11th February 2015

State Pension Regulations 2015

I promised to write to you on the points you raised concerning the minimum qualifying period in the debate on these regulations on 22 January. I can confirm that the savings figure of £650m you quoted mostly relates to pensioners living abroad in 2040. We are not able to break down these estimates by individual countries of residence but the breakdown of pensioners living abroad and currently receiving the State Pension is available on the Department’s tabulation tool.

http://tabulation-tool.dwp.gov.uk/100pc/sp/cccountry/ccsex/a_carate_r_cccountry_e_ccsex_may14.html

However, it is important to recognise that this may not represent the breakdown of overseas pensioners by 2040.

As stated in the Impact Assessment, we assume that most of those resident in Great Britain who are affected by the minimum qualifying period would instead receive Pension Credit Guarantee Credit. Therefore most savings that would accrue from the minimum qualifying period would be offset by an increase in income-related benefit expenditure and the net impact on expenditure would be small.


The Impact Assessment (Table 3.1) also details the impact of the minimum qualifying period in the short term. As above, we are unable to provide a breakdown of the overseas impact by individual country.

It is correct that, where insurance or residence in another EEA country or USA, Israel and other countries which have full bilateral agreements with the UK is used to satisfy the minimum qualifying period, the person would also

Lord German OBE
be entitled to a pension from that country where the appropriate eligibility criteria (including any de minimis) have been met. There are no plans to change the current arrangements for payment of state pension overseas. In the case of Australia, the social security bilateral agreement was unilaterally terminated in 2001 by the Australian government.

Information concerning the new State Pension, including the minimum qualifying period, is available on Gov.uk and personalised State Pension statements are available on request to individuals who are closest to State Pension age (reaching it between 2016 and 2021). They can get a statement that provides an estimate of the starting amount for the new State Pension based on their current National Insurance contribution record. Our intention is to expand the availability of this service in the coming weeks to everyone age 55 and over.

The expectation is that individuals will check what impact moving overseas will have on their own personal circumstances. It is important to note that most people migrate at the beginning of their working lives, so it is unlikely that pension issues will feature high in their considerations to move overseas, particularly as they should be able to build up new pension provision in their new country of residence.

Finally just to clarify the position, the minimum qualifying period restricts state pension awards to those who have achieved at least ten qualifying years of National Insurance contributions or credits. The minimum qualifying period does not replace Home Responsibilities Protection (HRP), which was abolished in 2010 and replaced by a system of credits intended to ensure individuals who have undertaken care responsibilities are able to access state pension.

A copy of this letter has been sent to all Peers who spoke during the debate and a copy will be placed in the House Library.

LORD BOURNE OF ABERYSTWYTH