

2025 No. 343

PENSIONS

The Pensions Increase (Review) Order 2025

<i>Made</i> - - - -	<i>13th March 2025</i>
<i>Laid before Parliament</i>	<i>14th March 2025</i>
<i>Coming into force</i> - -	<i>7th April 2025</i>

The Secretary of State for Work and Pensions has, by virtue of section 151 of the Social Security Administration Act 1992(a), given a direction(b) that the sums mentioned in section 150(1)(c) of that Act are to be increased by a specified percentage.

The Treasury make the following Order in exercise of the powers conferred by sections 59(1), (2), (5) and (5ZA) of the Social Security Pensions Act 1975(c) and now vested in them(d).

Citation, commencement and extent

1.—(1) This Order may be cited as the Pensions Increase (Review) Order 2025 and comes into force on 7th April 2025.

(2) This Order extends to England and Wales, Scotland and Northern Ireland.

Interpretation

2.—(1) In this Order, “the Act” means the Social Security Pensions Act 1975.

(2) In this Order, any reference to a pension is a reference to a pension which began before 7th April 2025(e).

(a) 1992 c. 5; section 151(1) was amended by section 130(2) of the Pensions Act 1995 (c. 26).

(b) S.I. 2025/295.

(c) 1975 c. 60. Section 59(1) was amended by section 1(7) of the Pensions (Miscellaneous Provisions) Act 1990 (c. 7) and by the Social Security (Consequential Provisions) Act 1992 (c. 6), Schedule 2, paragraph 34. Section 59(5) was amended by section 11(1) of the Social Security Act 1979 (c. 18) and the Social Security Act 1985 (c. 53), Schedule 5, paragraph 33. Section 59 was also amended by the Social Security Act 1979, section 11 and Schedule 3, paragraph 20; section 9(8) of the Social Security Act 1986 (c. 50) (which inserted subsection (5A)); section 5 of the Pensions (Miscellaneous Provisions) Act 1990 and the Pensions Schemes Act 1993 (c. 48), section 190 and Schedule 8, paragraph 9(1). Section 59 was modified by section 59A of the same Act, which was inserted by section 11(4) of the Social Security Act 1979, amended by the Social Security Act 1986, section 9(9), and further amended by the Pensions Schemes Act 1993, section 190 and Schedule 8, paragraph 9(2). Section 59(5ZA) was inserted by section 5(1) of the Pensions (Miscellaneous Provisions) Act 1990 and amended by section 137 and Part 6 of Schedule 11 to the Pensions Act 2008 (c. 30), S.I. 2014/3229 and S.I. 2014/463. Subsections 59(5ZA), (5ZB), (5ZC) and (7) were amended by S.I. 2014/560 and S.I. 2014/3229. Subsections 59(5ZB) and (7) were amended by S.I. 2014/3168. Subsections 59(5ZC) and (7) were amended by S.I. 2020/1143.

(d) By virtue of article 2(1)(c) and (d) of S.I. 1981/1670.

(e) By virtue of section 59(7) of the Social Security Pensions Act 1975 (c. 60), sections 59 and 59A of that Act have effect as if they were contained in Part 1 of the Pensions (Increase) Act 1971 (c. 56). Consequently, for the purposes of section 11 of the Interpretation Act 1978 (c. 30) the following expressions used in this Order have the meaning which they bear in section 59 of the Social Security Pensions Act 1975 and the Pensions (Increase) Act 1971: “beginning date”, “derivative

Pension increase: annual rate and lump sums

3.—(1) This article applies to an official pension if—

- (a) a qualifying condition is satisfied; or
- (b) the pension is—
 - (i) a derivative pension;
 - (ii) a substituted pension; or
 - (iii) a relevant injury pension.

(2) In relation to any period on or after 7th April 2025, the pension authority may increase the annual rate^(a) of the pension—

- (a) for a pension which began before 8th April 2024, by 1.7 per cent;
- (b) for a pension which began on or after 8th April 2024, by 1.7 per cent multiplied by—

$$\frac{A}{12}$$

where A is the number of complete months in the period between the beginning date^(b) of the pension and 7th April 2025.

(3) In relation to a lump sum^(c) which is payable on or after 8th April 2024 but before 7th April 2025, the pension authority may increase the lump sum by 1.7 per cent multiplied by—

$$\frac{A}{12}$$

where A is the number of complete months^(d) in the period between the beginning date of the lump sum (or, if later, 8th April 2024) and the date on which it becomes payable.

Reductions in respect of guaranteed minimum pensions

4.—(1) Where—

- (a) a person is entitled to an increase in a guaranteed minimum pension on 7th April 2025; and
- (b) entitlement to that guaranteed minimum pension arises from an employment from which (either directly, or indirectly by virtue of the payment of a transfer credit) entitlement to the official pension also arises,

the amount by reference to which any increase is calculated for the purposes of article 3(2) must be reduced by an amount equal to the rate of the guaranteed minimum pension unless the Treasury otherwise direct in accordance with the provision of section 59A of the Act^(e).

pension”, “employment”, “guaranteed minimum pension”, “official pension”, “pension authority”, “qualifying condition”, “relevant injury pension”, “substituted pension” and “transfer credit”. Section 8(2) of the Pensions (Increase) Act 1971 also makes provision about when a pension begins for the purposes of that Act.

- (a) Section 59(5) of the Social Security Pensions Act 1975 provides that increases in the rate of a pension are to be calculated by reference to the basic rate of the pension as authorised to be increased by section 1 of the Pensions (Increase) Act 1971 or by an order under section 2 of that Act or section 59 of the Social Security Pensions Act 1975.
- (b) Section 8(2) of the Pensions (Increase) Act 1971 sets out the day on which a pension is deemed to begin for this purpose.
- (c) By virtue of section 59(7) of the Social Security Pensions Act 1975, “lump sum” includes an instalment of a lump sum.
- (d) By virtue of section 59(8) of the Social Security Pensions Act 1975, where it is necessary to calculate the number of complete months in any period, an incomplete month shall be treated as a complete month if it consists of at least 16 days.
- (e) The power of direction is vested in the Treasury by S.I. 1981/1670. Section 59A was inserted by section 11(4) of the Social Security Act 1979 and amended by section 9(9) of the Social Security Act 1986 (c. 50) and paragraph 9 of Schedule 8 to the Pensions Scheme Act 1993 (c. 48).

(2) Where on the death of a deceased spouse or civil partner a person becomes entitled to a guaranteed minimum pension in relation to a surviving spouse's pension or a surviving civil partner's pension, the amount by reference to which any increase is calculated for the purposes of article 3(2) must be reduced in accordance with section 59(5ZA) of the Act.

13th March 2025

Jeff Smith
Vicky Foxcroft
Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

Under section 59 of the Social Security and Pensions Act 1975 (c. 60) (increase of official pensions) where the Secretary of State for Work and Pensions, under section 151(1) of the Social Security Administration Act 1992 (c. 5), directs that the sums in section 150(1)(c) of the 1992 Act are to be increased by a specified percentage, the Treasury must make an order to increase the rates in public service pensions. The Pensions (Increase) Act 1971 (c. 56) defines certain terms, sets out when a pension “begins” and how the increase applies to lump sums.

The increase to be applied is the same as the percentage by which the Secretary of State for Work and Pensions has, by direction under the Social Security Administration Act 1992, increased the additional pension entitlements accruing to employees in respect of earnings for service after 5th April 1978.

For pensions which began before 8th April 2024 the increase is 1.7 per cent. For pensions which began on or after the 8th April 2024 the increases (following the calculation set out in article 3) are as follows—

Pensions beginning	Pensions increase
8th April 2024 to 22nd April 2024	1.7%
23rd April 2024 to 22nd May 2024	1.56%
23rd May 2024 to 22nd June 2024	1.42%
23rd June 2024 to 22nd July 2024	1.28%
23rd July 2024 to 22nd August 2024	1.13%
23rd August 2024 to 22nd September 2024	0.99%
23rd September 2024 to 22nd October 2024	0.85%
23rd October 2024 to 22nd November 2024	0.71%
23rd November 2024 to 22nd December 2024	0.57%
23rd December 2024 to 22nd January 2025	0.43%
23rd January 2025 to 22nd February 2025	0.28%
23rd February 2025 to 22nd March 2025	0.14%

Article 3(3) of the Order provides for increases on certain deferred lump sums which become payable on or after 8th April 2024 and before 7th April 2025.

Article 4 of the Order sets out reductions to pension increases where a person is entitled to a guaranteed minimum pension deriving from an employment giving rise to the official pension. Where that is the case, the amount by reference to which any increase in the person’s pension is to be calculated is to be reduced by an amount equal to the rate of the guaranteed minimum pension entitlement, unless the Treasury otherwise direct.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

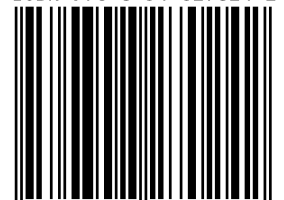
© Crown Copyright 2025

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Saul Nassé, Controller of His Majesty's Stationery Office and King's Printer of Acts of Parliament.

£5.78

<http://www.legislation.gov.uk/id/uksi/2025/343>

ISBN 978-0-34-827024-2



9 780348 270242