

Pensions Increase 2010

Will there be an increase to my pension in April 2010?

The amount of pension we paid you is reviewed each year in line with the cost of living. Any percentage increase is normally the same as that applied to additional State pensions and other Social Security benefits. The orders allowing increase in public service pension are the responsibility of HM Treasury. The Pensions (Increase) Act (Northern Ireland) 1971 and the Social Security Pensions (Northern Ireland) Order 1975 is the primary legislation that governs the increase to public service pensions. HM Treasury has confirmed that for the year ending 5 April 2010 there will be no increase to public service pension. The annual Retail Prices Index (RPI) for September 2009 was minus 1.4% therefore benefits in April 2010 will remain at current levels.

How was the 0% increase from April 2010 decided?

The increase in any April is the percentage rise in the Retail Price Index (all items) in the 12 months leading up to the preceding September. So the rate of increase in April 2010 was decided by the rate of inflation in the year up to September 2009. This was actually a negative figure. However, the legislation does not allow for percentage decrease in the rate of a public service pension. Therefore there is no increase in the rate of public service pensions in 2010.

Is my PCSPS(NI) pension assured a 2.5% increase like my State pension?

No. The Basic State pension will increase in April by 2.5%. The State Additional pension and public service pensions will not be increased. The increases on these types of pension are decided according to the increase in the Retail Price Index. Those receiving basic State pensions will be receiving a 2.5% increase because it is Government policy to provide a minimum level of increase for those pensions.

Will my Guaranteed Minimum Pension (GMP) receive the 2.5% increase to State pension?

No. Neither GMPs nor Additional State pensions will be increased in April 2010. A GMP is the minimum pension which an occupational scheme must provide as on the conditions of contracting out for service before 1997. The PCSPS(NI) is contracted out of the Second State pension, previously known as State Earnings Related Pension Scheme (SERPS). If you or your deceased spouse were employed by the Northern Ireland Civil Service between 6 April 1978 and 5 April 1997 you will have earned a GMP. Your GMP broadly replaces the Additional State pension you would have earned had you not been in the PCSPS(NI). For service up to 5 April 1988 the Government pay the pensions increase on your GMP with your State pension. For service between 6 April 1988 and 5 April 1997 the PCSPS(NI) will pay increases on your GMP up to 3% each year. In years when the increase is more than 3% the Government will pay the balance with your State pension.

I believe it is unfair that my pension will not be increased when prices are in fact rising.

We have no discretion in this matter. The increase to public service pensions is based on the percentage rise in the Retail Price Index (all items) in the 12 months leading up to the preceding September. In the 12 month up to September 2009 Retail Prices Index was actually a negative figure.