

Pensions News

Issue 2 August 2011

In Tynwald

No pensions Orders were approved by Tynwald in July 2011. Tynwald is in recess this month.

In Parliament

We are continuing to monitor the progress of the current Pensions Bill as it makes its way through Parliament, especially–

- those provisions accelerating the existing timetable for increasing the State pension age for men and women to 66 by April 2020; and
- changes to existing legislation providing for the revaluation and indexation of pensions,

both of which are likely to be applied to the Island after the Bill receives Royal Assent.

You can read more about the Bill on the UK Parliament website <http://services.parliament.uk/bills/2010-11/pensionshl.html>.

Abolition of contracting-out on a defined contribution basis

We have now drafted a legislation order (called the Pension Schemes Legislation (Application) (No. 2) Order 2011) which we intend to make applying to the Island the relevant provisions of four statutory instruments. Those instruments make further changes to pensions legislation in the Isle of Man consequential on the abolition of contracting-out on a defined contribution basis for pension schemes.



Department of Social Care

Rheynn Kiarail y Theay

The four instruments are –

1. the Pensions Act 2007 (Abolition of Contracting-out for Defined Contribution Pension Schemes) (Consequential Amendments) Regulations 2011 (S.I. 2011/1245);
2. the Pensions Act 2008 (Abolition of Protected Rights) (Consequential Amendments) Order 2011 (S.I. 2011/1246);
3. the Pensions Act 2007 (Abolition of Contracting-out for Defined Contribution Pension Schemes) (Consequential Amendments) (No. 2) Regulations 2011 (S.I. 2011/1247); and
4. the Pensions Act 2008 (Abolition of Protected Rights) (Consequential Amendments) (No. 2) Order 2011 (S.I. 2011/1730).

You can read the draft Order here [Draft Pensions No. 2 Order](#).

To help you understand what the effect of the changes will be, we can provide you with copies of the legislation as it will appear after amendment by the four instruments. Please contact Nick Gough email nick.gough@gov.im if you think this would be helpful to you.

We do not intend to formally consult on the draft Order, but we would be grateful for any comments or suggestions you might have about it.

You can find the four statutory instruments as they were made and more information about them on the United Kingdom Government's legislation website <http://legislation.gov.uk/uksi>.

Proposed changes to the State Pension in the UK

We have also been following the consultation going on in the UK on proposals to simplify the State pension there. You can find the consultation document on the DWP website <http://www.dwp.gov.uk/consultations/2011/state-pension-21st-century.shtml>.

The DWP has now published what people have said about their proposals. Most respondents were in favour of the proposal to combine the basic State Pension and the State Second Pension into one State pension, but there would need to be suitable transitional arrangements in place in the move from the current two tier pension to a one tier one. There was also a high level of support for a more automatic mechanism of increasing State Pension age than the current one, in particular to reflect changing life expectancies over time. However, providing an adequate period of notice of any change was felt to be necessary by many (suggested as being 10 years). You can read the whole summary of responses on the DWP website <http://www.dwp.gov.uk/docs/state-pension-21st-century-response.pdf>.

The DWP has not said what it will do next – only that it will consider the responses before making any decision to go ahead with any of the proposals.

The Finance (No. 3) Act 2011

The UK Finance (No. 3) Bill 2010-11 received Royal Assent on 19th July 2011. Part 4 of the (now) Act is concerned with changes to the rules for pension schemes under UK finance legislation. You might find section 65 and Schedule 16 relevant to you (which are concerned with benefits under pension schemes and in particular the concept of a minimum income in retirement). You can read the Act here <http://services.parliament.uk/bills/2010-11/financen3.html>.

Workplace pension reform in the UK

The DWP also published a call for evidence to prepare for automatic enrolment on the regulatory differences between occupational and workplace personal pensions in January this year. You can read the document here <http://www.dwp.gov.uk/consultations/2011/personal-pensions.shtml>. The DWP published its response to evidence received in June 2011 <http://www.dwp.gov.uk/docs/personal-pensions-consultation.pdf>.

Whilst there are no current plans to introduce automatic enrolment in the Isle of Man, there is some content which might prove interesting. In particular, there is some interesting discussion on the subjects of short service refunds of pensions held in occupational pension schemes and small pension pots.

Contact us

We hope that you have found this information useful. If you have any comments or queries about any of it please contact Nick Gough email nick.gough@gov.im.