widowed person's or surviving civil partner's lump sum. However, that guidance is subject to modifications³.

1 Pensions Act 14, s 8(4); 2 SS CB Act 92, Sch 5, para 7B; 3 Pensions Act 14, s 8(5)

Tax election

74355 A lump sum payment is subject to income tax¹. A claimant may therefore choose to delay being paid the lump sum until the tax year following that in which the lump sum would normally have been payable following the period of deferment (the later year of assessment²). This is known as a tax

election³. Even if the choice is being made in the later year of assessment, a tax election is still necessary to take advantage of the tax provisions.

1 Finance (No. 2) Act 2005, s 7 - 9; 2 SS (C&P) Regs, reg 21A(8); 3 reg 21A(1) & (2)

74356 A tax election must be made on the same day as the election for the lump sum or within one month of that day¹. This period cannot be extended for reasonableness. The tax election can be made²

1. in writing to an office specified by the Secretary of State for accepting elections **or**
2. by telephone call to the telephone number specified by the Secretary of State, unless the DM directs that an election must be made in writing.

1 SS (C&P) Regs, reg 21A(3); 2 reg 21A(4)

74357 Where a tax election is made, payment of the lump sum (or any payment on account of the lump sum) must be made in the first month of the later year of assessment (i.e. the following April), or as soon as reasonably practicable after that date¹.

1 SS (C&P) Regs, reg 21A(5)

74358 Where no tax election is made, or a tax election is revoked, the lump sum must be paid as soon as reasonably practical after the claimant

1. chose, or was deemed to have chosen, a lump sum¹ **or**
2. revoked a tax election².

1 SS (C&P) Regs, reg 21A(6)(a); 2 reg 21A(6)(b)

74359 Under tax law¹ the lump sum cannot be chargeable to tax for a tax year later than the one in which a claimant dies. Therefore, if a claimant dies before the beginning of the later year of assessment

1. any tax election ceases to have effect **and**
2. anybody appointed to act on the claimant's behalf is not able to make a tax election².

1 Finance (No. 2) Act 2005, s 8; 2 SS (C&P) Regs, reg 21A(7)

74360

Survivor's pension based on inheritance of deferred retirement pension

Entitlement

74361 A person is entitled¹ to SP based on inherited deferral amount

1. if they have reached pensionable age **and**

2. if their

2.1 spouse died while they were married **or**

2.2 civil partner died while they were civil partners of each other **and**

3. if they were

3.1 under pensionable age when their spouse or civil partner died and they did not marry or form a civil partnership

3.1.a after the death **and**

3.1.b before reaching pensionable age **or**

3.2 over pensionable age when their spouse or civil partner died **and**

4. if they are entitled to an inherited deferral amount calculated as in DMG 74365 et seq **and**

5. where they are entitled to a choice as in DMG 74342, they chose to be paid a weekly pension based on the inherited deferral amount.

Note: See DMG 74022 for the meaning of pensionable age.

1 Pensions Act 14, s 9(1)

74362 When determining entitlement to, or calculating, an inherited deferral amount as in DMG 74365 et seq, DMs should ignore

1. any requirement to make a claim for RP **and**

2. any suspension or disqualification of any amount of RP¹.

1 Pensions Act 14, Sch 5, para 5

Rate

74363 A transitional amount of SP as in DMG 74361 will be payable at the inherited deferral amount¹ calculated as in DMG 74365 et seq. That amount can be uprated².

1 Pensions Act 14, s 9(2); 2 s 9(3); SS A Act 92, s 151A

74364 A survivor may be entitled to more than one SP by inheriting deferred RP¹.

1 Pensions Act 14, s 9(4)

Deceased spouse or civil partner entitled to retirement pension with increments

74365 A person whose spouse or civil partner has died is entitled¹ to an inherited deferral amount if

1. their spouse or civil partner was entitled to RP with Incs² **and**

2. they would

2.1 on reaching pensionable age **or**

2.2 on the death of their spouse or civil partner

have been entitled to RP if RP had not ceased to apply to people reaching state pension age on or after 6.4.16³.

Note 1: From 6.4.17, when determining whether a person would have been entitled to RP if RP had not ceased to apply to people reaching pensionable age after 5.4.16, references to BA⁴ should be read as references to BSP⁵.

Note 2: See DMG Chapter 75 for full guidance on Cat A and Cat B RP.

1 Pensions Act 14, Sch 5, para 2(1); 2 SS CB Act 92, Sch 5, para 1 & 2A; 3 s 44(1)(a), 48(1), 48A(1) & (3), 48B(1), (1A), (4) & (4A), & 48BB(1) & (3); Pensions Act 14, Sch 5, para 2(1)(b); 4 SS CB Act 92, s 48BB; 5 Pensions Act 14, Sch 5, para 2(1)(b) & para 3(1)(b)

74366 Where DMG 74365 applies the inherited deferral amount is equal to the amount by which the person's RP would have been increased¹ on the day they became entitled to the inherited deferred amount². However, there will be no inheritance of Incs accrued by a person's late spouse or civil partner except, for any Incs the person's late spouse accrued on any Incs they inherited³.

1 SS CB Act 92, Sch 5, para 4; 2 Pensions Act 14, Sch 5, para 2(2); 3 Sch 5, para 2(3)

Deceased spouse or civil partner deferring entitled to retirement pension

74367 A person whose spouse or civil partner has died is entitled¹ to an inherited deferral amount if

1. their spouse or civil partner was deferring entitlement to RP² when they died **and**

2. their spouse or civil partner had deferred for less than 12 months or the person had chosen to be paid a weekly pension **and**

3. they would

3.1 on reaching pensionable age **or**

3.2 on the death of their spouse or civil partner

have been entitled to a Cat A or Cat B RP³.

Note 1: To be entitled to RP there is a requirement that a person has to reach pensionable age before 6.4.16. However, for the purposes of **2.**, that requirement does not apply⁴.

Note 2: For the purposes of **3.**, from 6.4.17, when determining whether a person would have been entitled to Cat A or Cat B RP if Cat A or Cat B RP had not ceased to apply to people reaching pensionable age after 5.4.16, references to BA⁵ should be read as references to BSP⁶.

Note 3: See DMG Chapter 75 for full guidance on Cat A and Cat B RP.

1 Pensions Act 14, Sch 5, para 3(1); 2 SS CB Act 92, s 55(3); 3 s 44(1)(a), 48(1), 48A(1) & (3), 48B(1), (1A), (4) & (4A), & 48BB(1) & (3); 4 Pensions Act 14, Sch 5, para 3(1)(b) 5 SS CB Act 92, s 48BB; 6 Pensions Act 14, Sch 6, para 2(1)(b) & para 3(1)(b)

74368 Where DMG 74367 applies the inherited deferral amount is equal to the amount by which the person's RP would have been increased¹ on the day they became entitled to the inherited deferred amount².

1 SS CB Act 92, Sch 5, para 4; 2 Pensions Act 14, Sch 5, para 3(2)

74369 When calculating the amount of the increase¹ in DMG 74367, DMs should note that

1. a person who is not entitled to a choice² as in DMG 74343 is treated as satisfying the condition that the period of deferment was less than twelve months but sufficient to satisfy the 1% rule at the date of death of the late spouse or civil partner³ **and**

2. a person who has chosen⁴ as in DMG 74361 to be paid SP⁵ is treated as satisfying the condition that they have elected to receive Incs⁶ **and**

3. the rules for calculating inherited Incs are modified⁷.

1 Pensions Act 14, Sch 5, para 3(3); 2 s 8; 3 SS CB Act 92, Sch 5, para 4(1)(c); 4 Pensions Act 14, s 8; 5 s 9; 6 SS CB Act 92, Sch 5, para 4(1)(b); 7 Sch 5, para 4(1A)

74370 – 74375

Survivor's pension based on inherited graduated retirement benefit

74376 Where DMG 74377 et seq applies, people may be entitled to a survivor's pension based on inherited GRB.

74377 A person whose deceased spouse or civil partner paid graduated contributions is entitled to a survivor's pension¹ if

1. they have reached pensionable age² **and**

2. their

2.1 spouse died while they were married **or**

2.2 civil partner died while they were civil partners of each other³ **and**

3. the

3.1 marriage took place **or**

3.2 civil partnership was formed

before 6.4.16⁴ **and**

4. they are entitled to an inherited amount⁵ if any of DMG 74378, DMG 74379 or DMG 74380 apply.

Note: See DMG 74022 for the meaning of pensionable age.

1 SP Regs, reg 15(1); 2 reg 15(2)(a); 3 reg 15(2)(b); 4 reg 15(2)(c); 5 reg 15(2)(d)

74378 A person is entitled to an inherited amount under DMG 74377 **4.** if

1. their spouse or civil partner died before 6.4.16¹ **and**

2. they were under pensionable age when their spouse or civil partner died² **and**

3. they have not married or formed a civil partnership after the death and before they reached pensionable age³.

1 SP Regs, reg 16(1)(a); 2 reg 16(1)(b); 3 reg 16(1)(c)

74379 Alternatively, a person is entitled to an inherited amount under DMG 74377 **4.** if

1. their spouse or civil partner reached pensionable before 6.4.16 but died on or after that date¹ **and**

2. they were under pensionable age when their spouse or civil partner died² **and**

3. they have not married or formed a civil partnership after the death and before they reached pensionable age³.

1 SP Regs, reg 16(2)(a); 2 reg 16(2)(b); 3 reg 16(2)(c)

74380 Also alternatively, a person is entitled to an inherited amount under DMG 74377 **4.** if

1. their spouse or civil partner reached pensionable before 6.4.16 but died on or after that date¹ **and**

2. they were over pensionable age when their spouse or civil partner died².

1 SP Regs, reg 16(3)(a); 2 reg 16(3)(b)

Rate of inherited amount

74381 SP in respect of inherited GRB is payable at the weekly rate¹ determined in accordance with DMG 74382 on the date as in DMG 74383. This applies whether or not the deceased was

1. receiving **or**

2. entitled to receive

GRB².

1 SP Regs, reg 15(3); 2 reg 16(4)

74382 The inherited amount is half the weekly rate of the deceased spouse's or civil partner's GRB¹. It is determined by

1. taking the weekly rate of the deceased's GRB² **and**

2. including any uprating³ since the deceased's death **and**

3. excluding any amount due to the deceased's own⁴

3.1 deferral⁵ **or**

3.2 inheritance⁶.

1 SP Regs, reg 16(4); 2 reg 16(5)(a); 3 reg 16(5)(b); 4 reg 16(5)(c);

5 SS (GRB) (No. 2) Regs, Sch 1; NI Act 65, s 36(4);

6 SS (GRB) (No. 2) Regs, Sch 1; NI Act 65, s 37(1)

74383 The inherited amount as in DMG 74382 is determined on the date on which

- 1.** the person reaches pensionable age where DMG 74378 or DMG 74379 apply¹ **or**
- 2.** the person's spouse or civil partner died where DMG 74380 applies².

1 SP Regs, reg 16(6)(a); 2 reg 16(6)(b)

74384 Where DMG 74383 applies, the inherited amount is half the amount by which the late spouse's or civil partner's transitional amount of SP in respect of inherited GRB would have exceeded the full amount if they had reached pensionable age on the same day as the person¹.

Note: A survivor's pension, including the inherited amount, up to the full rate of SP is uprated by reference to earnings. Any amount in excess of the full rate of SP is uprated by reference to prices².

1 SP Regs, reg 16(4); 2 reg 17

74385

Inheritance of deferred graduated retirement benefit

Survivor's choice of inherited lump sum or state pension

74386 Unless DMG 74388 applies, a person is entitled to a choice of a survivor's lump sum based on inheritance of deferred GRB or a survivor's SP based on inheritance of deferred GRB if

- 1.** they have reached pensionable age¹ **and**
- 2.** their

2.1 spouse died while they were married **or**

2.2 civil partner died while they were civil partners of each other² **and**

- 3.** the spouse's or civil partner's entitlement to GRB was deferred

3.1 at the time of their death **and**

3.2 throughout the period of 12 months ending the day before they died³ **and**

- 4.** they were

4.1 under pensionable age when their spouse or civil partner died and they did not marry or form a civil partnership after the death and before they reached pensionable age⁴ **or**

4.2 over pensionable age when their spouse or civil partner died⁵.

1 SP Regs, reg 18(1)(a); 2 reg 18(1)(b); 3 reg 18(1)(c); 4 reg 18(1)(d)(i); 5 reg 18(1)(d)(ii)

74387 Where DMG 74386 applies and a person

1. makes a choice for

1.1 a lump sum¹, they will be paid a survivor's lump sum based on inheritance of deferred GRB² **or**

1.2 SP³, they will be paid a survivor's SP based on inheritance of deferred GRB⁴ **or**

2. alters a choice as in DMG 74351 – 74353 they will be paid

2.1 a survivor's lump sum based on inheritance of deferred GRB⁵ where their new choice is a lump sum⁶ **or**

2.2 a survivor's SP based on inheritance of deferred GRB⁷ where their new choice is for SP⁸ **or**

3. fails to make a choice⁹ within the period specified in DMG 74346, they will be paid a survivor's lump sum based on inheritance of deferred GRB¹⁰.

1 Pensions Act 14, s 8(2)(a); 2 SP Regs, reg 18(9)(a) & 19; 3 Pensions Act 14, s 8(2)(b);

4 SP Regs, reg 18(9)(b) & 20; 5 reg 19(1) & (2) & SS (GRB) Regs, Sch 1, para 10 & 20;

6 Pensions Act 14, s 8; SP Regs, reg 18(10)(a); 7 reg 20; 8 Pensions Act 14, s 9; SP Regs, reg 18(10)(b);

9 Pensions Act 14, s 8(2); 10 SP Regs, reg 18(11) & 19

74388 DMG 74386 does not apply¹ where a person is entitled to make a choice of a lump sum or SP² as in DMG 74342 et seq.

1 SP Regs, reg 18(8); 2 Pensions Act 14, s 8(2)

How a choice is made

74389 A person may choose to be paid a survivor's lump sum based on inheritance of deferred GRB or a survivor's SP based on inheritance of deferred GRB¹

1. in writing to an office **or**

2. by telephone to a number

which is specified in writing by the Secretary of State as accepting a notice². A person must make a choice in writing when directed to do so by the Secretary of State³.

1 SP Regs, reg 18(2); 2 reg 5(2) & 18(3); 3 reg 5(3) & 18(3)

Making a choice

74390 When a notice has been issued confirming that a person may make a choice to be paid a survivor's lump sum based on inheritance of deferred GRB or a survivor's SP based on inheritance of deferred GRB, they have a period of three months starting on the date in

1. that notice **or**
2. the most recent notice, if more than one has been issued

to make that choice¹.

Note: If a choice is not made, a person is entitled to a survivor's lump sum based on inheritance of deferred GRB² (see DMG 74387).

1 SP Regs, reg 4(2) & 18(4); 2 reg 18(5)

74391 If a person makes the choice before a notice has been issued, the period of three months

1. starts on the later of the date on which
 - 1.1 they claim SP **or**
 - 1.2 their spouse or civil partner died **and**
2. ends on the day they make the choice¹.

1 SP Regs, reg 4(3) & 18(4)

Making a late choice

74392 A person may make a choice after the period of three months where

1. the DM considers it is reasonable¹ **and**
2. any survivor's lump sum based on inheritance of GRB paid has been repaid
 - 2.1 in full² **and**
 - 2.2 in the currency in which it was originally paid³.

1 SP Regs, reg 18(4)(a); 2 reg 18(4)(b)(i); 3 reg 18(4)(b)(ii)

74393 Where a late choice is made for a survivor's SP based on inheritance of GRB in accordance with DMG 74348, the amount of any lump sum based on inheritance of GRB to be paid is reduced to nil¹.

1 SP Regs, reg 18(6)

Changing a choice

74394 A choice may be altered¹ in the circumstances at DMG 74352. When considering this, DMs should note that

- 1.** any survivor's SP based on inheritance of deferred GRB paid which would be less than the amount of the survivor's lump sum based on inheritance of deferred GRB is to be treated as having been paid on account of a survivor's lump sum based on inheritance of deferred GRB² **and**
- 2.** references to a lump sum SP should be read as references to survivor's lump sum based on inheritance of deferred GRB³ **and**
- 3.** references to SP should be read as references to survivor's SP based on inheritance of deferred GRB⁴.

1 SP Regs, reg 6(2) & reg 18(7); 2 reg 18(7)(a); 3 reg 18(7)(b); 4 reg 18(7)(c)

74395

Amount of lump sum

74396 Where a person is to be paid a survivor's lump sum based on inheritance of deferred GRB¹, the accrued amount of that lump sum is calculated by adding the amount for the previous accrual period, if there is one, to the amount of GRB to which the deceased would have been entitled had entitlement not been deferred².

1 SP Regs, reg 18; 2 reg 19(1) & (2) & SS (GRB) Regs, Sch 1, para 10 & 20

Amount of state pension

74397 A person is entitled to a survivor's SP based on inheritance of deferred GRB if

1. they have reached pensionable age¹ **and**

2. their

2.1 spouse died while they were married **or**

2.2 civil partner died while they were civil partners of each other² **and**

3. they were

3.1 under pensionable age when their spouse or civil partner died and they did not marry or form a civil partnership after the death and before they reached pensionable age³ **or**

3.2 over pensionable age when their spouse or civil partner died⁴ **and**

4. their

4.1 spouse or civil partner was entitled to an increase in GRB⁵ **or**

4.2 spouse's or civil partner's entitlement to GRB was deferred when they died⁶ **and**

5. if they were

5.1 entitled to a choice as in DMG 74386, they have chosen⁷ **or**

5.2 not entitled to a choice because DMG 74388 applies, they are required⁸

to be paid a survivor's SP based on inherited GRB.

1 SP Regs, reg 20(1)(a); 2 reg 20(1)(b); 3 reg 20(1)(c)(i); 4 reg 20(1)(c)(ii);

5 reg 20(1)(d)(i); 6 reg 20(1)(d)(ii); 7 reg 20(1)(e); 8 reg 20(1)(f)

74398 A survivor's SP based on inheritance of deferred GRB is payable at a weekly rate which is half the weekly rate of

1. the deceased spouse's or civil partner's increase of GRB¹ **or**

2. where the deceased spouse's or civil partner's entitlement to GRB was deferred when they died, the increase in GRB that would have been payable if the deferral had ended immediately before their death² (see DMG 74399).

Note: The weekly rate of a survivor's SP based on inheritance of deferred GRB may be uprated³.

1 SP Regs, reg 20(2)(a); 2 reg 20(2)(b); 3 reg 20(3); SS A Act 92, s 151A

74399 Where DMG 74398 **2.** Applies, the increase is determined as if

1. any uprating¹ of GRB between the date

1.1 of the deceased's death **and**

1.2 the survivor reached pensionable age

had applied before the date of death² **and**

2. the deceased's increase did **not** include³ any amount for inheritance⁴.

1 SS A Act 92, s 150; 2 SP Regs, reg 20(4)(a); 3 reg 20(4)(b);

4 SS (GRB) (No. 2) Regs, Sch 1; NI Act 65, s 37(1)

Transition: women who have had a reduced rate election 74401 - 74450

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Introduction

74401 Before 11.5.77¹ married women and widows in employment could decide to pay a reduced rate of NI contributions². Women who were S/E could choose not to pay the S/E contribution³. This was known as a reduced rate election. Entitlement to a Cat A RP could not accrue when a reduced rate election was in force. Instead, women could be entitled to a Cat B RP based on their spouse's NI contributions.

Note 1: Special transitional provisions allowed some women to make a reduced rate election on or after 11.5.77⁴.

Note 2: The payment of a reduced rate of NI contributions applies to a woman (married to a man) who legally changes gender to acquire the gender of a man.

1 SS (Conts) Regs 01, reg 127(4); 2 reg 127(1)(a); 3 reg 127(1)(b); 4 reg 134

74402 Unless DMG 74406 et seq applies, women who reach pensionable age on or after 6.4.16 cannot rely on their spouse's or civil partner's NI contributions to be entitled to SP. However, if DMG 74406 et seq applies, women who made a reduced rate election can be entitled to SP.

74403 – 74405

Women with at least one pre-commencement qualifying year: modification of transitional rate

74406 The minimum number of qualifying years for SP at the transitional rate¹ does not apply to a woman who had a reduced rate election in force at the beginning of the relevant 35-year period².

Note 1: The relevant 35-year period is the 35-year period ending with the tax year before the one in which a woman reaches pensionable age³.

Note 2: See DMG 74153 for guidance on the minimum number of qualifying years.

1 Pensions Act 14, s 4(1)(b); 2 s 11(1); 3 s 11(3)

Example

Clara reaches pensionable age on 6.11.17. Therefore, the tax year before she reaches that age is 2016/17. Clara had a reduced rate election in force at 6.4.82. She also has 4 qualifying years. Clara can still be entitled to SP at the transitional rate.

74407 The guidance at DMG 74406 is modified as in DMG74408 et seq where a woman had a reduced rate election in force at the beginning of the relevant 35-year period¹.

Note: See DMG 74401 for guidance on a reduced rate election.

1 Pensions Act 14, s 11(2)

Modified transitional rate for a woman married to, or in a civil partnership with, a person over pensionable age

74408 DMG 74409 – 74410 applies to a woman who, on reaching pensionable age, is

1. married to **or**

2. in a civil partnership with

a person who has reached pensionable age¹.

Note 1: See DMG 74022 for the meaning of pensionable age.

Note 2: A woman whose spouse or civil partner has not reached pensionable age may be entitled to SP at the transitional rate (see DMG 74201 et seq).

1 Pensions Act 14, Sch 6, para 2(1)

74409 Where DMG 74408 applies the transitional rate of SP is the higher of

1. the rate determined as in DMG 74211 et seq **or**

2. a weekly rate equal to the modified amount for pre-commencement qualifying years only¹.

Note: See DMG 74024 for the meaning of pre-commencement qualifying years.

74410 For the purposes of DMG 74409 **2.**, the modified amount for pre-commencement qualifying years only is the amount which would be calculated in accordance with DMG 74221 et seq as if the amount of Cat A BP was the standard rate of Cat B BP for a married person or civil partner as at 6.4.16¹.

1 Pensions Act 14, Sch 6, para 2(3) & (4); SS CB Act 92, Sch 4, Part 1, para 5

Example

Debbie reaches pensionable age on 6.11.17 and claims SP. As at 6.4.2016 she had 10 qualifying years, GRB of £1.50 and AP of £3.60. She also had a reduced rate election in force at 6.4.82. She gains 1 post-2016 qualifying year. Her husband, Julian, is also pensionable age. Debbie is entitled to SP of £48.07 comprising a starting amount of £43.75 (£38.65 basic RP plus £5.10 GRB and AP, which exceeded her new rules amount of £43.21) plus £4.32 for her 1 post-commencement qualifying year. However, the modified amount for pre-commencement qualifying years only is £69.50 plus £5.10 GRB and AP (see DMG 74410). Debbie is therefore entitled to a transitional amount of SP of £73.82. (DMs should note that the rates used are for illustrative purposes only.)

Modified transitional rate for widows, divorcees or former civil partners

74411 DMG 74412 – 74413 applies to a woman who, on reaching pensionable age

1. is not

1.1 married **or**

1.2 in a civil partnership **but**

2. has previously been

2.1 married **or**

2.2 in a civil partnership¹.

Note: See DMG 74022 for the meaning of pensionable age.

1 Pensions Act 14, Sch 6, para 3(1)

74412 Where DMG 74411 applies the transitional rate of SP is the higher of

1. the rate determined as in DMG 74211 et seq **or**

2. a weekly rate equal to the modified amount for pre-commencement qualifying years only¹.

Note: See DMG 74024 for the meaning of pre-commencement qualifying years.

Example

Panna reaches pensionable age on 6.11.17. She claims SP and has 12 qualifying years. She also had a reduced rate election in force at 6.4.82. She is divorced. Based on her qualifying years, Panna is entitled to SP of £51.86. She has no GRB or AP. Panna's modified amount will be £115.95 (i.e. the full rate of RP BP). (DMs should note that the rates used are for illustrative purposes only.)

74413 For the purposes of DMG 74412 **2.**, the modified amount for pre-commencement qualifying years only is the amount which would be calculated in accordance with DMG 74231 - 74266 as if the amount of Cat A BP was the full amount of BP as at 6.4.16¹.

1 Pensions Act 14, Sch 6, para 3(3) & (4); SS CB Act 92, s 44(4)

Recalculation of transitional rate where there is a change of circumstances

74414 If

- 1.** a woman is married or in a civil partnership when she reaches pensionable age **and**
- 2.** the marriage or civil partnership ends for whatever reason

the transitional amount is recalculated¹ as in DMG 74415.

1 Pensions Act 14, Sch 6, para 4

74415 When DMG 74414 applies

- 1.** the transitional rate is recalculated¹ applying DMG 74412 **and**
- 2.** uprating² applies as if the recalculated amount had been the transitional amount on the day pensionable age is reached³.

1 Pensions Act 14, Sch 6, para 4(a); 2 Sch 2; 3 Sch 6, para 4(b)

74416 If DMG 74408 – 74413 do not apply but, subsequently, DMG 74408 does apply

- 1.** the transitional rate is recalculated¹ applying DMG 74409 **and**
- 2.** uprating² applies as if the recalculated amount had been the transitional amount on the day pensionable age is reached³.

However there is no recalculation⁴ if there has already been a recalculation in accordance with DMG 74415 (i.e. if the woman subsequently remarries).

1 Pensions Act 14, Sch 6, para 5(1)(a); 2 Sch 2; 3 Sch 6, para 5(1)(b); 4 Sch 6, para 5(2)

74417 DMG 74408 – 74416 have no affect on the amount of

1. SP to which a woman is entitled before they apply¹ **or**
2. any increase² where the period a woman's SP is deferred has ended before they apply³.

1 Pensions Act 14, Sch 6, para 6(a); 2 s 17; 3 Sch 6, para 6(b)

74418 – 74430

State pension for women with no pre-commencement qualifying years

74431 A woman is entitled to SP¹ of a basic amount, even if she is not entitled to a transitional rate of SP², if she

1. has reached pensionable age **and**
2. had a reduced rate election in force at the beginning of the relevant 35-year period **and**
3. does not have any pre-commencement qualifying years **and**
4. is entitled to a basic amount as in DMG 74433 or DMG 74434.

Note 1: See DMG 74401 for guidance on a reduced rate election.

Note 2: The relevant 35-year period is the 35-year period ending with the tax year before the one in which a woman reaches pensionable age³.

Note 3: See DMG 74022 for the meaning of pensionable age.

Note 4: See DMG 74024 for the meaning of pre-commencement qualifying year.

1 Pensions Act 14, s 12(1); 2 s 4; 3 s 12(7)

74432 Where DMG 74431 applies, a SP is payable at a weekly rate equal to the basic amount¹ in accordance DMG 74433 or DMG 74434.

1 Pensions Act 14, s 12(2)

74433 Where a woman who has reached pensionable age is

1. married to **or**
2. in a civil partnership with

a person who has reached pensionable age¹ the basic amount is the amount of a Cat B RP² at the rate applicable to a married person or civil partner on the day she became entitled to the basic amount³.

1 Pensions Act 14, Sch 7, para 2(1); 2 SS CB Act 92, Sch 4, part 1, para 5; 3 Pensions Act 14, Sch 7, para 2(2)

Example

Kathryn reaches pensionable age on 6.11.17. She claims SP but she is not entitled to the transitional rate because she has no pre-commencement qualifying years. She had a reduced rate election in force at 6.4.82. Her husband, Ian, is also pensionable age. Kathryn is entitled to the basic amount of £71.50. (DMs should note that the rate used is for illustrative purposes only.)

74434 Where a woman

1. who, on reaching pensionable age, is a

1.1 widow **or**

1.2 surviving civil partner **or**

1.3 divorcee **or**

1.4 person whose civil partnership has been dissolved¹ **or**

2. becomes a widow, surviving civil partner, divorcee or person whose civil partnership has been dissolved after reaching that age²

the basic amount is the amount of a Cat A BP³ on the day she became entitled to the basic amount⁴.

Note: See DMG 74022 for the meaning of pensionable age.

1 Pensions Act 14, Sch 7, para 3(1)(a); 2 para 3(1)(b); 3 SS CB Act 92, s 44(4); 4 Pensions Act 14, Sch 7, para 3(2)

Dual entitlement

74435 A woman is **not** entitled to a basic amount and a full or reduced rate SP at the same time. She is entitled to the one with the higher rate¹. In addition, a woman who is entitled to a basic amount in accordance with DMG 74434 is **not** entitled to one in accordance with DMG 74433².

1 Pensions Act 14, s 12(5); 2 Sch 7, para 4

74436 – 74450

Transition: pension sharing on divorce 74451 - 74500

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[Shared state pension on divorce](#) 74452 - 74470

[Pension sharing: reduction of state pension at the transitional rate](#) 74471 - 74500

Introduction

74451 A court may make a pension sharing order as part of the financial settlement following divorce where proceedings were commenced on or after 1.12.00¹. A court may make a pension sharing order as part of the financial settlement following dissolution of a civil partnership. These orders are used as a means of apportioning the financial assets of a divorcing married couple or parties to a dissolved civil partnership.

1 WRP Act 99 (Commencement No. 4) Order 2000, art 2(2)(d)

Shared state pension on divorce

74452 A person is entitled to a shared SP on divorce or dissolution if they

1. have reached pensionable age **and**
2. are entitled to a state scheme pension credit¹.

Note 1: A state scheme pension credit can be a new or old state scheme pension credit². It is an amount a spouse or civil partner receives from the other spouse or civil partner under a pension sharing court order³.

Note 2: See DMG 74022 for the meaning of pensionable age.

Note 3: See DMG Chapter 75 for guidance on how old state scheme pension credit affects RP.

1 Pensions Act 14, s 13(1); 2 s 13(6); 3 WRP Act 99, s 49(1)(b) & 49A(2)(b)

Rate for person with old state scheme pension credit

74453 If a person became entitled to old state scheme pension credit

1. in or after the final relevant year, the weekly rate of SP is the person's notional rate¹ **or**
2. before the relevant year, the weekly rate of SP is the person's notional rate revalued².

74454 A person's notional rate is the weekly rate of a notional SP¹, the cash equivalent of which would, on valuation day, be the amount of the old scheme pension credit². It is assumed that a notional SP becomes payable on

1. the day on which a person reaches pensionable age **or**

2. the valuation day

whichever is later³.

Final relevant year

74455 For the purpose of DMG 74453 - 74454, the final relevant year is the tax year immediately before the one in which a person reaches pensionable age¹.

Valuation day

74456 For the purpose of DMG 74453 - 74454, the valuation day is the day on which a person became entitled to old state scheme pension credit¹.

74457 - 74465

Rate for person with new state scheme pension credit

74466 If a person became entitled to new state pension credit when they were

1. over pensionable age, the weekly rate of SP is the amount of the new state scheme pension credit¹ **or**

2. under pensionable age, the weekly rate of SP is the amount of the new state scheme pension credit revalued².

Note: Over pensionable age includes the day pensionable age is reached.

Entitlement to more than one state pension

74467 A person may be entitled to more than one SP as in DMG 74452 et seq on divorce¹.

74468 – 74470

Pension sharing: reduction of state pension at the transitional rate

74471 The rate of SP at the transitional rate is reduced in accordance with DMG 74472 et seq if a person is subject to a state scheme pension debit¹.

Note 1: A state scheme pension debit can be a new or old state scheme pension debit². It is the amount that is left for the spouse or civil partner following the reductions of the appropriate amount under a pension sharing order³.

Note 2: See DMG 74201 et seq for guidance on SP at the transitional rate.

Note 3: See DMG Chapter 75 for guidance on how old state scheme pension debit affects RP.

1 Pensions Act 14, s 14(1); 2 s 14(4); 3 WRP Act 99, s 49(1)(a) & 49A(2)(a)

Weekly reduction for person with old state scheme pension debit

74472 If a person became subject to old state scheme pension debit

- 1.** in or after the final relevant year, SP is reduced by the person's notional rate¹ **or**
- 2.** before the final relevant year, SP is reduced by the person's notional rate revalued².

1 Pensions Act 14, Sch 10, para 2(2); 2 Sch 10, para 2(3) & 2(6)

74473 A person's notional rate is the weekly rate of a notional SP¹, the cash equivalent of which would, on valuation day, be the amount of the old scheme pension debit². It is assumed that a notional SP becomes payable on

- 1.** the day on which a person reaches pensionable age **or**
- 2.** the valuation day

whichever is later³.

1 Pensions Act 14, s 14; 2 Sch 10, para 2(4); 3 Sch 10, para 2(5)

Final relevant year

74474 For the purpose of DMG 74472 - 74473, the final relevant year is the tax year immediately before the one in which a person reaches pensionable age¹.

Valuation day

74475 For the purpose of DMG 74472 - 74473, the valuation day is the day on which a person became subject to old state scheme pension debit¹.

1 Pensions Act 14, Sch 10, para 2(7)

74476 – 74480

Weekly reduction for person with new state pension state scheme pension debit

74481 If a person became subject to new state pension debit when they were

1. over pensionable age, the weekly rate of reduction of SP is the amount of the new state scheme pension debit¹ **or**

2. under pensionable age, the weekly rate of reduction of SP is the amount of the new state scheme pension debit revalued².

1 Pensions Act 14, Sch 10, para 3(2); 2 Sch 10, para 3(3) & 3(4)

More than one reduction

74482 A person's SP may be reduced more than once because of pension sharing on divorce¹.

1 Pensions Act 14, s 14(3)

74483 – 74500

Postponing or suspending state pension 74501 - 74550

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Introduction

74501 [\[See Memo ADM 09-25\]](#) Entitlement to SP starts on the day all the conditions for

1. pensionable age **and**

2. contributions **and**

3. claims

are satisfied. However, people may postpone or suspend¹ their entitlement to SP. This is known as deferral. For RP purposes people may be able to choose Incs or a lump sum payment. However, for SP purposes there is no lump sum payment option.

1 Pensions Act 14, s 16

74502 People defer entitlement to SP

1. if they have not made a claim for their pension but otherwise would meet the conditions of entitlement¹ **or**

2. where they have chosen to suspend their entitlement² **or**

3. by withdrawing a claim at any time before an award has been made³.

1 Pensions Act 14, Part 1; 2 SP Regs, reg 7(1); 3 SS (C&P) Regs, reg 5(2)

74503 However, once an award has been made, the claim cannot be withdrawn. A claimant not wishing to accept SP at this stage must suspend entitlement by giving notice¹. Where a claim for SP is made before pensionable age has been reached notice cannot be given until entitlement starts.

1 SP Regs, reg 7(1)

74504 – 74505

Option to suspend state pension

74506 A person who has become entitled to a SP may opt to suspend their entitlement¹ in accordance with DMG 74511 et seq. They are not entitled to SP for the period they have opted to suspend entitlement² and may not opt to suspend their entitlement more than once³. The option to suspend applies to anyone claiming SP irrespective of where they live. This is different to RP where the option to “de-retire” or “elect to be treated as not entitled to a RP” is not available to people living overseas but not in an EEA country.

1 Pensions Act 14, s 16(1); 2 s 16(2); 3 s 16(4)

74507 – 74510

Effect of postponing or suspending state pension

74511 Where entitlement has been deferred, the weekly rate of SP is increased by an amount equal to the sum of the Incs to which a person is entitled¹. However, a person will not be entitled to Incs unless there is an increase in RP of at least 1%². This means that for periods of deferment of SP will not be increased unless there are at least 63 days of increment.

1 Pensions Act 14, s 17(1); 2 s 17(2)

74512 A person is entitled to one Inc for each whole week in the period during which their entitlement to SP was deferred¹. The amount of an Inc is equal to one-ninth of 1%² of the weekly rate of SP to which a person would have been entitled immediately before the end of that period if their entitlement had not been deferred³.

Note: See DMG 74581 for guidance on the when the amount of an Inc is modified.

1 Pensions Act 14, s 17(3); 2 SP Regs, reg 10; 3 Pensions Act 14, s 17(4)

Modification of amount of increment for non-overseas residents

74513 The amount of an Inc is modified in accordance with DMG 74514 – 74515 where, at any time in the deferral period, there has been a non-uprating change in the weekly rate of SP¹. When this applies the calculation of the amount of Incs² is modified. That modification provides that the amount of an Inc for each modification period is equal to one-ninth of 1%³ of the weekly rate of SP to which the person, if their entitlement had not been deferred, would have been entitled immediately before the end of the modification period⁴.

Note: See DMG 74574 et seq for guidance on modification of the amount of Incs for overseas residents and DMG 74591 et seq for guidance on dual cases.

1 SP Regs, reg 12A(1); 2 Pensions Act 14, s 17(4); 3 SP Regs, reg 10; 4 reg 12A(2)

74514 Where DMG 74513 applies, the first modification period

1. begins at the start of the deferral period **and**
2. ends immediately before the date of the first or only non-uprating change¹.

1 SP Regs, reg 12A(3)

74515 Where DMG 74513 applies, further modification periods begin on the date of the most recent or only non-uprating change and end immediately before

1. the end of the deferral period where there is no subsequent non-uprating change¹ or
2. the date of the subsequent non-uprating change where there is such a change².

1 SP Regs, reg 12A(4)(a); 2 reg 12A(4)(b)

74516 – 74520

Days not included in determining the period of deferral

74521 A day does not count in determining a number of whole weeks of Incs¹ where the day is a day on which

1. the person whose entitlement to SP is deferred has received²

1.1 SPC³ or

1.2 IS⁴ or

1.3 ESA(IR)⁵ **or**

1.4 JSA(IB)⁶ **or**

1.5 UC⁷ **or**

1.6 CA⁸ **or**

1.7 US⁹ **or**

1.8 SDA¹⁰ **or**

1.9 WP¹¹ **or**

1.10 WMA¹² **or**

1.11 IB¹³ **or**

1.12 CSP¹⁴ **or**

2. a person

2.1 has received an increase of any of the benefits in **1.** in respect of **and**

2.2 is

2.2.a married to **or**

2.2.b in a civil partnership with **or**

2.2.c residing with

the person whose entitlement to SP is deferred¹⁵ **or**

3. the person whose entitlement is deferred would not, if their entitlement was not deferred, be paid SP because they are a prisoner¹⁶.

Note 1: Two people are treated as not married to each other for any time when either of them is married to a third person¹⁷.

Note 2: See DMG Chapter 12 for guidance on prisoners.

1 SP Regs, reg 11(1); 2 reg 11(2)(a); 3 SPC Act 02, s 1; 4 SS CB Act 92, s 124; 5 WR Act 07, Part 1;

6 JS Act 95, s 1(4); 7 WR Act 12, Part 1; 8 SS CB Act 92, s 70; 9 SS (OB) Regs, reg 2(1);

10 SS CB Act 92, s 68; 11 s 39; 12 s 37; 13 s 30A; 14 SP Regs, reg 11(2)(a)(via); 15 SP Regs, reg 11(2)(b); 16

Example

Simon and Karl are in a same sex marriage. When Simon reaches pensionable age he doesn't claim SP because Karl, who has not reached pensionable age, is receiving an increase of UC for them. When Karl stops receiving UC, Simon makes a claim for SP. Although Simon has deferred entitlement to SP, the days for which Karl has received an increase of UC for them are not included when determining the period of deferral.

Part weeks treated as whole weeks

74522 A part week is treated as a whole week when determining the amount of entitlement during deferral¹ where there is part of a week in the total period during which entitlement to SP is deferred, after any days have been discounted² as in DMG 74521.

1 SP Regs, reg 12(1); 2 reg 12(2)

74523 – 74525

Deferral

74526 A person's entitlement to SP is deferred for a period if they

1. opted¹ to suspend their entitlement for that period² **or**

2. are not entitled to SP for that period only because

2.1 they have not made a claim³ **or**

2.2 they have deferred their entitlement to any other SP⁴.

Note: This also applies⁵ to overseas residents (see DMG 74574 et seq).

1 Pensions Act 14, s 16; 2 s 17(7); 3 s 17(8)(a); SS Admin Act, s 1;

4 Pensions Act 14, s 17(8)(b) & (9); 5 s 17(7) & (8) & 18

How entitlement to a state pension may be suspended

74527 A person who has become entitled to a SP may opt to suspend their entitlement if they give notice to the Secretary of State¹

1. in writing to an office **or**

2. by telephone to a number

which is specified in writing by the Secretary of State as accepting a notice². A person must make a choice in writing when directed to do so by the Secretary of State³.

1 SP Regs; reg 7(1); 2 reg 7(2); 3 reg 7(3)

Date from which a suspension begins

74528 Where a person suspends their entitlement to a RP, that suspension takes effect¹ on any date which the person specifies which is

1. not before the option was exercised **and**

2. not after 28 days beginning with the date on which the option was exercised².

Note: Where a date is not specified, it is the date on which the option was exercised³.

1 SP Regs, reg 8(1); 2 reg 8(2); 3 reg 8(3)

Cancelling a suspension

74529 Where a person has suspended their entitlement to a SP, they may cancel that suspension¹ for the whole, or part, of any period up to 12 months before the date on which the suspension is cancelled². The suspension is cancelled by the person making a claim for SP while it is suspended³.

1 SP Regs, reg 9(1); 2 reg 9(3); 3 reg 9(2)

74530 – 74550

Prisoners 74551

74551 See DMG Chapter 12 for guidance on prisoners.

Overseas residents 74552 - 74999

74552 See DMG Chapter 07 for guidance on overseas residents.

74553 – 74999

The content of the examples in this document (including use of imagery) is for illustrative purposes only.

Appendix 1 - Pensionable age for a woman born from 6.4.53 to 5.12.53 inclusive

Pensionable age for a woman born from 6.4.53 to 5.12.53 inclusive

Period within which woman's birthday falls	Day pensionable age reached
6.4.53 - 5.5.53	6.7.16
6.5.53 - 5.6.53	6.11.16
6.6.53 - 5.7.53	6.3.17
6.7.53 - 5.8.53	6.7.17
6.8.53 - 5.9.53	6.11.17
6.9.53 - 5.10.53	6.3.18
6.10.53 - 5.11.53	6.7.18
6.11.53 - 5.12.53	6.11.18

Appendix 2 - Pensionable age for a person born from 6.12.53 to 5.10.54 inclusive

Pensionable age for a person born from 6.12.53 to 5.10.54 inclusive

Period within which person's birthday falls	Day pensionable age reached
6.12.53 - 5.1.54	6.3.19
6.1.54 - 5.2.54	6.5.19
6.2.54 - 5.3.54	6.7.19
6.3.54 - 5.4.54	6.9.19
6.4.54 - 5.5.54	6.11.19
6.5.54 - 5.6.54	6.1.20
6.6.54 - 5.7.54	6.3.20
6.7.54 - 5.8.54	6.5.20
6.8.54 - 5.9.54	6.7.20
6.9.54 - 5.10.54	6.9.20

Appendix 3 - Pensionable age for a person born from 6.4.60 to 5.3.61 inclusive

Pensionable age for a person born from 6.4.60 to 5.3.61 inclusive

Period within which person's birthday falls	Age pensionable age reached
6.4.60 – 5.5.60	66 years and 1 month
6.5.60 – 5.6.60	66 years and 2 months
6.6.60 – 5.7.60	66 years and 3 months
6.7.60 – 5.8.60	66 years and 4 months
6.8.60 – 5.9.60	66 years and 5 months
6.9.60 – 5.10.60	66 years and 6 months
6.10.60 – 5.11.60	66 years and 7 months
6.11.60 – 5.12.60	66 years and 8 months
6.12.60 – 5.1.61	66 years and 9 months
6.1.61 – 5.2.61	66 years and 10 months
6.2.61 – 5.3.61	66 years and 11 months

Note: A person born on 31.7.60 reaches pensionable age on 30.11.26; a person born on 31.12.60 reaches pensionable age on 30.9.27 and a person born on 31.1.61 reaches pensionable age on 30.11.27¹.

¹ Pensions Act 1995, Sch 4, Part 1, para 1(7A)

Appendix 4 - Pensionable age for a person born from 6.4.77 to 5.4.78 inclusive

Pensionable age for a person born from 6.4.77 to 5.4.78 inclusive

Period within which person's birthday falls	Day pensionable age reached
6.4.77 - 5.5.77	6.5.44
6.5.77 - 5.6.77	6.7.44
6.6.77 - 5.7.77	6.9.44
6.7.77 - 5.8.77	6.11.44
6.8.77 - 5.9.77	6.1.45
6.9.77 - 5.10.77	6.3.45
6.10.77 - 5.11.77	6.5.45
6.11.77 - 5.12.77	6.7.45
6.12.77 - 5.1.78	6.9.45
6.1.78 - 5.2.78	6.11.45
6.2.78 - 5.3.78	6.1.46
6.3.78 - 5.4.78	6.3.46