

**Causeway Exchange
1-7 Bedford Street
Belfast
BT2 7EG**

Telephone: 028 9082 2114
Mobile: 078 1268 2726
e-mail: assembly.section@communities-ni.gov.uk
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From: The DALO

Ms Emer Boyle
Communities Committee Clerk
Room 430
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

Dear Emer,

THE GUARANTEED MINIMUM PENSIONS INCREASE ORDER (NORTHERN IRELAND) 2026

The Department for Communities proposes to make a Statutory Rule under powers conferred by the Pension Schemes (Northern Ireland) Act 1993. The Rule is subject to the negative resolution procedure before the Assembly.

Purpose of the Statutory Rule

The Statutory Rule specifies the percentage by which the guaranteed minimum pension element of an individual's occupational pension entitlement (a person could accrue a guaranteed minimum pension in a contracted-out occupational pension scheme between 1978 and 1997) is increased with effect from 6 April 2026.

Before April 1997, a defined benefit occupational pension scheme contracted out of the State Earnings Related Scheme had to provide a guaranteed minimum pension (GMP). Entitlement to a GMP gives a member of a contracted-out occupational pension scheme the right to receive a defined minimum amount of earnings-related pension from the scheme. The

amount of GMP on retirement equates to the pension to which the member would have been entitled had he remained in the State Earnings Related Scheme. This is the minimum that the scheme must provide and most scheme members can expect pensions in excess of the GMP. Once in payment GMPs are reviewed annually to ensure that their value is not eroded by inflation.

Under section 109 of the Pension Schemes Act 1993, the Secretary of State for Work and Pensions is required, in each tax year, to review the general level of prices in the period of 12 months since the last review. If the Secretary of State for Work and Pensions concludes that prices have increased at the end of the period under review, they are required to make an Order specifying the percentage by which that part of the GMP attributable to earnings factors between the tax years 1988-1989 and 1996-1997 is to be increased.

The Order requires contracted-out occupational pension schemes to protect GMPs against inflation up to a maximum of 3 per cent. During the latest review period the general level of prices increased by 3.8 per cent. The Secretary of State for Work and Pensions is therefore making an Order under section 109(4) of the Pension Schemes Act 1993 prescribing an increase of 3 per cent.

Whenever the Secretary of State for Work and Pensions makes such an Order, the Department is empowered to make a corresponding Order. The Department has no power to set different percentages for Northern Ireland.

Schemes are not required to pay a GMP in respect of service after 6th April 1997. Instead, schemes must meet a statutory standard. Under Article 51 of the Pensions (Northern Ireland) Order 1995, the scheme is required annually to uprate pensions attributable to service after 6 April 1997. The increase is the lesser of the increase in the Consumer Prices Index or the applicable statutory percentage (5 per cent for service up to 6 April 2005 and 2.5 per cent for service after that date).

Enacting this Rule will ensure that parity with GB is maintained in pensions policy and legislation.

Previous engagement with the committee

The statutory rule is a technical Routine Order that is renewed each year so that it remains in line with the corresponding legislation from Great Britain. Therefore, there has been no previous engagement with the committee regarding the 2026 Order.

Financial Implications

None for the Department.

Consultation

There is no requirement to consult on this Rule.

Compliance with Section 24 of the Northern Ireland Act 1998

The Department is content that the Rule complies with section 24 of the Northern Ireland Act 1998 (Convention rights, etc.) and is compatible with Article 2(1) of the Windsor Framework.

Consideration by the Executive

The Statutory Rule has not been sent for consideration by the Executive as it is a technical, routine Order.

Equality Impact

In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on these legislative proposals and, as they merely discharge the Department's statutory duty to increase the GMP percentage, has concluded that they do not have significant implications for equality of opportunity. In light of this, the Department considers that an Equality Impact Assessment is not necessary.

Regulatory Impact

The proposed Rule does not require a Regulatory Impact Assessment as it does not impose any new costs on business, charities or voluntary bodies.

Rural Needs Impact

A Rural Needs Impact Screening has been undertaken for this Statutory Rule, and the Department is satisfied that the Rule will not have undue impact on rural communities. No negative impacts have been identified, and no mitigation measures are necessary.

Data Protection Impact

A Data Protection Impact Assessment has been undertaken for this Statutory Rule, and the Department is satisfied that there are no causes for concern with regards to the protection of the Department or the public's data. No mitigation measures are necessary.

Child Rights Impact

A Child Rights Impact Assessment has not been deemed necessary for this Statutory Rule as the Rule simply discharges the Department's duty to increase the GMP percentage. Therefore, the rule will only affect those of working age and retirement age.

Position in Great Britain

The corresponding GB Statutory Instrument is expected to be made shortly, coming into force on 6 April 2026. In line with section 87 of the Northern Ireland Act 1998, the Rule should be made as soon as possible after the GB Statutory Instrument has been made.

Proposed timing of consideration of the SL1

This SL1 covers a parity pensions Order. Although pensions are a devolved matter, in general Northern Ireland's pensions policy and legislation operate in line with corresponding pension provision in GB. In effect there is a single pension system and regulatory regime across the UK.

The NI Order was cleared by Departmental Solicitor's Office on 6 February. In order to comply with the 21-day rule and maintain parity, clearance by the Committee is required by the meeting on 12 March.

In light of these circumstances the Minister has made the following statement:

“I am satisfied that ensuring the orderly making of this parity pensions legislation in line with DWP timeframes gives rise to exceptional circumstances which require deviation from the normal timeframes set out in the Guidance for Departments on Delegated Legislation (SL1 Pre-Introductory Stage) (November 2025).

I would be grateful if the Committee would agree to approve the SL1 in the requested shortened timeframe in light of these exceptional circumstances. It is my intention to make the Order to align as closely as possible with the DWP operational date for their corresponding Order.”

Proposed operational date

It is proposed that the Rule will come into operation on 6 April 2026.

When the Rule together with an Explanatory Memorandum has been laid at the Assembly Business Office, the Business Office will submit copies to the Committee.

You will wish to bring this matter to the attention of the Communities Committee.

Yours sincerely,



Laura Coffey

Departmental Assembly Liaison Officer

Private Office

cc NI Human Rights Commission
Equality Commission for Northern Ireland

SL1 – SUMMARY

THE GUARANTEED MINIMUM PENSIONS INCREASE ORDER (NORTHERN IRELAND) 2026

- The Statutory Rule specifies the percentage by which the guaranteed minimum pension element of an individual's occupational pension entitlement is increased with effect from 6 April 2026.
- Before April 1997, a defined benefit occupational pension scheme contracted out of the State Earnings Related Scheme had to provide a guaranteed minimum pension (GMP). Entitlement to a GMP gives a member of a contracted-out occupational pension scheme the right to receive a defined minimum amount of earnings-related pension from the scheme. The amount of GMP on retirement equates to the pension to which the member would have been entitled had he remained in the State Earnings Related Scheme.
- Under section 109 of the Pension Schemes Act 1993, the Secretary of State for Work and Pensions is required, in each tax year, to review the general level of prices in the period of 12 months since the last review. If the review concludes that prices have increased at the end of the period under review, the Secretary of State is required to make an order specifying the percentage by which that part of the GMP attributable to earnings factors between the tax years 1988-1989 and 1996-1997 is to be increased.
- The Secretary of State for Work and Pensions therefore is expected to make an order under section 109(4) of the Pension Schemes Act 1993 prescribing an increase of 3 per cent.
- The Department has no power to set a different percentage for Northern Ireland.

2026 No. 000

PENSIONS

**The Guaranteed Minimum Pensions Increase Order
(Northern Ireland) 2026**

Made - - - - *[0th March 2026]*

Coming into operation - *[6th April 2026]*

This Order is made in exercise of the powers conferred by section 105(1) and 177(2), (3) and (4) of the Pension Schemes (Northern Ireland) Act 1993(1) and now vested in the Department for Communities(2).

The Secretary of State for Work and Pensions has made an Order(3) under section 109(4) of the Pension Schemes Act 1993(4).

Accordingly the Department for Communities makes the following Order.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Guaranteed Minimum Pensions Increase Order (Northern Ireland) 2026 and shall come into operation on 6th April 2026.

(2) In this Order “relevant period” has the same meaning as in section 109(3A)(5) of the Pension Schemes Act 1993.

(3) The Interpretation Act (Northern Ireland) 1954(6) shall apply to this Order as it applies to an Act of the Assembly.

(1) 1993 c. 49; section 105(1) was amended by Article 55 of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) and paragraph 22 of Schedule 1 to S.R. 2005 No. 433
(2) See Article 8(b) of S.R. 1999 No. 481 and section 1(7) of the Departments Act (Northern Ireland) 2016 (c. 5 (N.I.))
(3) S.I. 2026/XXXX
(4) 1993 c. 48
(5) Section 109(3A) was inserted by section 55(b) of the Pensions Act 1995 (c. 26) and amended by paragraph 40 of Schedule 13 to the Pensions Act 2014 (c. 19)
(6) 1954 c. 33 (N.I.)

Increase of guaranteed minimum pensions

2. For the purposes of section 105(1) of the Pension Schemes (Northern Ireland) Act 1993, the percentage by which there is to be an increase of the rate of that part of guaranteed minimum pensions which is attributable to earnings factors for the tax years in the relevant period is 3 per cent.

Sealed with the Official Seal of the Department for Communities on [*** 2026]

(L.S.)

A senior officer of the Department for Communities

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which corresponds to an Order ([S.I. 2026/XXXX](#)) made by the Secretary of State for Work and Pensions under section 109(4) of the Pension Schemes Act 1993, specifies 3 per cent as the percentage by which that part of guaranteed minimum pensions attributable to earnings factors for the tax years 1988-1989 to 1996-1997, and payable by contracted-out, defined benefit occupational pension schemes, is to be increased.

EXPLANATORY MEMORANDUM TO
THE GUARANTEED MINIMUM PENSIONS INCREASE ORDER
(NORTHERN IRELAND) 2026

S.R. 2026 No. []

1. Introduction

- 1.1 This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made under section 105(1) and 177(2), (3) and (4) of the Pension Schemes (Northern Ireland) Act 1993 and is subject to the negative resolution procedure before the Assembly.

2. Purpose

- 2.1 This Order specifies the percentage by which the guaranteed minimum pension element of an individual's occupational pension entitlement (a person could accrue a guaranteed minimum pension in a contracted-out occupational pension scheme between 1978 and 1997) is increased with effect from 6th April 2026.

3. Background

- 3.1 Before April 1997, a defined benefit occupational pension scheme contracted out of the State Earnings Related Scheme had to provide a guaranteed minimum pension (GMP). Entitlement to a GMP gives a member of a contracted-out occupational pension scheme the right to receive a defined minimum amount of earnings-related pension from the scheme. The amount of GMP on retirement equates to the pension to which the member would have been entitled had he remained in the State Earnings Related Scheme. This is the minimum that the scheme must provide and most scheme members can expect pensions in excess of the GMP. Once in payment GMPs are reviewed annually to ensure that their value is not eroded by inflation.
- 3.2 Under section 109 of the Pension Schemes Act 1993, the Secretary of State for Work and Pensions is required in each tax year to review the general level of prices in the period of 12 months since the last review. If the Secretary of State for Work and Pensions concludes that prices have increased at the end of the period under review, the Secretary of State is required to make an order specifying the percentage by which that part of the GMP attributable to earnings factors between the tax years 1988-1989 and 1996-1997 is to be increased. During the latest review period the general level of prices increased by 3.8 per cent. The order requires contracted-out occupational pension schemes to protect GMPs against inflation up to a maximum of 3 per cent. The Secretary of State for Work and Pensions therefore made an order under section 109(4) of the Pension Schemes Act 1993 prescribing an increase of 3 per cent.

3.3 Whenever the Secretary of State for Work and Pensions makes such an order, the Department is empowered to make a corresponding order. The Department has no power to set different percentages for Northern Ireland.

3.4 Schemes are not required to pay a GMP in respect of service after 6th April 1997. Instead schemes must meet a statutory standard. Under Article 51 of the Pensions (Northern Ireland) Order 1995, the scheme is required annually to uprate pensions attributable to service after 6th April 1997 by the lesser of the increase in the Consumer Prices Index or the applicable statutory percentage (5 per cent for service up to 6 April 2005 and 2.5 per cent for service after that date).

4. Consultation

4.1 There is no requirement to consult on this Order.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for this Order and, as they merely discharge the Department's statutory duty to increase the guaranteed minimum pension percentage, has concluded that they do not have significant implications for equality of opportunity. In light of this, the Department considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 This Order does not require a Regulatory Impact Assessment as it does not impose any new costs on business, charities, or voluntary bodies.

7. Financial Implications

7.1 None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department is content that this Order complies with section 24 of the Northern Ireland Act 1998 (Convention rights, etc.).

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain Order is the Guaranteed Minimum Pensions Increase Order 2026 (S.I. [XXXX/XXX]) which comes into force on [0th April 2026]. Parity of

timing and substance is an integral part of the maintenance of single systems of social security, child support, and pensions in line with section 87 of the Northern Ireland Act.