



Department
for Work &
Pensions

Tom Josephs
Director
Private Pensions and Arm's Length Bodies
Department for Work and Pensions
Kings Court
80 Hanover Way
Sheffield
S3 7UF

Dame Meg Hillier MP
Chair
Public Accounts Committee
House of Commons
LONDON
SW1A 0AA

4 April 2023

Dear Dame Meg,

**DWP follow up to the Public Accounts Committee Hearing on Atomic Energy
Authority Technology pension scheme 13 March 2023**

The Public Accounts Committee session 13 March 2023 considered evidence on the restructure of the Atomic Energy Authority Technology (AEAT) pension scheme and the subsequent complaints from members. I committed to provide further information to questions specifically from Sir Geoffrey Clifton-Brown MP, Chris Loder MP and Nick Smith MP. I have addressed each of these below:

Question 3 – The DWP factsheet of July 2013 stated that the Atomic Energy Act 1995 had been repealed and if so, can you clarify whether the pension clauses were also repealed?

Response

The Department for Work and Pensions (the department) has consulted the department with current policy responsibility in this area, the Department for Energy Security and Net Zero (DESNZ), on the legal position. DESNZ legal officers have confirmed that: (i) the pension provisions set out in the Atomic Energy Authority Act 1995 were repealed by section 197(9) of, and Part 1 of Schedule 23 to, the Energy Act 2004, which came into force on 5 October 2004; (ii) repeal provisions are subject to savings provisions¹ which mean that the repealed provisions of the Atomic Energy Authority Act 1995 continue to apply to transfer schemes made prior to 5 October 2004.

¹ section 197(10) of, and paragraph 2 of Part 2 of Schedule 23 to, the Energy Act 2004

Question 69 – Will the AEAT pensioners who have ended up with lower state pensions due to contracting out, be eligible to now pay voluntary national insurance to top up their pensions, in order to receive full state pensions?

Response

For former AEAT members reaching State Pension age following the introduction of the new State Pension, any periods of contracting-out have been taken into account as part of their new State Pension Starting Amount calculation.

Under transitional arrangements, the department looks at each individual's National Insurance (NI) record as it stands on 6 April 2016 and compare what this would give them under (i) the new State Pension rules with (ii) what they would have built up under the old system. The higher of these two values will be used as their Starting Amount for the new State Pension going forward.

If their Starting Amount is less than the full rate of new State Pension, they may be able to add to their Starting Amount until they reach (i) the full rate or (ii) their State Pension age, whichever comes first. Each additional post-2016 qualifying year is worth 1/35th of the full rate of the new State Pension (around £5.29 per week in 2022/23). These can be filled by any means – working, NI credits, voluntary NI contributions.

If people have passed the point where they could fill post 2016 qualifying years by working, they may be able to fill these years through voluntary National Insurance contributions.

As an example, someone with 30 years contracted out NI record at 6 April 2016, would, without adding post 2016 years, have a State Pension of £141.85 a week in 2022/23 rates. If they filled 9 qualifying years between 2016 and reaching their State Pension age (by any means – working, NI credits, voluntary NI contributions), they would have the full rate of the new State Pension, £185.15 a week in 2022/23 rates.

Question 76 – Can you set out better ways the Department is going to engage with supporting pensions across the country?

Response

The department has a number of initiatives to support engagement with pensions for people planning for their retirement.

Initiatives Currently in Place

The department is committed to ensuring people are equipped to plan appropriately for retirement. It has introduced new regulations that will require defined contribution schemes used for automatic enrolment to send simple statements to members. These short statements will give savers the key information they need to engage with and understand their pensions.

In addition, to help people make the right financial decision for retirement, the department introduced the Stronger Nudge to pensions guidance regulations which came into force on 1 June 2022. These regulations ensure no-one will be able to

access their savings through pension freedoms without having received Pension Wise guidance or opted out of receiving it. As part of the application process, schemes offer to book a Pension Wise appointment for individuals, supporting them to access the right guidance at the right time.

Lastly, the Government guarantees that all savers have access to free, impartial guidance as they approach retirement through the Money and Pensions Service's MoneyHelper and Pension Wise services. These provide support on all aspects of pensions.

Initiatives Under Development

In addition to the initiatives already in place, the department is working on other policy initiatives to prompt and support engagement, such as Pensions Dashboards. Pensions dashboards will change the way people engage with and prepare for retirement. By enabling people to see all their pensions information in one place online, including their State Pension, individuals will be able to make better informed decisions about their retirement, as well as find lost and forgotten pots.

The department is also currently developing the Government's digital MOT. This will encourage and support people to plan for retirement and provide guidance about employment and health in mid and later life.

Lastly, the department is reviewing responses to our recent 'Helping savers understand their pension choices' call for evidence around the support and information savers need when accessing their pensions. The department will continue to explore policies to support savers to engage with their pensions and plan appropriately for retirement.

The Pensions Industry and Employers

The department also recognises that there is a role for the pensions industry and employers to play in prompting people to engage with their pensions, and it will continue to work with them on this. The department supported the industry led Pension Attention campaign, which ran through Autumn 2022, aligning messaging across the sector and supporting savers to engage with their pensions.

Yours sincerely,

Sent by electronic mail

Tom Josephs

Director

Private Pensions and Arm's Length Bodies