

15 June 2015

Proposed changes to the Manx Social Security and National Insurance Systems

A Response Document

Issued by:
The Treasury
3rd Floor Government Office
Buck's Road
Douglas
IM1 3TX

Contents

Page

TABLE OF CONTENTS

(click on page number to go to section)

1. Introduction.....	1
2. Executive Summary	1
3. Responses	24
3.1 State pensions	24
3.2 National Insurance	56
3.3 New work based pensions	85
3.4 Working age benefits.....	94
3.5 Additional comments	131
4. Summary.....	136

1. Introduction

In March 2015, the Treasury issued a consultation, “Proposed changes to the Manx Social Security and National Insurance systems”; seeking views on future changes to our Social Security and National Insurance systems. The consultation supports the Manx Taxation Strategy 2013-2016 published in January 2013 by the Treasury Minister, Hon. Eddie Teare, MHK.

In all, 417 replies were received (368 from the electronic survey and 49 written); one of the largest responses the Treasury has received to a consultation. This document provides a summary of the comments made to each question raised in the consultation.

If exact wording has been replicated in responses it appears only once in the comments below. Where a company has been named in a response the named company has been anonymised. Some grammatical errors have been corrected, inappropriate language modified and comments not relevant to the consultation have been omitted.

The written responses (as opposed to the electronic survey responses) have been reviewed with relevant comments allocated to the question sections and a percentage allocated for agreement or otherwise to enable a statistical overall view of respondents’ opinions.

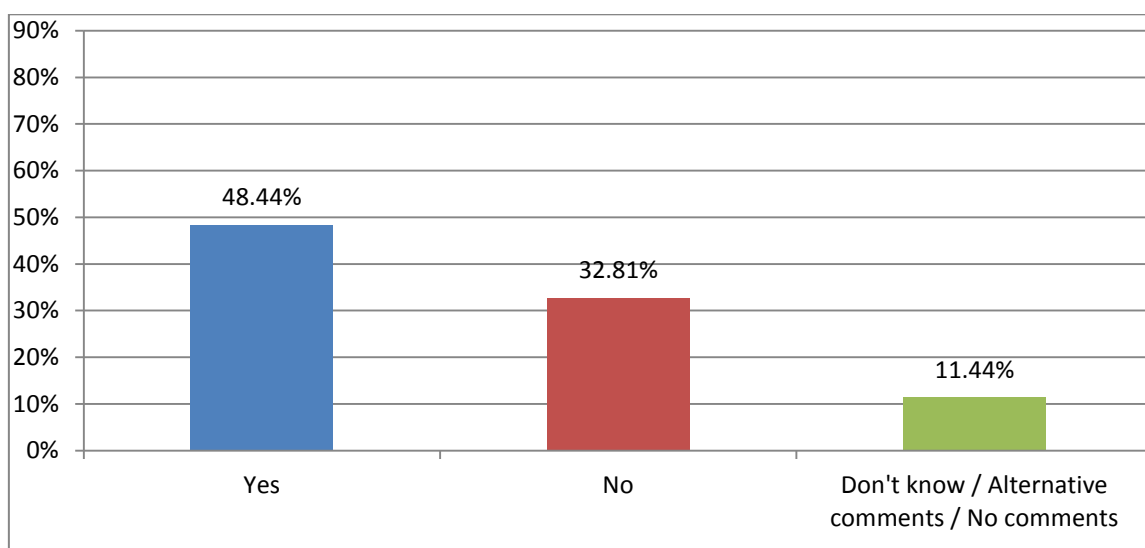
The Treasury would like to thank all respondents for the time and effort that has been put into replying to the consultation.

2. Executive Summary

State pensions

Question 1.14 (a)

Do you think that the Isle of Man should have its own state pension arrangements, separate from the UK’s?

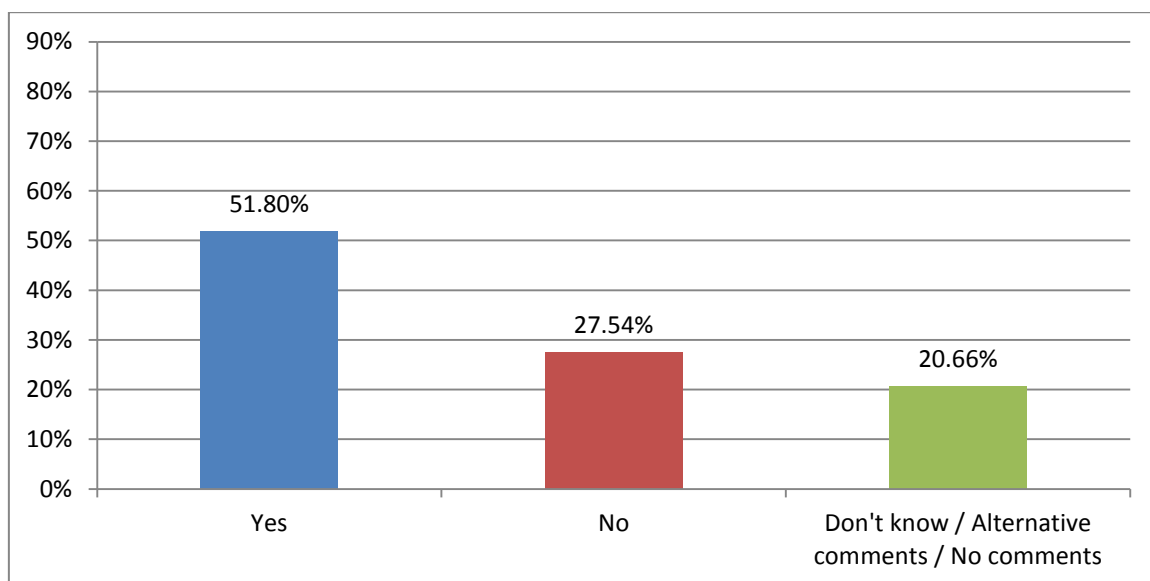


While 48.5% of respondents were in favour of the Isle of Man having its own state pension arrangements, the following themes can also be seen in the responses:

- The IOM is too small to operate a wholly separate scheme – some or all of the UK’s systems should be used instead.
- Its own scheme would be in the IOM’s interests but it must not impact on competitiveness or ease of transfer to and from the UK.

Question 1.14 (b)

Do you think that £180 per week is a fair amount? Do you think that we should move to a single-element, flat-rate pension?

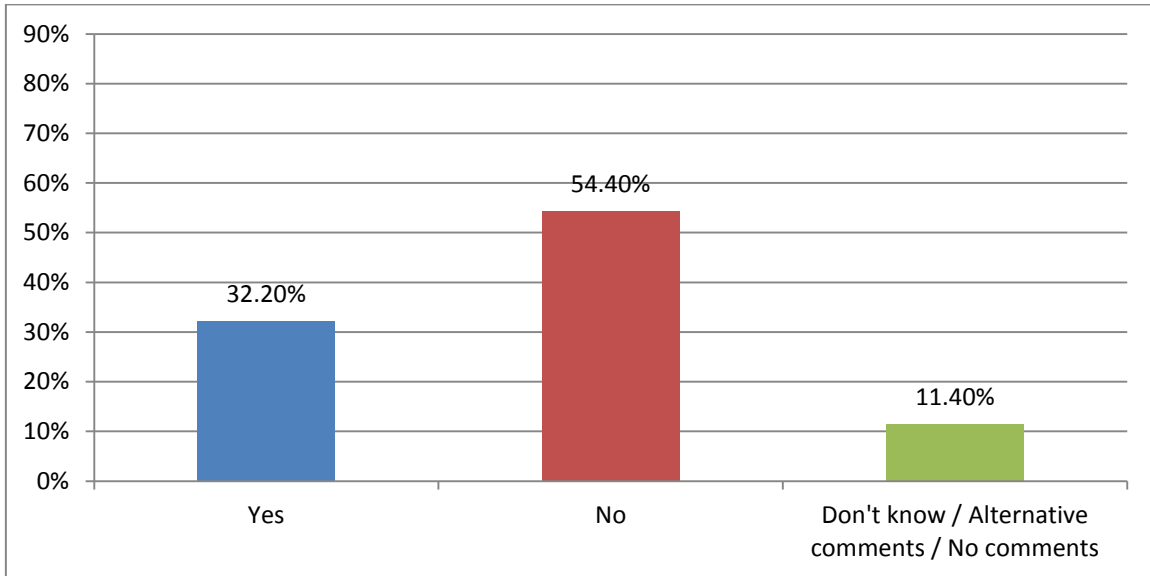


A clear majority of respondents supported a single-tier pension at around £180 per week. The number of alternative comments reflected people who approved of only one part or the other. Detailed comments generally covered the following themes:

- The amount payable really needs to be both affordable for the scheme and adequate for the recipient’s needs.
- Targeting a pension level above that of the UK might be unaffordable.
- A single-tier, simpler scheme would be beneficial for the IOM.

Question 1.14 (c)

Do you think it is fair that people will need at least 45 qualifying years for a full state pension?

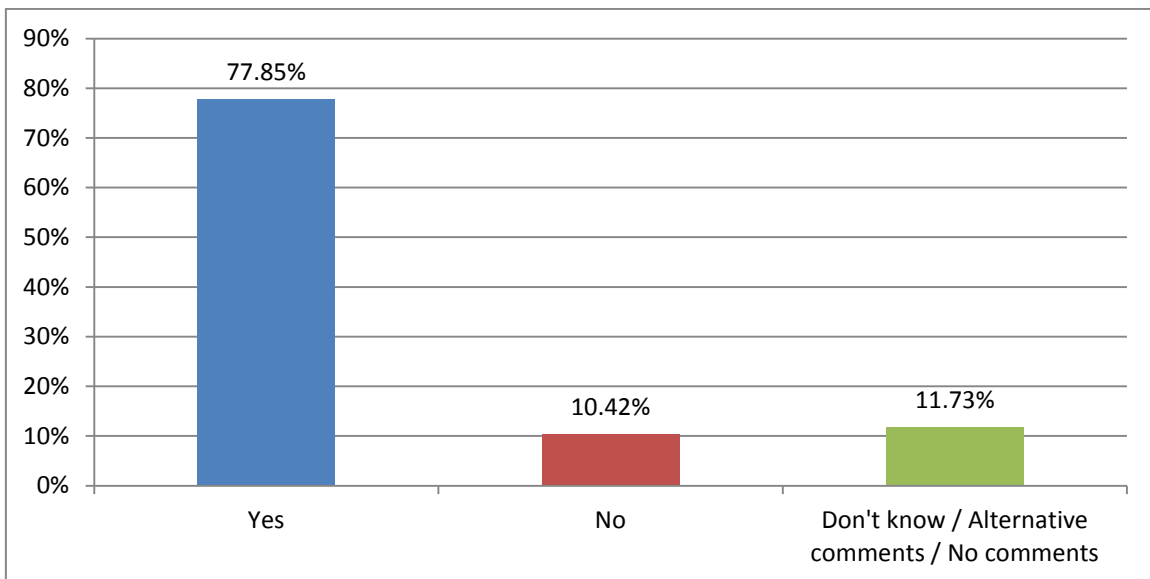


A majority of respondents were opposed to a pension based on 45 years of contributions. The comments followed these general themes:

- There was wide concern that carers (of children or elderly relatives) or those whose jobs had a long training/educational requirement might not earn a full pension.
- There was concern that a higher number of qualifying years than the UK might affect people's desire to work in the IOM.

Question 1.14 (d)

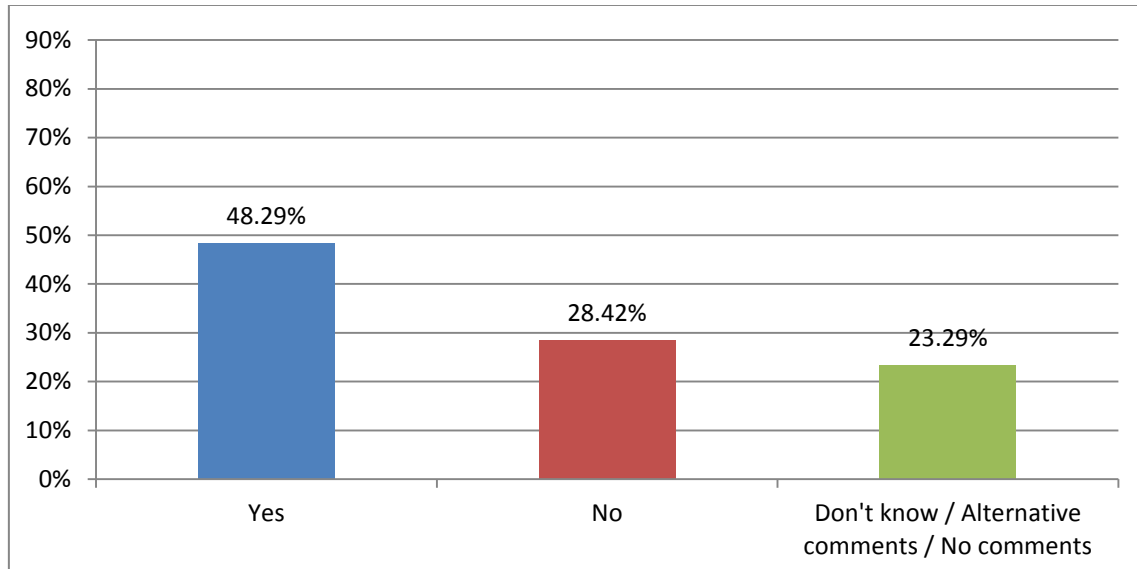
Do you think it is fair that people will need at least 10 qualifying years for any state pension?



There was wide support for a minimum ten year qualification period although some of the comments revisited concerns expressed in 1.14 (c) about access to pensions for carers and those who are employed in a large organisation but who are transferred to the IOM for a period of less than 10 years.

Question 1.14 (e)

Do you think that the pension supplement should be phased out for new pensioners over 20 years?

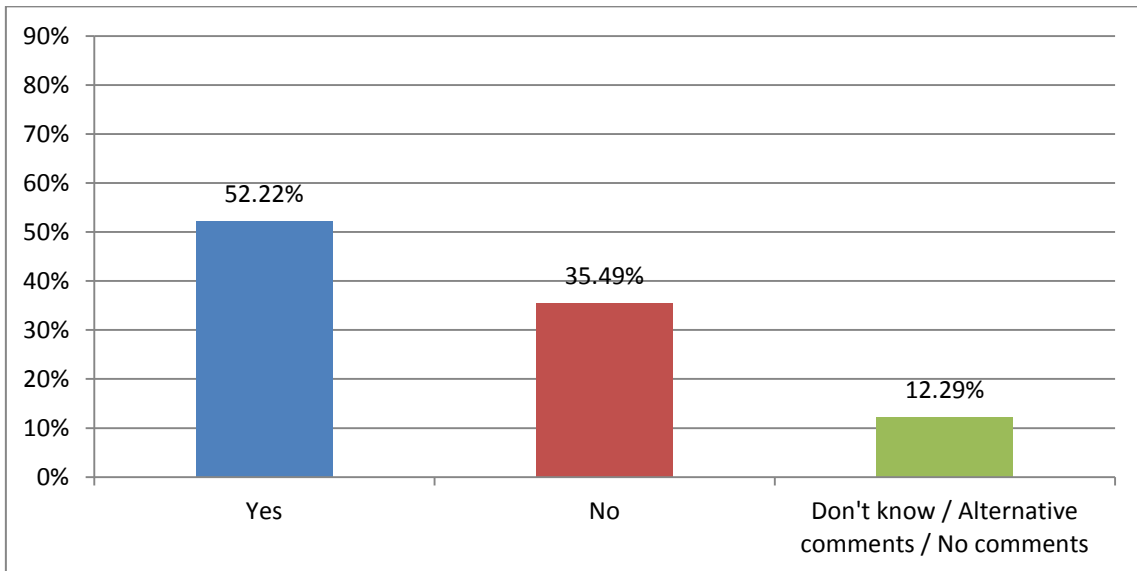


While there was a majority in favour from those who felt able to answer, there were a large number of 'don't know/no comment' responses. Some themes were:

- 20 years is too long – it should be phased out sooner; or
- The supplement is a bonus and ought to be phased out immediately.

Question 1.14 (f)

Do you think the Isle of Man should determine its own state pension age?

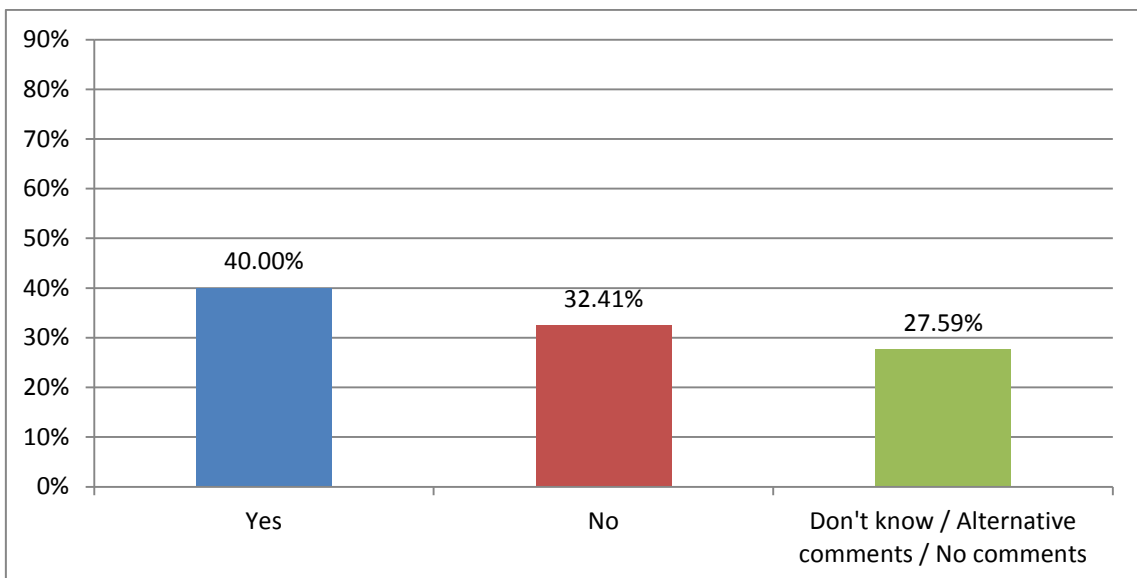


A majority were in favour of the IOM setting its own pension age but the following concerns were expressed:

- Having a separate, higher pension age might restrict worker immigration to the IOM.
- Setting an IOM pension age would require accurate information about Manx life expectancy.

Question 1.14 (g)

Do you think that the period spent in retirement, on average, being set at no more than one-third of working life in the Isle of Man is fair?

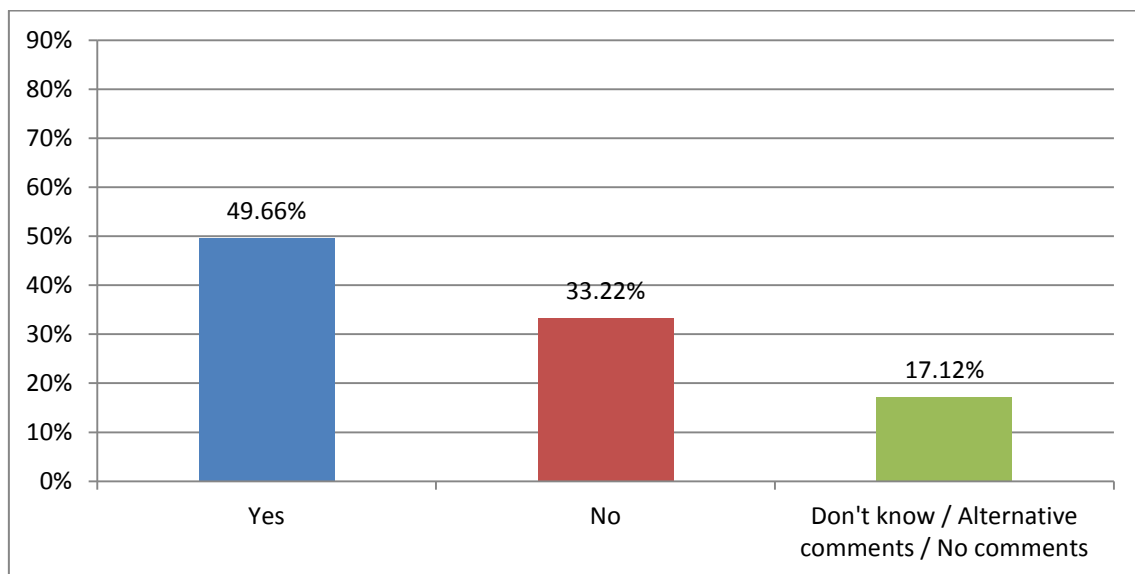


The responses were very much split on this question and the comments included the following themes:

- Concerns over the availability of jobs for both young people and the people who might otherwise have retired.
- Health concerns for those who have to continue to work.
- Questions about how this could be calculated for the IOM.

Question 1.14 (h)

Do you think that annual increases in the state pension should be linked to rises in average earnings on the Island?



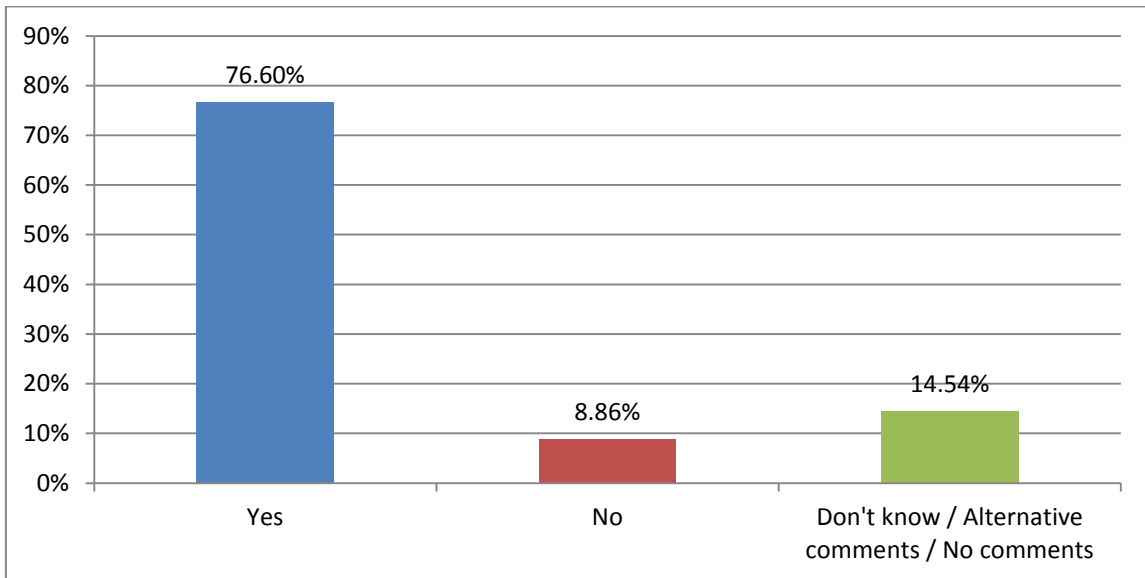
While most respondents (who expressed a preference) agreed that a link between average earnings and pensions was acceptable there was a consistent response in the comments that inflation would be a fairer index.

The comments covered the following themes:

- Pension rises should be linked to either CPI/RPI or a fixed 'basket' of goods and services relevant to pensioners.
- There is no accurate average earnings index. Should pensions fall if this index were to decrease or would there be a 'lock' at 0%?

Question 1.20

Do you agree that any replacement for the current reciprocal agreement should as far as possible preserve the features that make it simple to move between the UK and the Isle of Man?



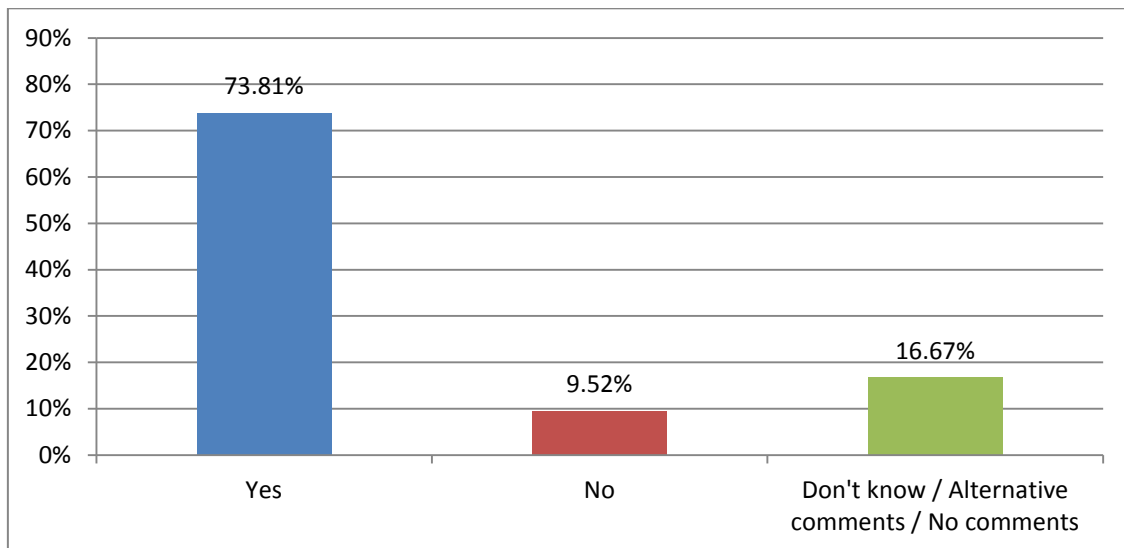
The common themes which emerged were:

- The UK RA is important to the Island.
- We must not restrict movement of individuals between the UK and IOM.
- The Island must remain a competitive place to do business.

National Insurance

Question 2.2

Should the Isle of Man retain its current NI contribution system?

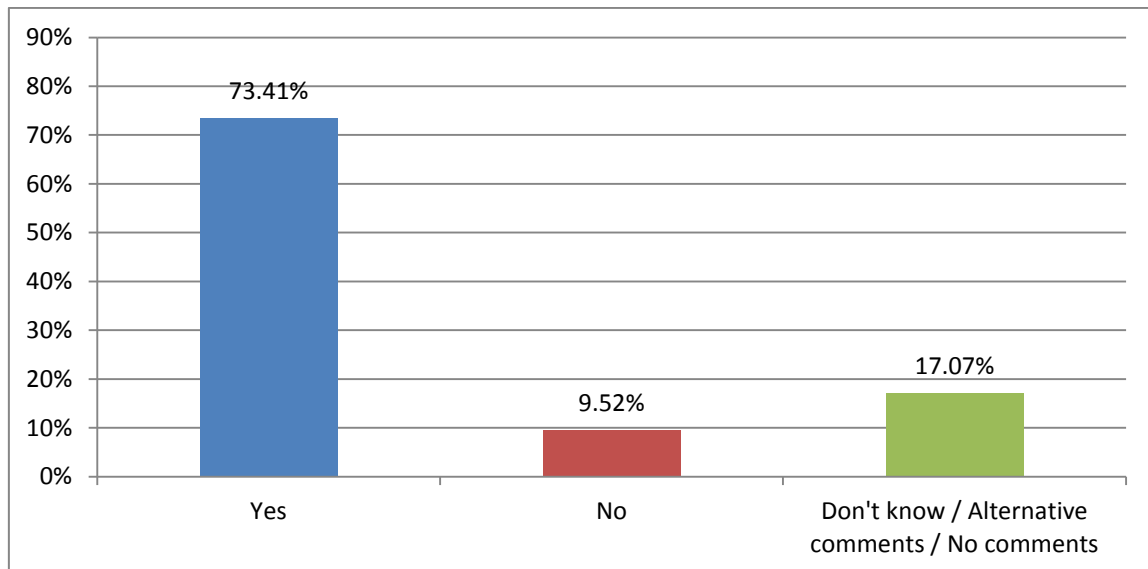


The majority of respondents were in favour of keeping the current scheme but some suggested that it could be simplified.

Some concerns were raised that if we had a different system from the UK this could lead to increased administration costs.

Question 2.5

Should self-employed people pay the same rate of contributions as employed workers to get the same state pension and benefits as employed workers?

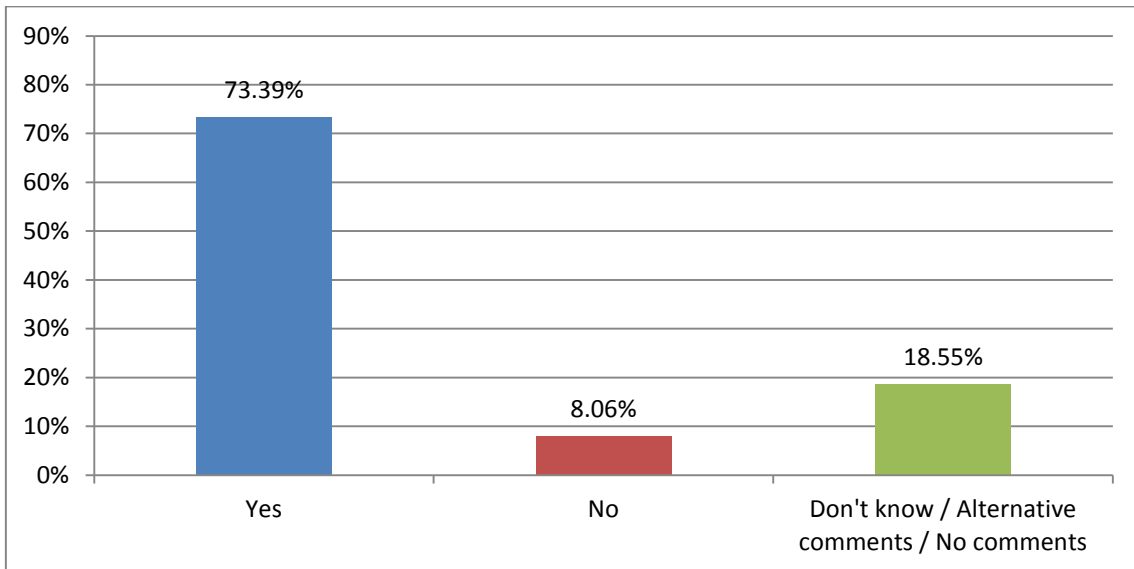


The majority of comments agreed that the self-employed should pay the same NI as those employed if they are to receive the same benefits.

Concerns were expressed about how this would work in practice and that consideration should be made for fluctuating income levels and that the Island's competitiveness should not be affected.

Question 2.7

Should Treasury review the NI system for low paid workers to ensure that it minimises the opportunities for those not in genuinely low-paid work to avoid paying a fair contribution to the NI Scheme?

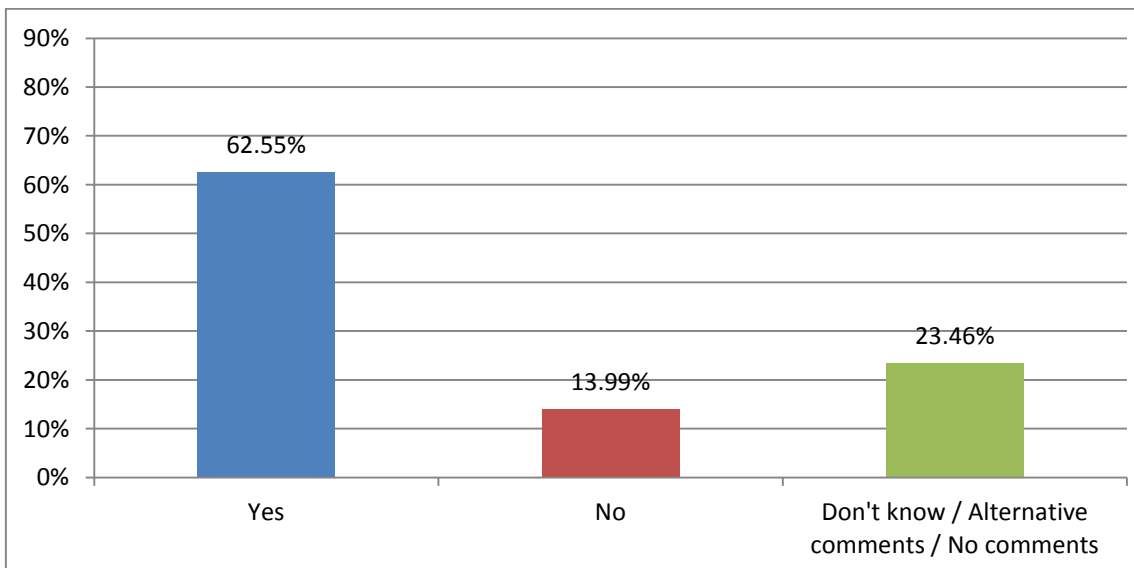


The common themes were:

- All avoidance should be tackled.
- National Insurance contributions could be extended to other forms of income.
- Benefits should be linked to contributions paid.

Question 2.9

Do you agree that contracting out should end if the new Manx pension is adopted?



Most comments were in favour of contracting out ending should a single tier pension be adopted; although employers with schemes commented that they should be given sufficient time to change.

Concerns were raised about the Island keeping contracting-out after the UK ends it from April 2016.

Question 2.11

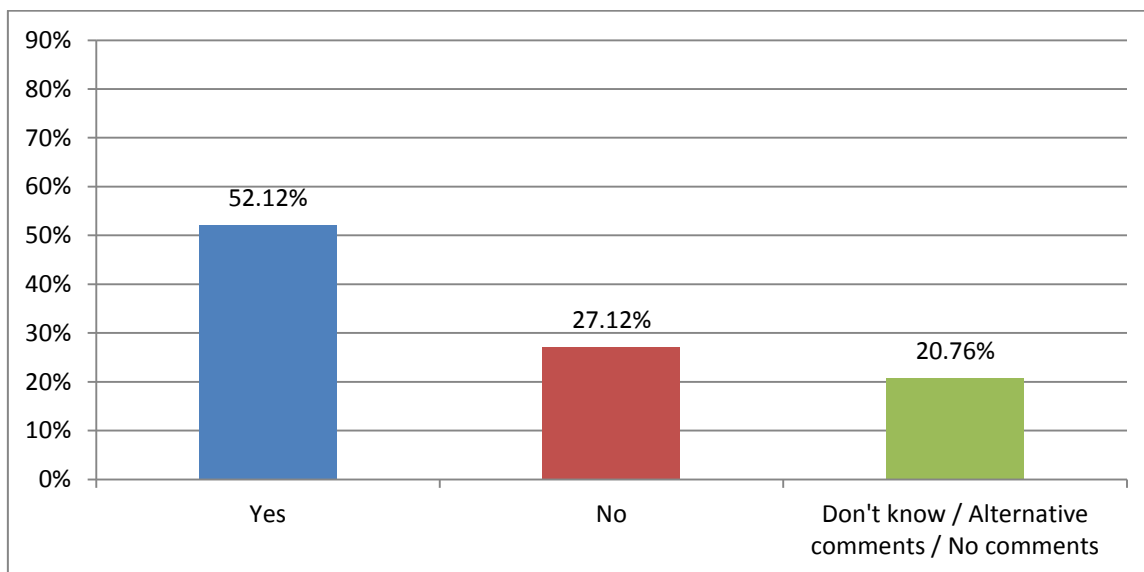
Which other aspects of the current NI scheme would you simplify?

Many different opinions were expressed, but several common themes emerged:

- The thresholds and limits should be removed and rates simplified.
- Combine NI with income tax.
- The NI and income tax treatment of pay should be the same.

Question 2.13 (a)

Should employers be encouraged to take on older people?

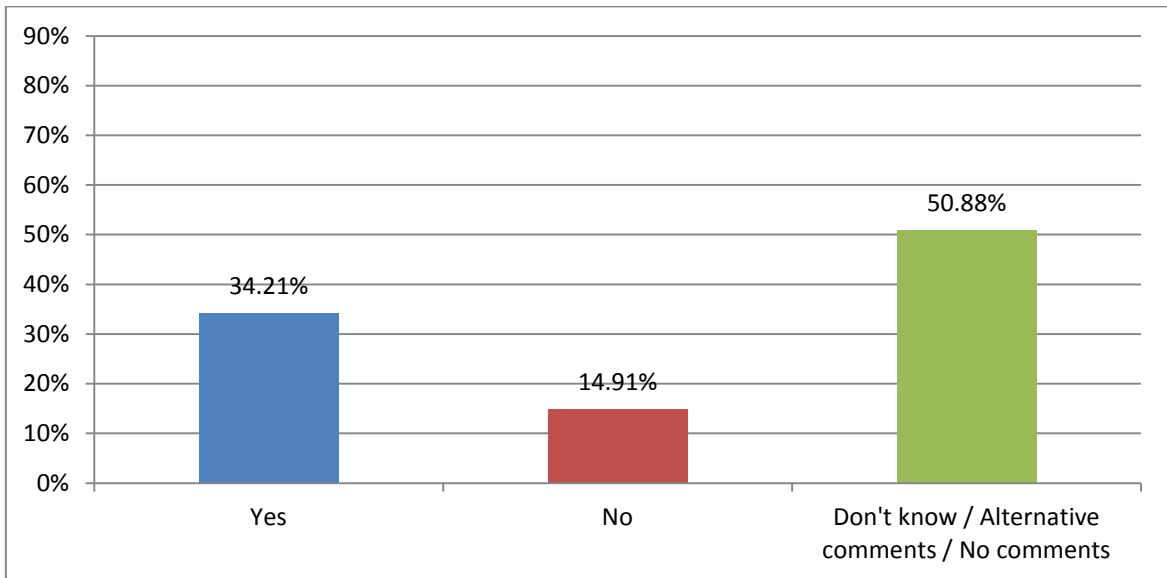


Opinion on this topic was divided with the following themes emerging:

- Encouraging older people to stay in employment could affect the ability of younger individuals to enter the job market.
- Some occupations are not suitable for older workers.
- Some employers stated that the best person will always be employed regardless of any incentives offered.

Question 2.13 (b)

Are there any other groups of people who would benefit from a similar incentive?



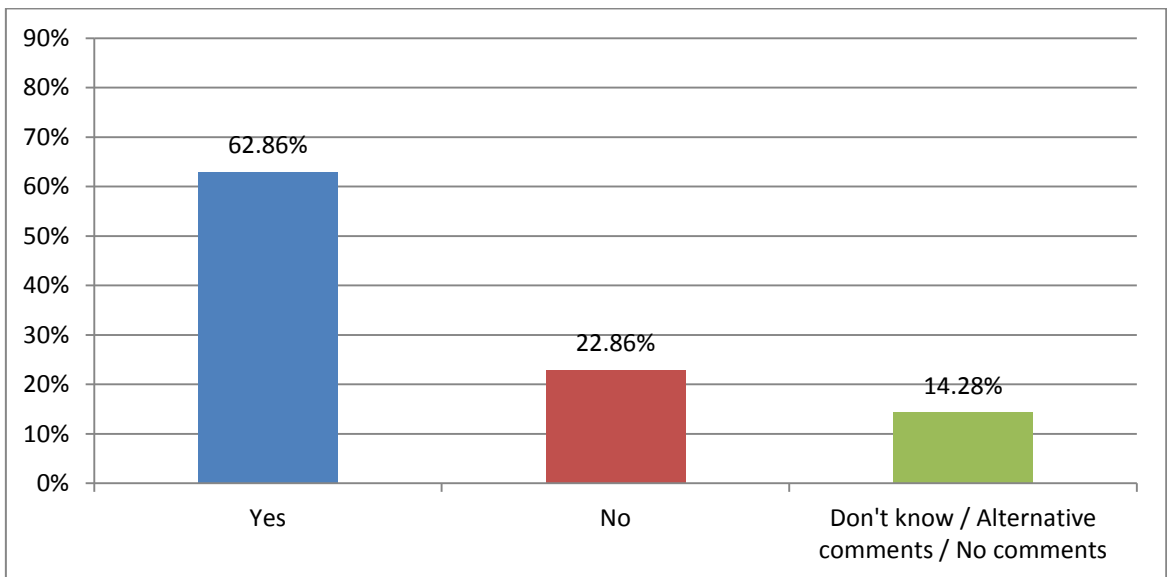
Comments received :

- Help should be targeted at the young and disabled.
- Training should be provided to help people find employment.
- Some respondents felt that reducing NIC was not an appropriate way to incentivise employment.

New work based pensions

Question 3.7

Should the Government introduce a compulsory scheme for people without workplace or personal pensions?



The comments received reflected the complexity of this issue, and while many individuals supported it concerns were raised over:

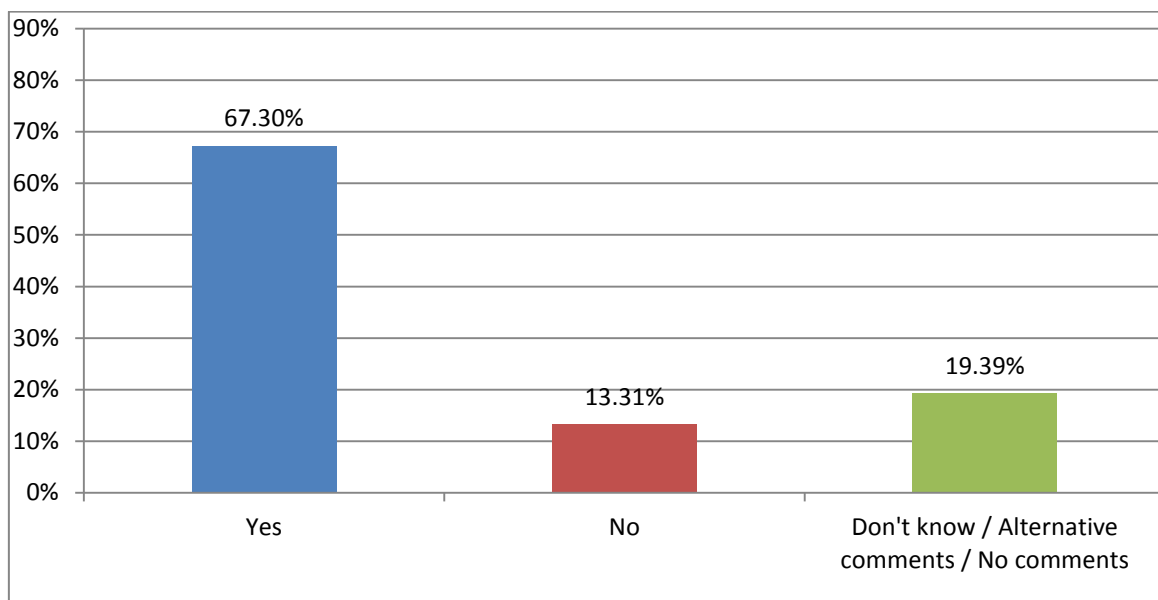
- The administration and costs of any scheme to both employers and employees.
- Affordability for individuals on low incomes.
- The effect on other types of pension schemes.
- How the self-employed would be covered.

Working age benefits

Note: a number of written respondents did not answer the working age benefit questions. Their responses have been included within 'no comment' for the purposes of the following graphs.

Question 4.6 (a)

Do you agree with the idea of the New Manx Benefit?

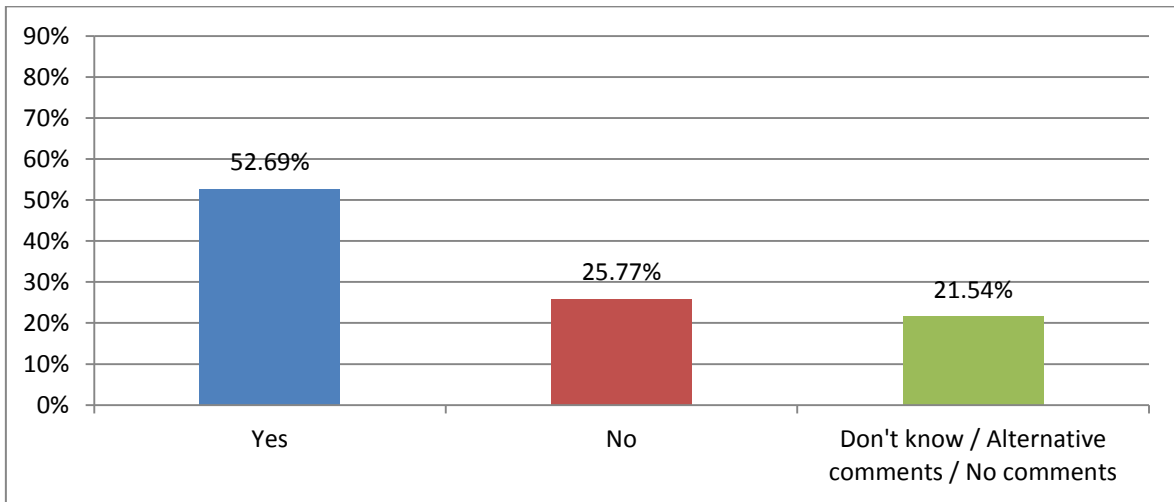


There was a clear majority in favour of a New Manx Benefit and the comments generally reflected issues about the detail of any scheme such as

- The desirability of simplification.
- The need to reduce dependency.
- Protection for those on the lowest incomes.
- Consideration of a basic level of income.
- Concerns over the problems encountered in the UK move to Universal Credit.

Question 4.6 (b)

Should there be entitlement to the New Manx Benefit for a limited period on a contribution-based, non-means tested basis?

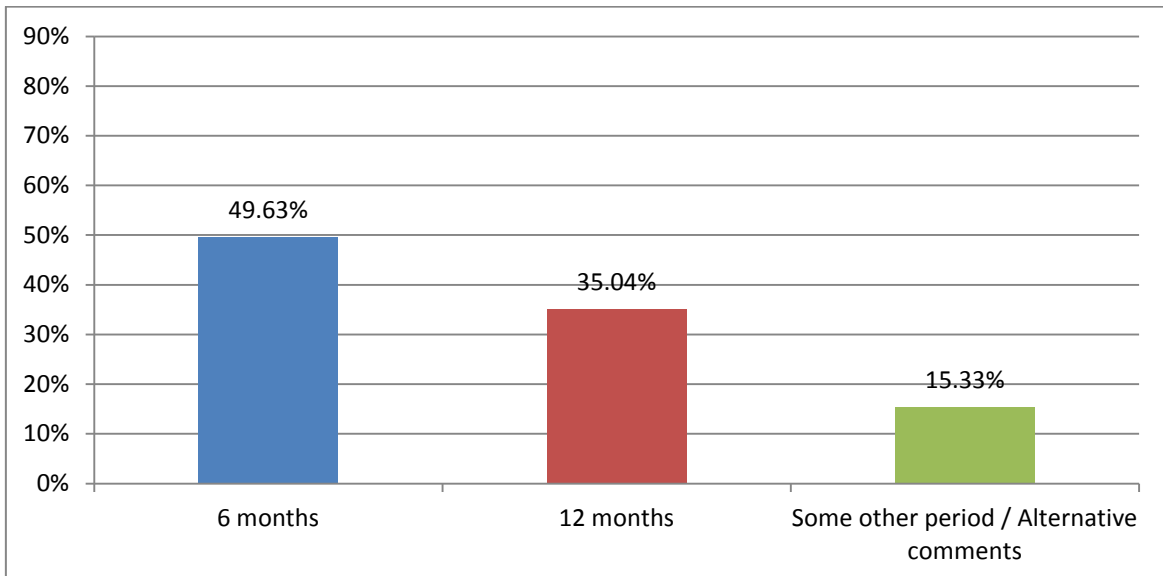


Responses were generally in favour of some period of contribution-based entitlement with additional comments around the themes of:

- Minimum payment levels.
- Receiving some payment to reflect what you have 'put in'.
- Payments in accordance with need/circumstances.

Question 4.6 (c)

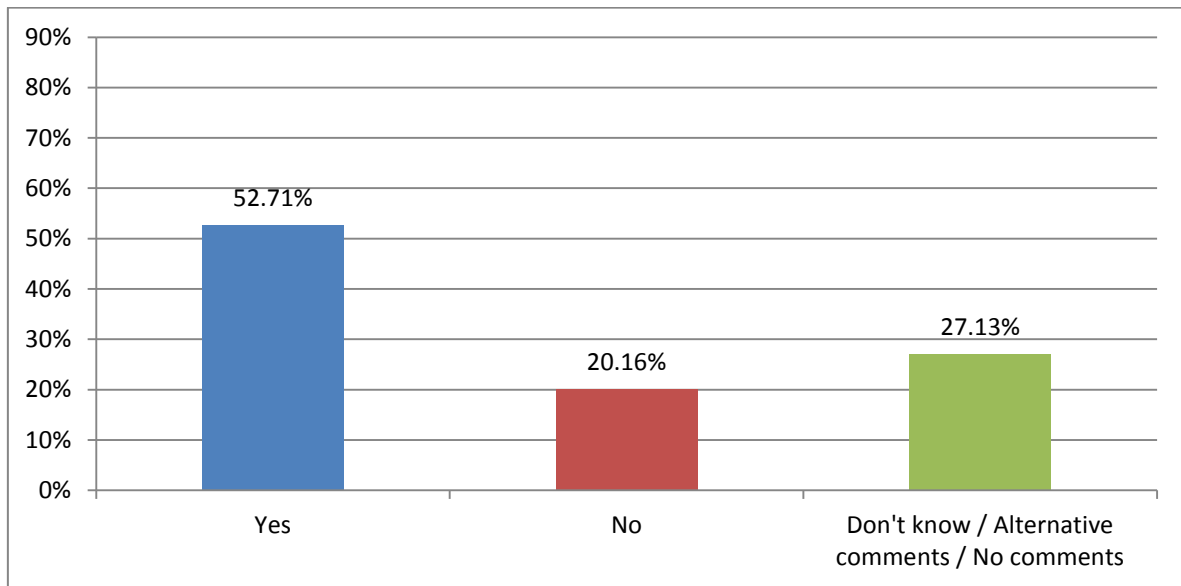
If so, what should that period be – 6 months, 12 months or some other period?



There was support for a 6 month contribution based period but alternatives offered in the comments included: 3 months (7 responses) 24 months (1); 5 years (1); and 'dependent on personal circumstances' (3)

Question 4.6 (d)

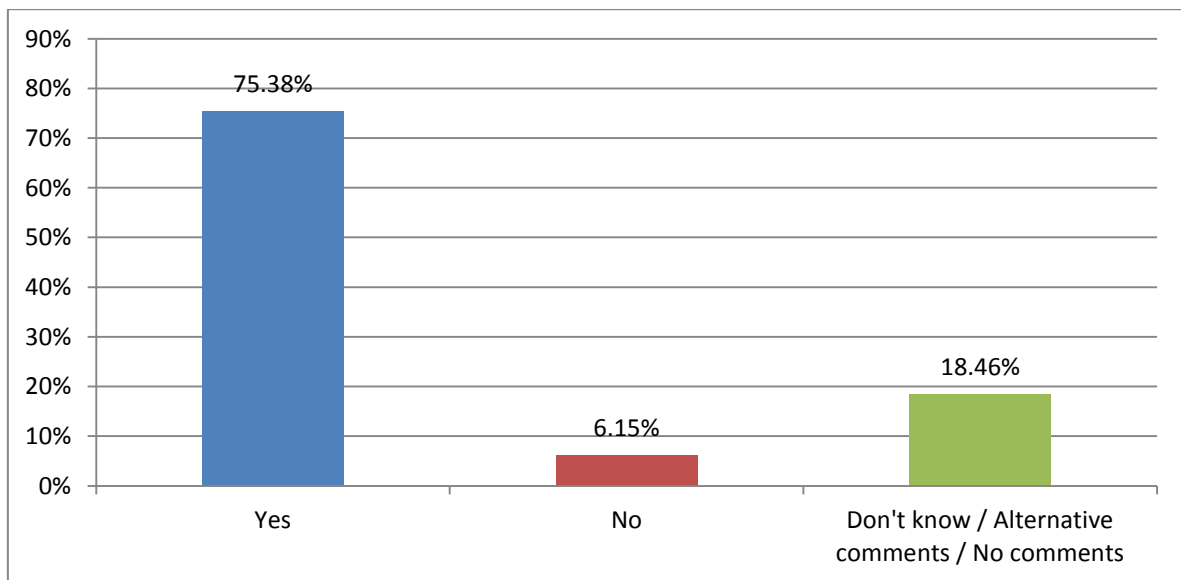
Should the same benefit be used to support people in and out of work?



There was a majority in favour of using a single benefit.

Question 4.6 (e)

Do you think that all working age benefit claimants should have to sign up to a clear statement about their obligations?

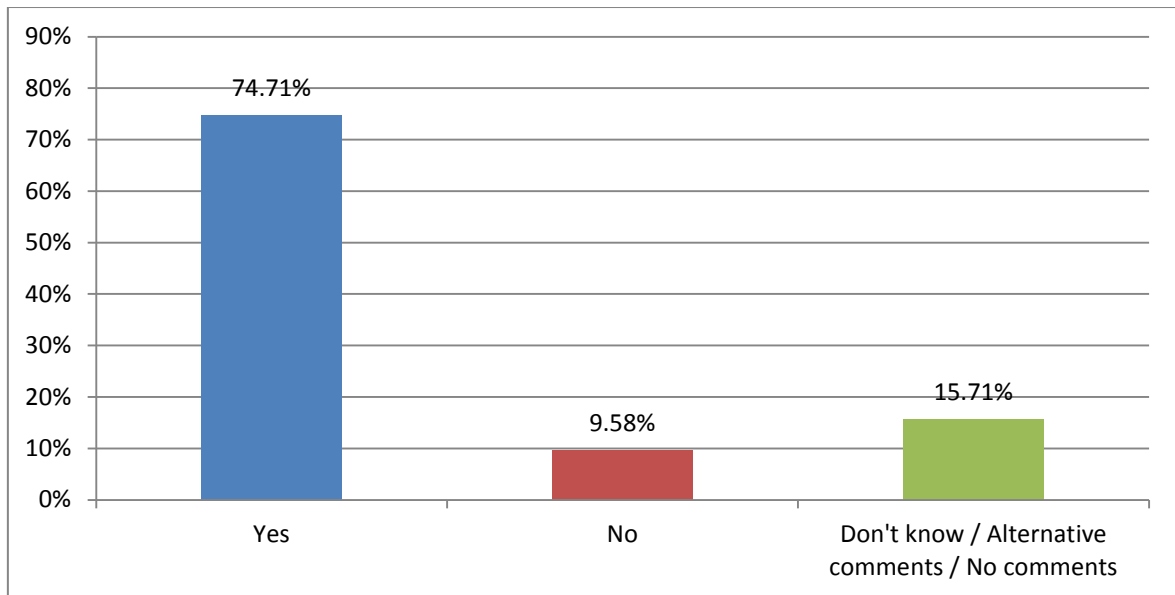


Most responses were in favour, with additional comments made relating to:

- The need to avoid bureaucracy.
- The need to protect long-term disabled and carers.
- The possibility of community work.

Question 4.6 (f)

Do you think it is fair that benefit claimants who fail to meet commitments should have their benefits reduced, or even stopped?

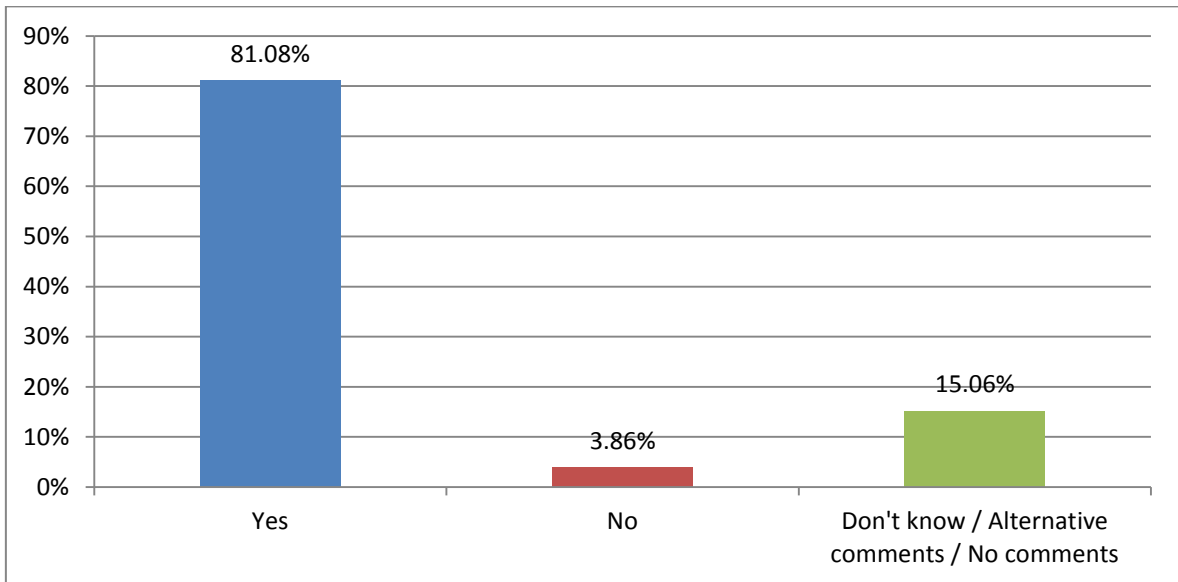


While there was a clear preference for increasing sanctions for claimants who did not meet their commitments, this question attracted a number of detailed comments. The themes of these comments included:

- The need for safeguards and warnings before sanctions.
- Protection for the disabled.
- The need to ensure that benefits are not a lifestyle choice.
- Concerns that we would import the UK system 'wholesale'.
- The possibility of increasing levels of sanctions.
- The need for a defined minimum level of support.

Question 4.9 (a)

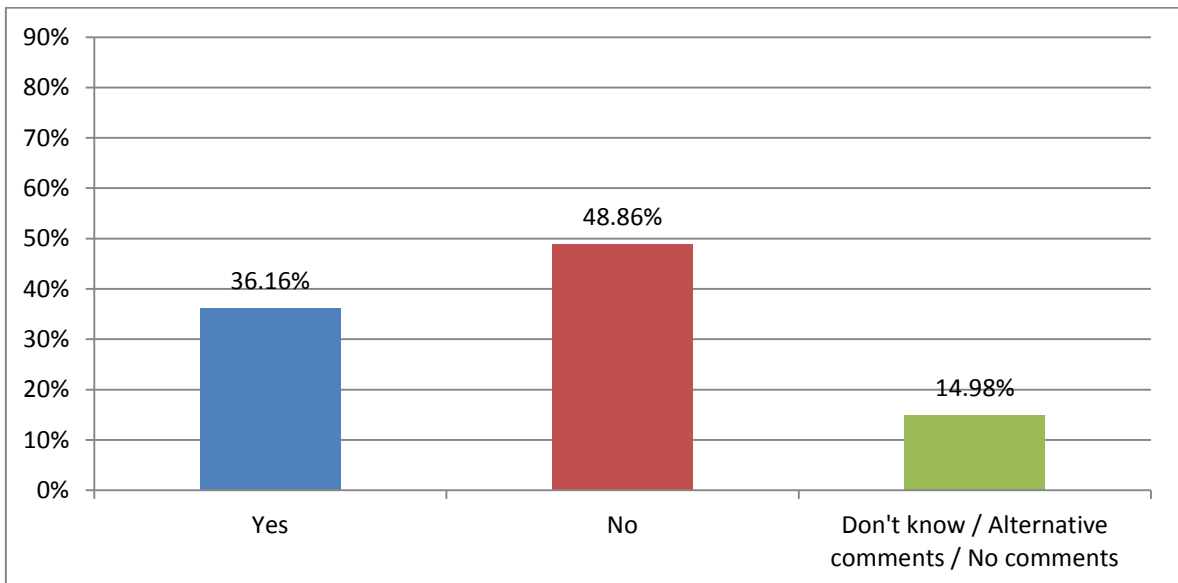
Do you agree that our reforms should strengthen checking of those claiming benefits to ensure they follow the rules?



There was strong support for the strengthening of checking on claimants continuing eligibility.

Question 4.9 (b)

Do you agree that we should introduce regular checks/tests for those receiving benefits?

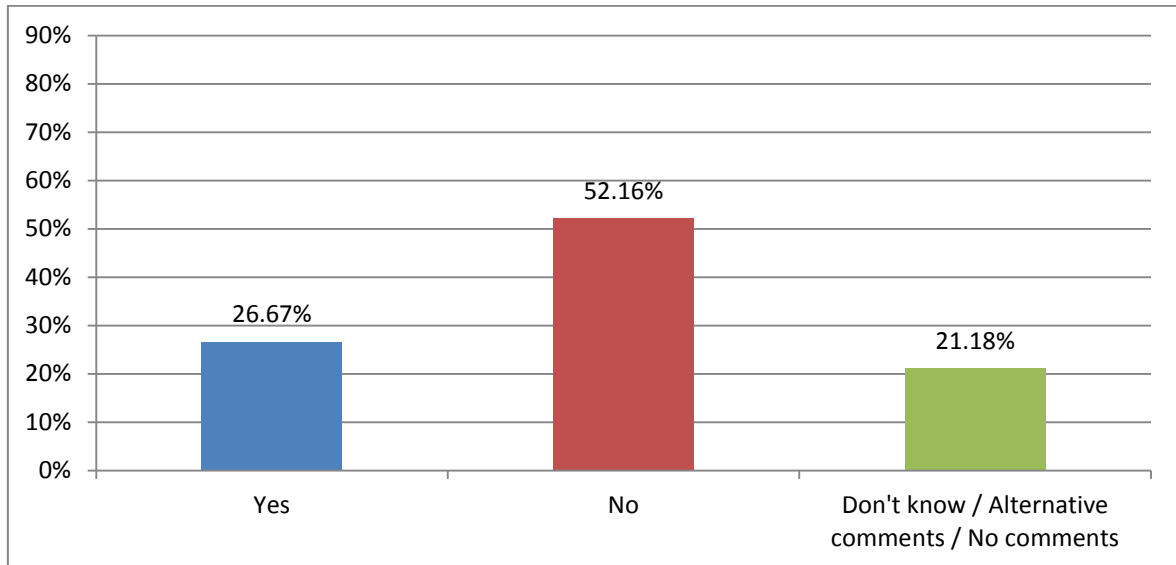


Despite supporting stronger checks, respondents were more reluctant to make these 'regular' for all claimants. The themes of comments were:

- Check only where there is concern about a breach.
- Cost of checking must be lower than any savings.

Question 4.9 (c)

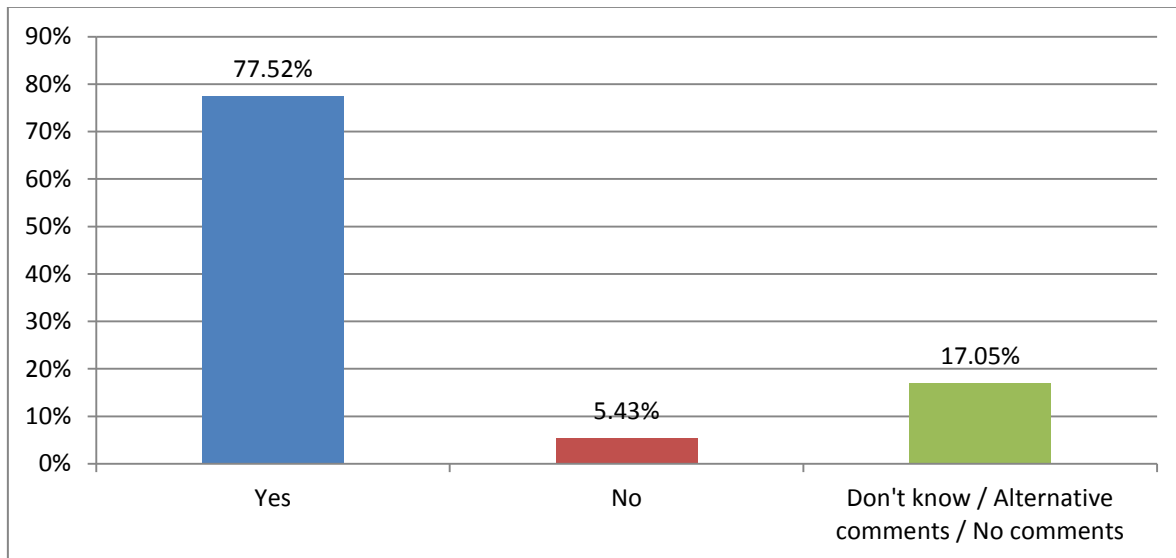
Are there any benefits which should be exempted from increased checking?



While a majority considered that there should be no exemptions, most of the comments reflected that the exemptions sought by 'yes' responders related to disability claims.

Question 4.9 (d)

Should there be a 'better off in work' guarantee?

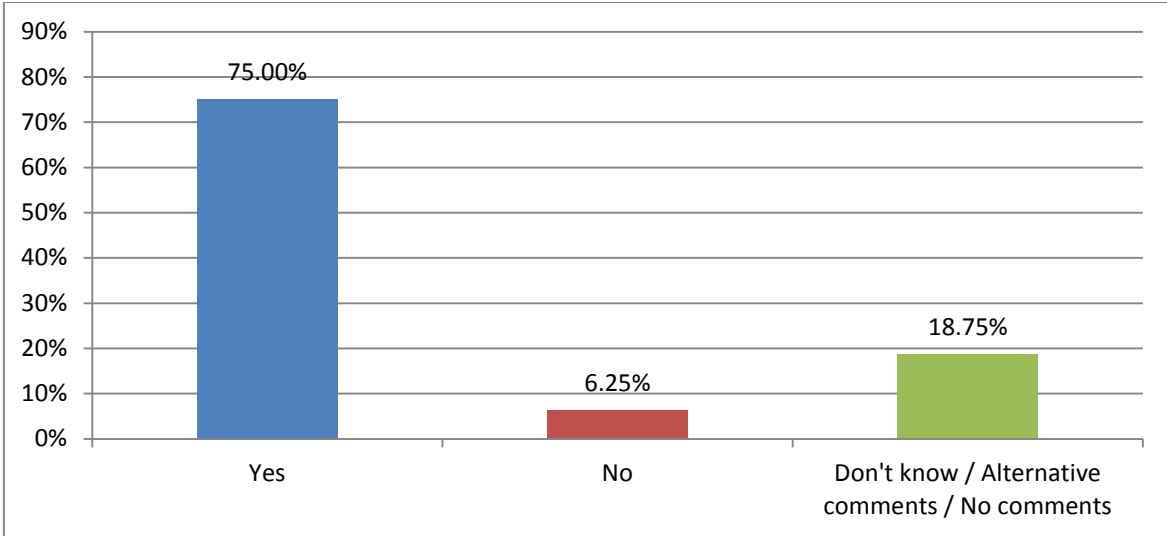


A significant majority supported the better off in work guarantee (with few outright 'no' votes). The general theme of the comments included:

- Full-time employment should always pay better than benefits.
- Childcare costs for working mothers would need to be considered.

Question 4.9 (e)

Should there be an 'Isle of Man offer' with loss of benefit for long-term unemployed who decline to take up work?

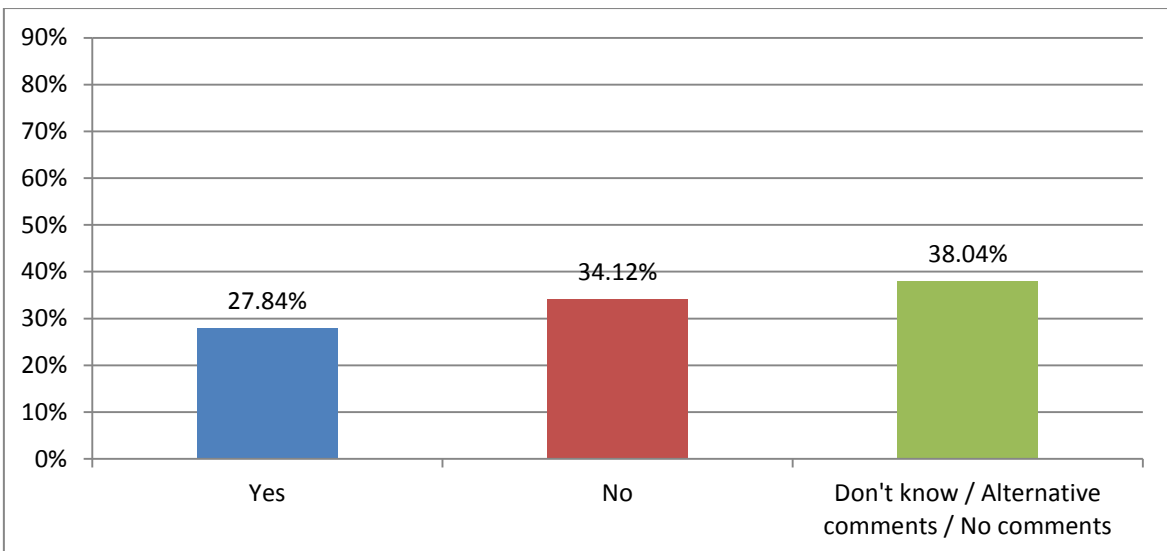


A significant majority supported the concept with a number of additional comments whose themes included:

- Those who can work should work.
- The system would need to be fair.
- The suitability and availability of jobs should be taken into consideration.

Question 4.11 (a)

Do you agree that passported benefits are properly targeted?



The large 'don't know/no comment' element was further reflected in the eight comments received.

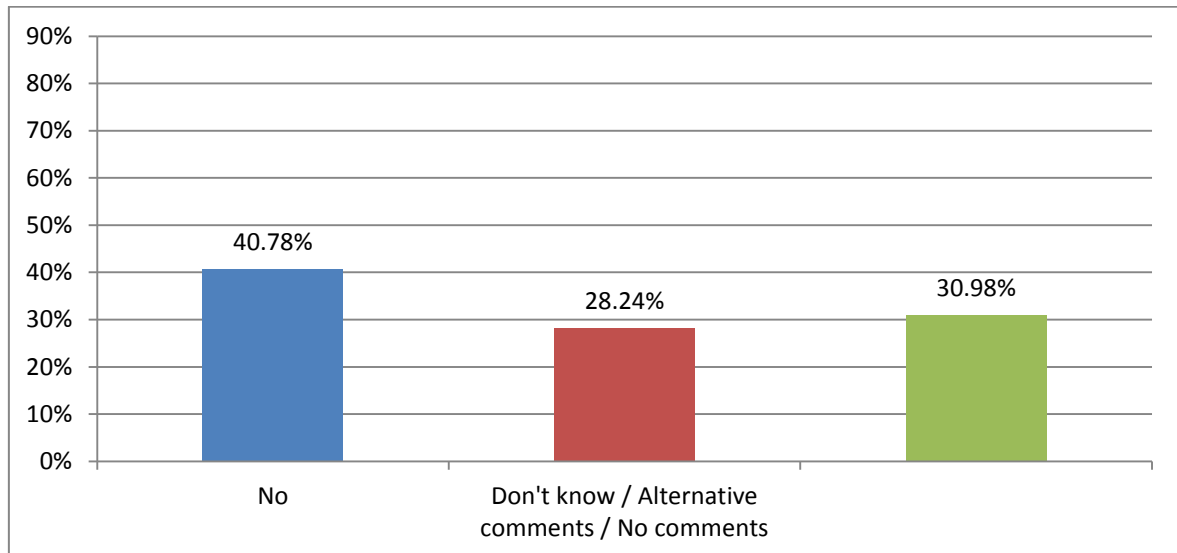
Question 4.11 (b)

If not, why not?

Comments contained in other answers.

Question 4.11 (c)

Should passported benefits continue?

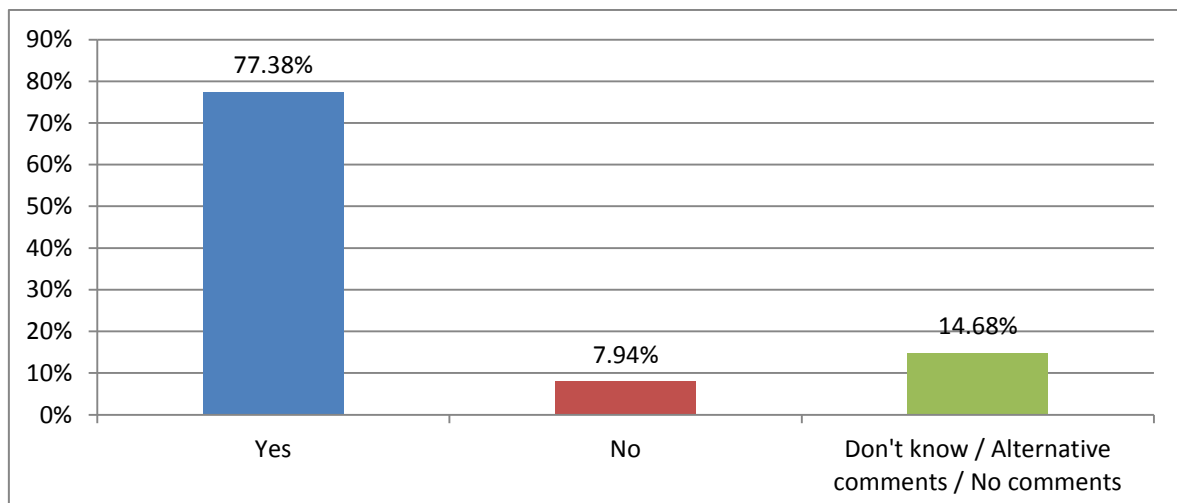


While respondents were uncertain about whether passported benefits are effectively targeted there was more certainty (but no majority) that they should not continue. Comments covered the following themes:

- Benefits should reflect needs. There should be no blanket assumptions that one benefit automatically gives rise to others.
- Cliff edges should be removed to ensure work pays.
- Passported benefits should be subsumed into the New Manx Benefit.

Question 4.13 (a)

Should there be a benefit cap for individuals?

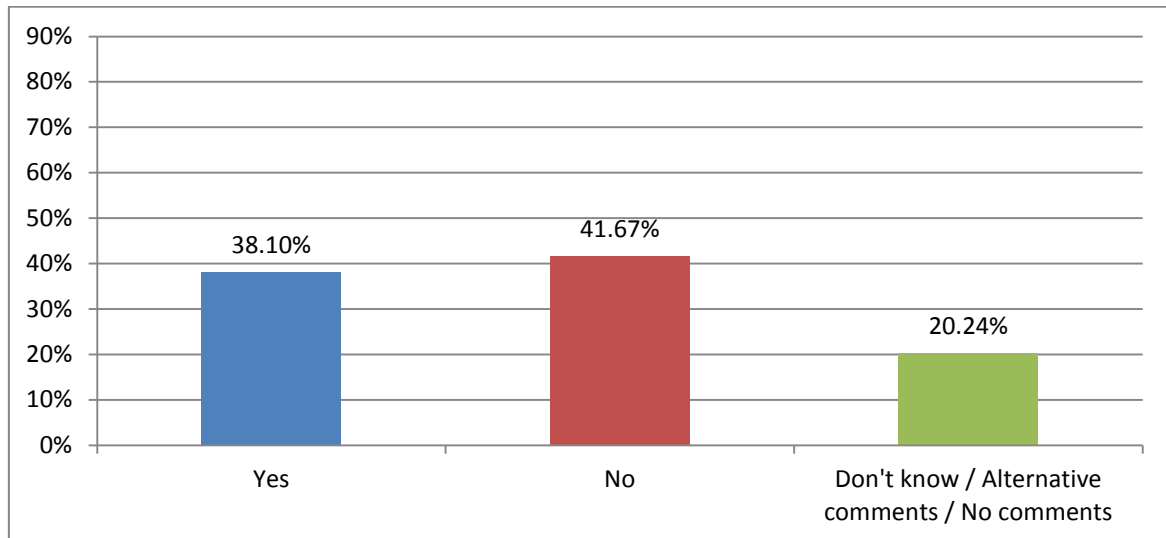


An individual benefit cap was widely supported by respondents. Comments generally covered the reasons why with two main themes:

- People on welfare should not be better off than those in work.
- The level of any cap must reflect a realistic level of support.

Question 4.13 (b)

Do you think that pensioners, the disabled and people who work for at least 16 hours a week should be exempt from the cap?

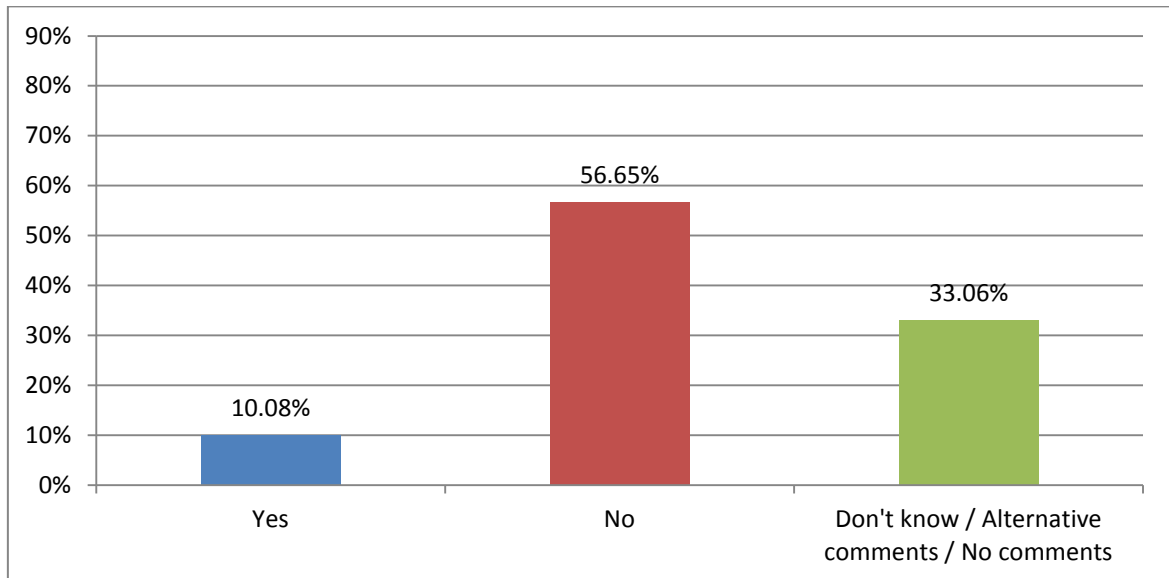


While a small majority supported the idea that there should be no exemptions for these groups (as there is in the UK), the comments indicated that the answer may have been different if the question had asked about each group separately.

Commenters supported exemptions for pensioners and the disabled.

Question 4.13 (c)

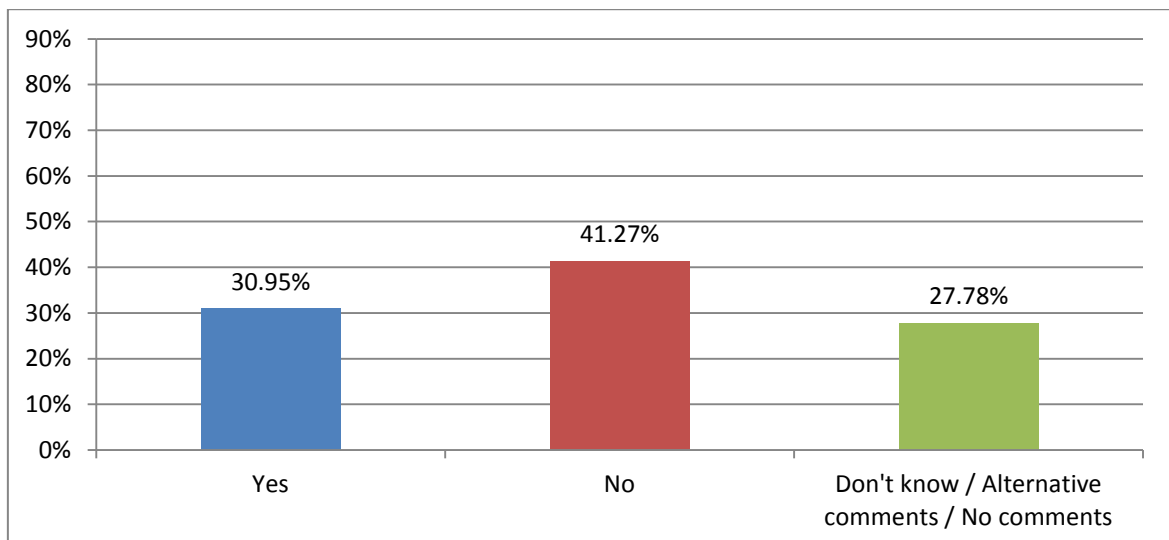
Do you think that any other groups should be exempt from the cap?



While there is a clear majority for no further exemptions, respondents used the comments to indicate which groups ought to be exempted which focussed on pensioners, the disabled and the chronically sick.

Question 4.13 (d)

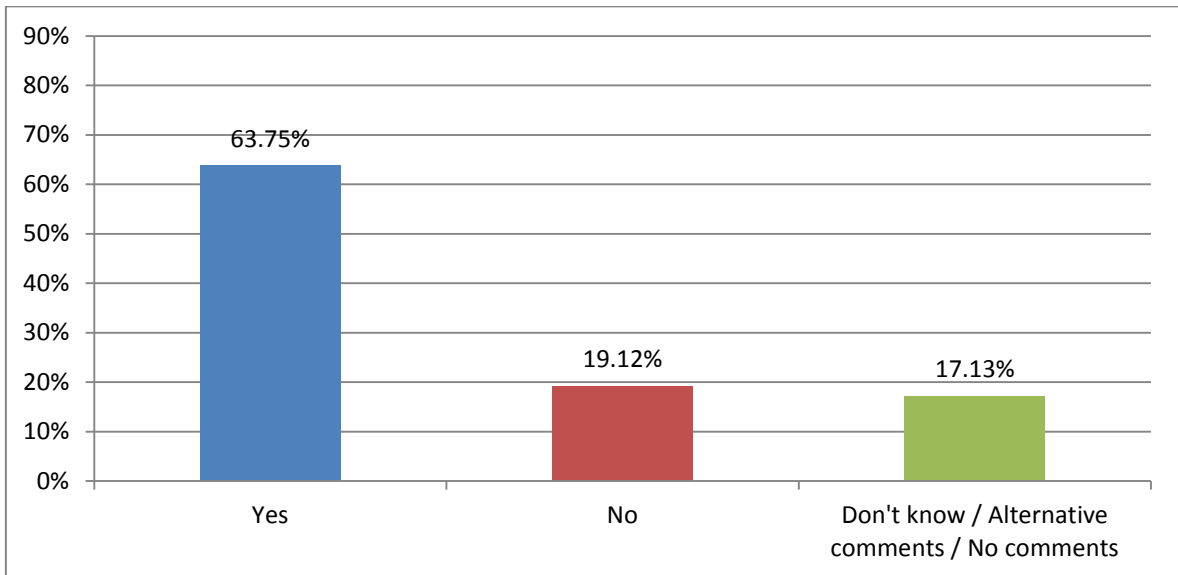
Do you think that an Isle of Man benefit cap should be at the same level as in the UK?



Respondents recognised the different cost of living in the Isle of Man and supported the concept of a benefit cap that reflected this difference. However, some respondents held that £26,000 p.a. was far too high.

Question 4.13 (e)

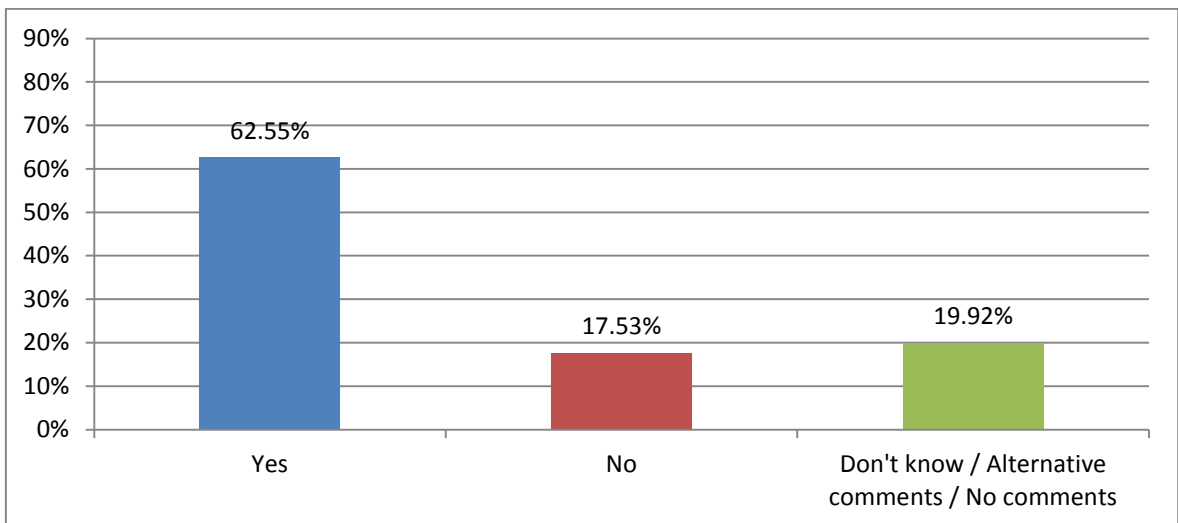
Do you think that child benefit should be included in the cap?



Respondents clearly consider that all benefits should be included in the cap.

Question 4.13 (f)

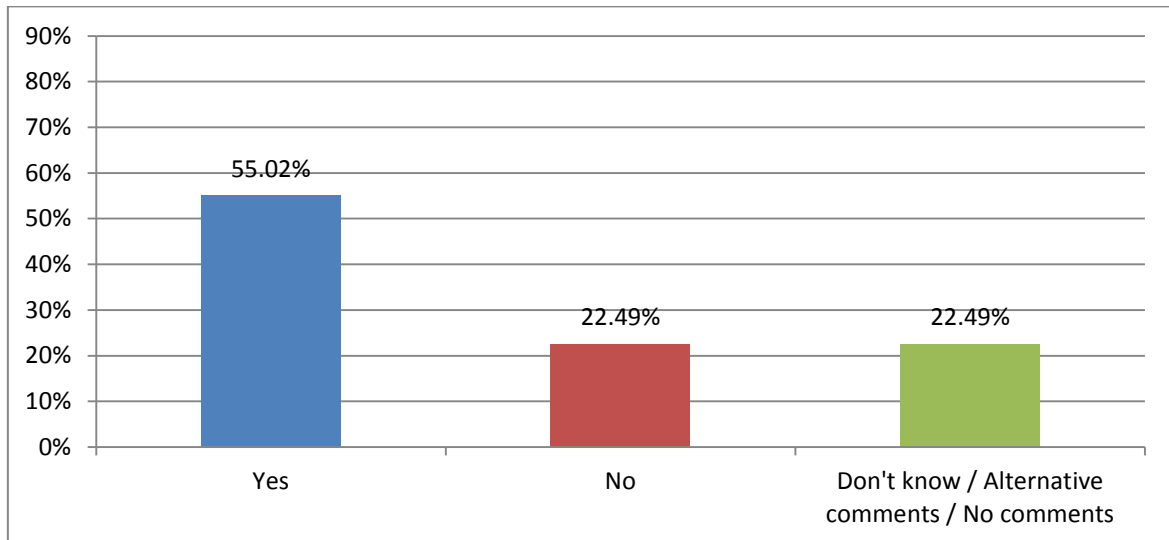
Should the monetary value of passported benefits be included in the cap?



There was significant support for the notion that passported benefits should be included in the value of the cap.

Question 4.13 (g)

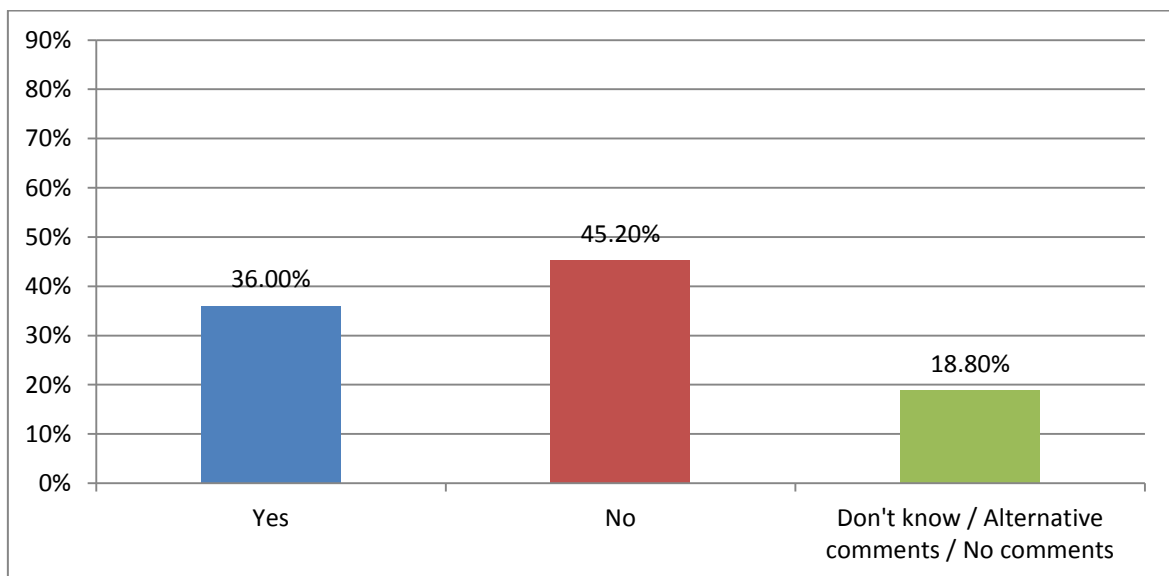
Do you think that there should be an overall cap on welfare expenditure?



A majority of respondents favoured an overall cap on benefit expenditure.

Question 4.13 (h)

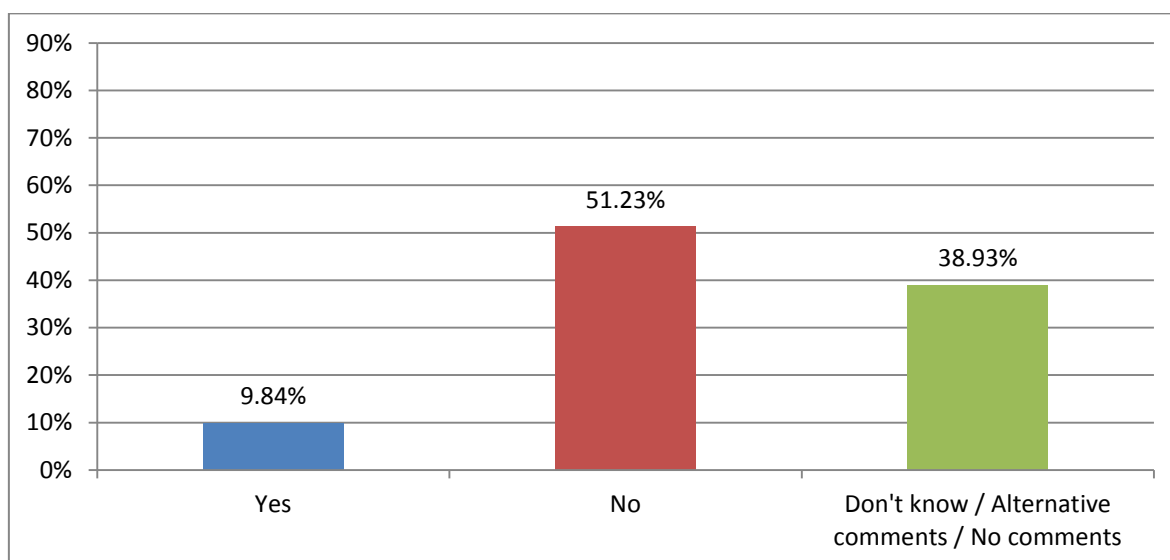
Should state pensions and jobseeker's allowance be excluded from the overall cap?



Respondents were split and the comments generally confirmed a view that pensions should be outside the cap while jobseekers allowance remained within it.

Question 4.13 (i)

Should any other benefits be excluded from the overall cap or the individual cap?



The overall figures reflect the consistent view of respondents that all benefits should be treated the same. However, the comments from the 'yes' answers continue to express clear concern that pensions, the disabled and long-term sick should be held outside any cap.

3. Responses

3.1 State pensions

Questions at 1.14 (of consultation document)

(a) Do you think that the Isle of Man should have its own state pension arrangements, separate from the UK's?

Responses	Number	Percentage
Yes	155	48.44%
No	105	32.81%
Don't know / Alternative comments / No comments	60	18.75%
Total	320	100%

Comments received:

- This would depend on whether the I.O.M. arrangements would be beneficial or detrimental to the pension I currently receive.
- Yes – it is increasingly apparent that the United Kingdom is not concerned with the consequences of changes that it may make to its provision on other economies within the sterling area. It is essential that the Isle of Man Government is responsible for and accountable for its decisions.
- No, this doesn't make sense. It has a very small working population and needs the reciprocal arrangement with the UK. b) This seems very generous, higher than the UK, but then costs over here are higher so I would agree it is a fair amount. I agree a

single flat-rate pension would be preferable and save money. c) 45 years seems a long time. 35 starting in say 2018, 40 by 2025. If more years than 40 are required, I think many people will end up in poverty. d) Yes, though contingencies must be put in place for permanently disabled people. e) Yes f) No. The reciprocal arrangement is very important, and people moving over here from the UK or Ireland needs continuity. g) How would this be calculated. At what age is one deemed to have entered 'working life'. Do students count, or older people attending university? If working life is say 20-70 i.e. 50 years, that would mean retirement would be 25 years, which is not enough as many people will be living well into their 90's and into their 100's, though how healthily is yet to be seen. I don't think anyone should be obliged to work past 70 in the future and should be able to retire from that point. h) No, it should be the rate of inflation.

- It should be recognised that the Isle of Man is wholly dependent upon the UK for training of most of the professional staff required to provide essential services on the island. This training includes extensive periods of time (many years) working in the UK. It is essential therefore that these essential workers are not disadvantaged when they return to the island. Similarly, many (probably most) essential workers are recruited from the UK and again they must not be disadvantaged by working in the island particularly for those who intend to return to the UK when they retire. It is therefore important to operate a link between the UK and Isle of Man pensions systems and for the island to produce its own system is a dangerous path to tread and one that it will be difficult to correct when it is realised that essential workers will not come to the island! My opinion is to follow the UK on state pensions.
- We should have our own pension system determining age and amount to be paid in a flat rate pension. Qualifying years should account for 40 years not 45 and a pension age of 74 is far too old. Minimum qualifying years should be set at 10 years. This new system should be phased in over a maximum time of 15 years not 20. NI contributions should be included in the total amount of years if worker have gained these in the UK before the changes.
- The Commissioners believe that... .. it would be wrong to have a pension scheme that did not have reciprocity with the UK.
- We do believe it is right and timely for the Isle of Man to now move away from the UK in terms of State pensions and other benefits.
- I consider any development of separate state pension arrangements by the Isle of Man to be highly detrimental to the Island's future. The Isle of Man depends on the movement of skilled workers between the UK and the Isle of Man in business, finance, IT, the health service and social care. If there is not full reciprocity, with the same arrangements in each jurisdiction, it will seriously discourage individuals from moving and also create a considerable administrative burden for business and government departments. The Health and Social Care Services, in particular, depend on recruitment of specialists (including specialist nurses, midwives, radiographers, physiotherapists, laboratory scientists and social workers) from the UK, as UK-based training, qualifications and state registration are essential job requirements, which ensure quality in the staff appointed. Most experienced, skilled people are recruited after working 5-9 years in the UK. With both the UK and the Isle of Man proposing a 10 year minimum payment of NI to get any pension at all, anyone who has paid NI in the UK for up to 9 years could lose all or much of that contribution on moving here if there is not full reciprocity. They would have to start again to accrue qualifying years

to get a state pension, particularly a full pension. Similar problems would arise for Isle of Man Health and Social Care Service staff moving to work in the UK for several years in order to gain skills needed on-island. Recruiting such skilled workers from outside the Isle of Man has always been a problem. It has always been necessary for the island to have strong incentives, particularly distinct career development or financial advantages over the UK. There is already the disadvantage of a separate government pension scheme that has replaced the transferrable NHS Superannuation Scheme; therefore, to introduce another complex arrangement, with a different, separate NI and state pension system, will add a further disincentive, outweighing any remaining gain from taxation differences. I note media reports that similar recruitment concerns have been expressed by representatives of the finance industry.

- Yes, the IOM must have its own state pension arrangements.
- No, the current system with reciprocity between UK and IOM should be retained.
- Whilst the state of the NI Fund suggests that the island having its own state pension arrangements would be beneficial to the state of the fund, we have to be careful not to introduce arrangements here which would affect the competitiveness of the island. This could occur either by the way of making the pension arrangements unattractive either by the amount of the pension paid or age when they are available. This could discourage people from coming to the island to work or invest. If the reverse occurs and the changes make it more attractive than the UK then older people could come to the island to retire and therefore put a greater strain on the infrastructure and care facilities on the island.
- I think most of the changes are correct and we should cut the links with the UK on this.
- The current arrangement with the UK has one significant advantage. Workers can move between UK and IOM employment, contributing wherever they work and receiving a pension wherever they retire. This makes it much easier for workers to move between the two and much easier for IOM employers to attract the staff they need. If the IOM implements its own separate arrangements it should use its very best endeavours to maintain a reciprocal agreement with the UK that does not inhibit IOM employers in employing the staff they need to grow their business, discourage IOM workers from spending time increasing their skills and their value to IOM employers by spending time gaining experience in the UK or discourage UK workers who have taken up employment in the IOM from returning to the UK at some stage.
- Government need to be very clear about benefits in splitting with the UK and think through the long term issues particularly for Isle of Man residents who may return to the UK and also longer term UK residents who may wish to return to the Isle of Man.
- Insufficient information available to make a comment.
- No – the employment markets are too closely linked and skilled employees could be influenced to not come to the IOM if they perceived that they would be better off from a state pension point of view in the UK.
- We believe that it is in the Isle of Man's interests to be able to set its own state pension arrangements, including the retirement age. However, it is valuable to consider the UK's stance on pension arrangements, and the impact of any significant

variance from the UK's position on the retired population in the Isle of Man, when setting the arrangements for its own state pensions.

- If the IOM has its own system as it has its own separate fund but it needs to be simple for people to transfer between the two systems in order to keep the Isle of Man competitive and an attractive place for workers to move to.
- I am concerned that at the moment, this review appears to want to increase state pension age (SPA) in advance of the UK's plans, which will have everyone in the UK on a SPA of 67 by 2026. Although I believe the UK are committed to reviewing their future plans for further SPA increases in 2017 (and are currently envisaging increases of 1 year on the SPA every seven years after 2026 i.e. going to 68 in 2033), the plans in this IOM review have us reaching 67 years in 2028, then going immediately to 68 in 2029 and 69 in 2030. This is far in advance of the current UK plans – although these may change in 2017, as the UK are also looking to link SPA's to life expectancy. What we don't want are further reasons to prevent, GP's, doctors, consultants, nurses, dentists, teachers and other professionals from taking jobs in the Isle of Man, if they have to work longer than in the UK to get their pensions. We are already seeing some of them using the proposed revisions to the GUS pension scheme as a reason not to come/return to the UK, so we do not want to exacerbate this by differential retirement rates. I also feel that we should make no firm commitments to increasing SPA's beyond those agreed in the UK, as this is likely to have an impact on our ability to attract employees not only in key areas, such as health and education, but also in more general areas of banking/insurance/e-gaming and professional/engineering disciplines. Three consecutive increases from 67 in 2028, 68 in 2029 and 69 in 2030, is too much too soon and likely to be in excess of any revisions brought in by the UK. There should be at least 5 years between each year increase in the SPA. Why the aversion to contribution increases? I think most people would prefer to match the UK contribution rates and have similar SPA's to the UK, than slightly lower contributions and longer SPA's.

(b) Do you think that £180 per week is a fair amount? Do you think that we should move to a single-element, flat-rate pension?

Responses	Number	Percentage
Yes	158	51.80%
No	84	27.54%
Don't know / Alternative comments / No comments	63	20.66%
Total	305	100%

Comments received:

- If you have been disabled due to voluntary work you were doing for the government you should receive a greater pension.
- Question 3 is two questions, but only one ability to answer - Do you think that we should move to a single-element, flat-rate pension? - I do not know. Do you think that we should move to a single-element, flat-rate pension? - Yes
- Question 3 is two different questions. Do I think £180 per week is a fair amount - I don't know. Should we move to a single-element flat rate pension? Yes if the UK does

so.

- If the IOM is to move away from the UK framework it should have a well thought out and debated strategy for welfare provision including the means of financing it. There hasn't been enough debate about the principle of welfare provided universally and financed by contributions on an insurance basis. The principle of insurance seems to be being forgotten in favour of means testing. The consultation document concentrates on detailed questions purporting to address the current financial situation without consulting clearly on proposed changes to the policy. Tynwald agreement to a new strategy should be obtained before the detail is consulted upon. The £180 is referred to as an 'enhanced' amount compared with the UK's £155 (para 1.5 consultation document) but it actually equates to £140 on a pro-rata basis for 35 qualifying years compared with 45 yrs. Please note the CI report refers to UK flat rate amount of £144. Presumably this difference would be reflected in the terms of any reciprocal agreement people with a contribution record for a full UK pension would only get £140 (35/45 of the Manx flat rate of £180) so it would be detrimental for them to draw their pension in the IOM.
- If we have a higher rate of pension than the UK but still have a Reciprocal Agreement (in whatever form) what's to stop pensioners retiring here rather than UK to get a higher rate of pension?
- Suitable uplift will have to be considered for men and women who bring up family or are the primary carer for a young/elderly relative.
- Without living on the equivalent of £180 per week, it's impossible to say whether it's affordable.
- I believe that the Island is not large enough to be able to go it alone cost effectively.
- As far as I can see the £180 is not based on anything other than affordability given current and projected income streams at fixed NI percentages. I personally find this ludicrous. The state pension should achieve its objectives (objectives which are politically agreed and which people can be held accountable for) and the amount should be set accordingly. NI percentages can be adjusted, or abolished if necessary.
- I think that the state pension should be set at a much lower rate. It should be around £80 - £100 per week, whatever is deemed to be the minimum to live on. Everyone should get that irrespective of years of contributions after a residency qualification period of say 5 years. Otherwise, what will you do for someone who has only 15 years qualification? Give them £60 and then top it up through other benefits? Why complicate it. Make it a simple VERY basic pension and let people make their own arrangements if they want more.
- I believe that a pension which is 25% higher than the UK's is too high an aspiration and inappropriate.
- Question 3 is actually two questions - this seems misleading as I may agree with £180 but not single element flat rate. Interesting to note that UK state pension will now be in region of £148. This means the Manx supplement will in effect be £32 instead of current level. 45 Years is too long for full qualifying years. This means that people who undertake a degree in nursing straight from school (three year course at present) will not qualify for 45 years' service until minimum of 66. This fails to take

into account the physical nature of many jobs which require a qualification. UK changes propose 35 years which would appear more equitable.

- How can you talk about affordable pensions when you are all in receipt of crazy amounts in the public sector pensions ...get that problem solved first. Switch public pensions to money purchase and stop this 2 tier society ...it's a self-interested disgrace.
- Flat pension for everyone is 'communism' and discourages contributions. People should know how much to contribute and what can get back. The more you contribute the more you get (years and money). Individual pensions account seems to be the way to go (money in, money out).
- Question 3 is difficult to understand. Would attendance allowance and carers allowance be included in the £180 or would they still be paid without any means testing.
- The survey is fundamentally flawed because it does not discuss the option of scrapping the state pension. Every single forecast in the past has totally underestimated the future cost of pensions and this will undoubtedly be the case again. We need to get a grip of this rather than tinker with it knowing it will fail again. The only way to deal with this is to phase it out COMPLETELY. This would happen over time (maybe up to 40-50 years) as the new compulsory work based pension is introduced. Future retirees would receive their work based pension only and there would then be a means tested benefit replacing the state pension to make sure those in retirement have a safety net thus protecting the poor and vulnerable. NI contributions would continue but increasingly this would be used to fund an enhanced NHS.
- Q3 is 2 questions. For £180 per week "No" is the answer, just stay with whatever the UK is paying and "Yes" the IOM should move to a flat rate. Remove the pension supplement.
- I think if a person has "chosen not to work" the reason why should have a reflection on the amount they receive, for example if they did not need to work as they had investments and wealth inherited do they need a pension? If they were too lazy then why should they be rewarded with a pension? Alternatively if they were caring for a disabled child that is not a choice as such and should not affect their pension.
- There are situations, such as mine, when I lost all the contributions paid by my husband when we divorced. This is because on a low income I opted for married women's contributions for 14 years. I was subsequently told I could not top up my national insurance contributions to cover the deficit. This leaves me working at the age of 69 and for the foreseeable future as I do not have enough to live on. There may be other reasons people have not been able to make full contributions (I don't mean those that have chosen for example not to work). It would be good to see some form of benefit to top up if possible, or additional benefit like a supplement.
- The questions are misleading. NI is an income tax by another name not as the questions imply some form of investment into a State provided nest egg based on your contributions. A State Pension should be a safety net for those who are too old to work and haven't enough income to provide for themselves. Therefore, qualification for a State Pension should be based on need and should be means-

tested.

- If the recipient is in receipt of affordable government housing then their state pension should take that into account. Those of us who struggle to live in private rental accommodation rather than rely on the state to provide us with cheap housing should not be penalized by any benefits they may be entitled to being based on the assumption that their housing costs are on a par with government housing when in reality they are invariably double and don't include rates in their rental.
- Lots of working class people living in the Isle of Man with high cost living and low wages are not able to save for old age state pensions should be means tested. Just because the rich have paid in, as they say, what would £188 do for them? Whereas some pensioners have to choose between heating or eating and if the working age didn't keep rising there would be more jobs for the young people. Government sector could stop the 6 months paid sick leave (there would be less sick time). Does this apply to the M.H.K.'s? Will they have to put more into the pot? They don't put any in at moment, or very little.
- Amount of pension should be based proportionately on amount of years worked, not on amount of money earned. Those on large salaries should have made provisions in saving for their retirement. Many people have worked hard since leaving school never claiming benefits and that is why they should get a decent pension.
- Someone who has paid significantly more in NI contributions should be entitled to a larger pension and not a flat rate. People should be rewarded for their hard work. Someone may have worked 30 years and paid significantly more in NI contributions than someone who has worked for 45 years, yet they may be penalised for not working 45 years.
- The reason that I think that IOM pension arrangements cannot be entirely separate from those of the UK is that many workers will have paid NI to both governments over their lifetime and a separate system would only be workable if credit was given by both governments on a reciprocal basis for NI contributions and this would be harder if the NI contribution rate differed between UK and IOM.
- Pensioners need enough money to live on
- £180 is too generous. Why not £155 the same as UK?
- No 3 asks 2 questions in one. Do I think £180 per week is enough to live on? The answer – no. Do I think we need to move to a flat rate pension - possibly, will this depend on whether or not a person has been self-employed or paid in Class 1 (employed)?
- See my previous question about just providing a very basic pension. This could easily be extended to provide a basic income to everyone of say £80 - £100 a week through some form of negative tax and adjusting the actual tax rate to something like 25% of all earnings (or 35% including EEs NI).
- The UK system should be adopted from April 2016 with every new retired person receiving a single-element flat-rate pension.
- The State pension should be replaced by compulsory private pensions.

- The IOM pension must remain linked to the UK system.
- This question is unanswerable in isolation. Before a sensible answer could be given all the other factors included in the questionnaire need to be assessed and principles agreed. A single fundamental question is not asked in this set of questions viz should the pension be a universal entitlement (subject to the qualifying criteria).
- Yes, there should be a single-element flat rate pension. As to the amount, £180 seems fair.
- Anyone who gets say £30,000 p.a. pension, do they really require state pension at all? As you will be aware for some people the state pension is the only income that they have, so any decisions made regarding this should be made with the utmost of thought and respect, after all it is the government who have control of the fund and should have seen the circumstances coming that we find ourselves in, and steered the fund over the years accordingly. I realise that it is not an easy problem, but hope that decisions are made in a fair way to all concerned.
- This seems very generous, higher than the UK, but then costs over here are higher so I would agree it is a fair amount. I agree a single flat-rate pension would be preferable and save money.
- We should have our own pension system determining age and amount to be paid in a flat rate pension.
- I agree in principle that the basic flat rate should be increased because I do not see how anyone could live on the current rate of £114 per week. However I do not agree that a flat-rate for all is appropriate.
- I do not agree that a flat rate for all is appropriate.
- The Ci65 report is founded on a target state pension which is 25% higher than its UK equivalent. The reasons for this are not clear, with the Isle of Man committed to low business and personal taxation, we believe that such a high target state pension is not necessarily appropriate. If there is a return to government surpluses and good years in the future, the fruits of these surpluses can be employed to give discretionary ad hoc pension increases when affordable. Promising future pensioners an old age pension which is 25% higher than in the UK however is probably not sensible.
- There is no reason not to move to a flat rate pension, the same as the UK, as part of the reciprocal NI and pension arrangements.
- Yes, we should move to a single flat rate pension, and £180 would seem adequate.
- We should move to a single element, flat rate system. The quantum of the flat rate should be £155 (the same as the UK is moving towards), if the current IOM scheme has problems. If detailed modelling shows £185 is affordable, then that is acceptable.
- Probably at present
- It would appear the reason why the NI Fund is in such a precarious state, is that we

haven't been paying in enough, whilst taking too much out. As a minimum, most Manx pensioners who have the maximum required years of contributions, will receive as a minimum, the basic state pension, plus the Manx supplement at 47% of the basic rate. On the other hand most UK pensioners with similar years contributions will only receive the basic state pension – hence, we are paying roughly 1.5 times more pension than the UK. This would be fine if we were putting more into the NI scheme than the UK does, but we don't. In fact, we are currently contributing less, in that the standard rate of employee contribution is 11% and above the upper earnings limit the contribution is 1%. In the UK the rates are 12% and 2%. How can we afford to pay ourselves such enhanced pensions when we don't even match the UK contribution rates? Since the UK's drastic re-assessment of our VAT agreement, the "milk and honey" years are gone for good and the times of living beyond our means has to stop. The future is only likely to get worse, with further possible VAT reductions and the UK/EEC/USA apparently determined to make offshore finance centres less and less able to attract money from investors, which they believe should be deposited in their own coffers. We are now in austere times and the future is not looking too attractive either. Although the cost of living on the Isle of Man maybe dearer than the UK average, we can't afford to be paying ourselves more pension than the UK when we don't even match their contribution levels. I am concerned that the biggest feature of this proposed revision of our NI fund seems to be based around increasing the Standard Pension Age, rather than increasing the contributions. This would appear to be a great folly on two counts. First, we need to lose this attitude that can afford to pay ourselves more than we deserve. We already have lower income tax rates than the UK, for which we should be extremely grateful in these austere times. We cannot really afford lower tax rates, but we do need to attract high net worth individuals/entrepreneurs and some employees from the UK, in crucial areas such as Health and Education and the lower tax rates assist in this. However, I'm not sure that any workers are attracted from the UK because we have lower employee NI rates. They would expect to pay the same as they do in the UK to get the same benefits/pensions. We should therefore be looking to at least match the UK NI contribution rates, if not to exceed them, if we still expect to pay ourselves better pensions than the UK. Secondly, I'm not sure we are going to be able to attract, doctors, nurses and teachers if we are going to expect them to work longer to reach state pension age than they would in the UK. Indeed, I'm not sure that your general Manx man/woman would be happy with a SPA that is worse than that applicable in the UK. We have always had expectations to lifestyles better than the UK, not worse. Although the future realities mean we need to bring down these aspirations to lifestyles perhaps equal to the UK, I don't think many will want to have to work longer than their UK compatriots, in order to get their pension.

- The amount does not appear unreasonable. However the maximum amount available under the current scheme appears to be higher than this therefore there is a concern that some individuals who have contributed for a significant number of years under the current scheme will be worse off.
- I agree with a flat rate , BUT it must be a living amount and indexed linked.
- I am all for a much simpler method of calculating the ultimate benefits so people can in essence work it out for themselves.
- £180 is an arbitrary amount that is neither fair nor unfair. We note however that this is substantially more than the UK is proposing. The right amount is the amount it takes to enable our senior citizens to have a standard of living that the population as

a whole considers decent and appropriate in a civilised, caring society. This can only be determined by defining that standard of living and then costing it. At regular intervals (e.g. every five or ten years) this standard of living should be redefined to reflect the realities of an ever changing world and re-costed to determine the amount of the state pension. In intervening years, the state pension should simply be increased in line with the CPI. There should be no lock, double lock, triple lock or other unaffordable vote winner factored into the system, regardless of what the UK might do. Although the amount of the state pension should be computed by reference to what a pensioner needs to maintain a defined standard of living, we do not believe it should only be paid to those who really need it in order to have that standard of living. It should not be means tested. The state pension is a contribution based benefit and should therefore be paid to those who have made the necessary contributions. They've paid for it so they should be entitled to it. We would also like to suggest that very few people transition immediately on a particular birthday from being fully able to work full time to being totally unable to work at all. It is equally unlikely that, in the space of one day, they will be able to adapt to having nowhere to go and nothing to do. People will increasingly want to ratchet down their work and ease into retirement over a number of years and this should be considered normal and socially desirable. Consideration could therefore be given to the idea that an individual's state pension should be phased in over a number of years as their gainful employment phases out.

- We would welcome a simple system of a single-element, flat rate pension as this would ease the administrative burden for the Government and would provide clarity for those eligible for a pension in the Isle of Man. The level of the pension needs to be considered against affordability for the Government whilst ensuring a basic level of provision for retirees. The original purpose of the state pension was to provide a basic living standard for all. If this is still the intention of the state pension, then individuals should be encouraged to provide additional income from savings to increase their standard of living from the basic level.
- £180 per week to receive as a flat rate pension seems very fair. A single flat rate pension is sensible, people know what they will get and can plan for this. It also removes any unfairness in the system.

(c) Do you think it is fair that people will need at least 45 qualifying years for a full state pension?

Responses	Number	Percentage
Yes	105	34.20%
No	167	54.40%
Don't know / Alternative comments / No comments	35	11.40%
Total	307	100%

Comments received:

- As for 45 years being fair, my opinion is that it should be based on what the IOM can afford rather than what is fair.
- Seems too high.

- 45 Years is too many years, 35 to 40 years would suffice.
- The move from the current 30 years to 45 years needs to be gradual - maybe to 35 immediately upon any agreed change to the system and then to 45 over the next ten years.
- Increase from 30 years to 45 years is too much, UK are only changing to 35 years, we should follow, 40 years at the moment at the most.
- So long as pension is just reduced by 1/45 for each year less, and years in education above 18 still count.
- I think 45 years is an unrealistic qualifying period, 40 would be more realistic.
- I think the increase from 30 to 45 qualifying years is too much and/or should be phased in over a period of time. It is possible that someone might have taken early retirement from work before state retirement age with say 38 qualifying years, which would have been sufficient for a full state pension at the time they finished work, but would then find themselves been penalized under the new scheme as they would not have 45 qualifying years.
- 45 years is a punitive figure. Anyone who has been to university, taken time out to raise children, etc. will not be able to achieve this figure.
- 45 Years is too long for full qualifying years. This means that people who undertake a degree in nursing straight from school (three year course at present) will not qualify for 45 years' service until minimum of 66. This fails to take into account the physical nature of many jobs which require a qualification. UK changes propose 35 years which would appear more equitable.
- Benefit pro-rata with contribution period would seem correct.
- I put no to 45 years as you want that just on the IOM. That is too restrictive.
- 45 years is an extremely long time, especially for people working in jobs that require an element of physical fitness. Do we really want ageing prison officers, teachers, paramedics etc? What about the younger generation? We should be encouraging young people to see the Island as a place they want to work, not squeezing the last drop of productivity from a shaky group of geriatrics.
- A change from 30 to 45 years to qualify is insulting, particularly for someone who has been in continuous full time employment for the last 40 years. My options will suddenly be severely altered. Will MHK's lead by example when this financially driven change is brought in and abolish the option of serving two five year terms to 'earn' a full pension?
- 45 qualifying years does not reflect modern life where people no longer have jobs for life, except in some government jobs, and of course, woman as principal carers often not only earn less through their lives but also have incomplete working records. With both sexes now predicted to have a similar life expectancy, the new system should take account of all life's factors.
- Civil servants getting a last years' salary as their pension is wrong. 10 years is too

little to qualify. 45 is unreasonable, you could be at college training for 5/8 years then have to work to 70+ to qualify despite the amount you may have contributed through the years of high contributions through a bigger salary.

- We do not think 45 years to qualify for full state pension is fair if you are approaching state pension age.
- Credits should still be awarded during full-time education, to encourage higher education, plus credits should be awarded to women with a child (or children) under school age.
- The UK has been dealing with exactly the same problem since 2002 and the net result are the state pension changes effective in April 2016 which have now been mirrored by Ci65 in a report costing three quarters of a million pounds! The qualifying years in the UK will obviously continue to rise in coming years as the same situation exists there.
- I think 35 years is a more realistic time to be awarded the full pension.
- I think 45 years is too much of a difference from previous. 35 years, same as UK or perhaps 40, but 45 is too many.
- 45 is too many years as we are not credited whilst in education - so a doctor, dentist, advocate or similar might easily be 24 before beginning to contribute, and so not get anything out until nearly 70, or get a reduced amount.
- If anyone comes to the IOM and hasn't contributed towards NI contributions then they shouldn't be entitled to an IOM state pension. The police only had to work 30 years before they claim their work pension, I am unsure if this is still the case, but if someone has contributed for 30 continuous years shouldn't that be sufficient to secure a full state pension? If a person hasn't worked and claimed benefits for the majority of their adult life should they be entitled to the same pension when they retire, how is that a fair system or would they simply be topped up with benefit payments.
- 35 to 40 years is ample.
- I agree with 45 years but this should include periods of study i.e. people going to University should not have to work longer than people going straight into the workplace after school to receive a full pension.
- I think 35 qualifying years for a full state pension more fair than 45 years. A lot can happen in an individual's life that could prevent them from attaining the full 45 years even if they were in work for most of their life. It does not consider people who study for long periods of time to obtain specialist qualification or women we may leave work for a few years to raise small children and then go back to employment when the children become more independent.
- Some people may not be able to work the full 45 years - people caring for infirm relatives etc. seems unfair to penalise them in old age.
- How will people approaching the SPA who have already accrued their 30 years qualifying years' payments be dealt with? New regulations should only apply to those

say under the age of 50 or more than 15 years from the set SPA.

- Just because people are living longer, it does not follow they are able to work for longer. Forcing people to work for 45 years to get a full pension will produce unacceptable anomalies and unfairness. Moreover, this review fails to understand that the review of pensions and national insurance cannot be tackled in isolation from the creation of youth employment. Nothing in the review conclusions gives any comfort that the increasing pressure on youth unemployment will be solved; indeed, they are likely to be exacerbated. The whole NI system needs a total rethink and replacing by general taxation.
- Providing the change from 30 to 45 years is gradually incremented.
- If qualifying years included education beyond 16, then 45 would be fair.
- I agree that there needs to be a qualifying period for a full state pension but believe that 45 years is too long and unfairly disadvantages those people that engage in further education, have a career break to look after children etc. 30 - 35 qualifying years would be more appropriate in my opinion.
- I think that current age and contributions should be stepped down in bands leaving the current over 70's alone. Then step down to say current aged 58 year olds will be left under current arrangements. This is because they will have already paid in up to 35-40 years contributions. Then generations before that go onto new system.
- As a single woman 45 years is too much 30-35 years is ample. We want to be able to have some retirement.
- If people have to work until they are 70 many more will die in employment and never actually receive a pension but will have paid in for 45 years for nothing! A win-win situation for the pension fund but a dreadful legacy for our grandchildren. It was foolish to reduce eligibility to 30 years! That was always going to be a recipe for disaster. I believe 40 years would be realistic and achievable.
- For school leavers, 45 years will take the earliest full qualifying age to 61. For those undertaking 'average' tertiary education, the earliest full qualifying age will be 67. With the general improvements in life expectancy this does not appear to be unreasonable. This should apply to both genders.
- No. For someone who begins work from school aged 16 or 18, 45 qualifying years would be achieved by 61 or 63 which does not seem unreasonable – even today many people would still be expecting to work at that age. However someone who begins work at say 22 or later after college (eg a teacher) this would mean an age of 67 (or more for certain professions eg doctor). (I don't know of many teachers who currently work up until they're 65!). Some people in professions that have a retirement age of 60 (eg the police) would not be able to get their 45 years in. Maybe there needs to be some flexibility or perhaps years of study that are necessary for certain professions could be accredited or voluntary contributions made to 'buy' qualifying years. Having said that, the current 30 qualifying years is ridiculously low.
- No, 40 years should be sufficient.
- No - so as not to block opportunities for the young. It should also be possible to buy

extra years if you are short of years.

- I also think that you should only get full state pension if you pay in to it for 45 years plus. This would reduce the amount that people who are fortunate enough to retire in their 50's who perhaps may of not started to work until their 20's and end up getting a very juicy subsidised pension and only paid in for 30 years at the most.
- The suggested figure of 45 years contribution before a full state pension can be drawn is excessive. I will have contributed my whole working life from being an apprentice for a Government Board/department. If I retire at my normal retirement age I will still not have accrued enough years. Maybe 40 years would be more realistic. This could be changed in the future but only for those starting work now whose normal retirement age will be in the region suggested by the consultation. It is unfair that the goalpost be changed this late in a working life.
- 45 years seems a long time. 35 starting in say 2018, 40 by 2025. If more years than 40 are required, I think many people will end up in poverty.
- My opinion is to follow the UK on state pensions.
- Qualifying years should account for 40 years not 45.
- We support changes to eligibility conditions for the state pension, and the proposed 45 years is reasonable (provided suitable credits are given to individuals who temporarily leave the workplace to bring up children).
- To increase the number of qualifying years to 45 is unnecessary at present and the island should use 35 qualifying years as in the UK. The prospect of an additional 10 years for a full state pension will be another strong disincentive for staff moving here. If the island's arrangements mirror those of the UK under a reciprocal arrangement, as UK requirements increase in the future, the island will follow and the same proportion of savings will be met.
- 45 years is a fair contribution for a pension that will last for over 15 years on average.
- 45 years is too long. We should move to 35 years, the same as the UK is moving towards.
- I fully agree that we need to incrementally, increase the number of years contributions required to gain full pension from the current 30 years to an eventual 45 years. As the UK are raising this to 35 years from April 2016, from the start of any changes to our system we should increase ours immediately to 35 years increasing to 40 years five years later and with a further review 5 years later, with the intention of raising it to 45 years.
- No. There are individuals who have gone into further education in order to better themselves and in doing so provide additional value to the economy and those who have had time out of employment, such as parents of young children will probably have less than 45 qualifying years. If we consider an individual who leaves further education at 21, with a retirement age of 66 then they will not be able to have any gaps, such as further education courses which helps the economy, childcare or in some cases early retirement when they receive work pensions and in doing so do not attract benefits and provide a work place for another individual. In these situations

the individuals will be penalised whilst contributing to the overall economy of the island. Therefore a qualifying period of between 35 years and no more than 40 years would appear to be appropriate.

- The payments should be over a 40 year timescale not 45.
- It depends on what the retirement age is. If we take the current retirement age of 65 and assume that an individual will live until they are 85 then: Someone who leaves school and goes straight into employment will be able to retire at 65 and claim the state pension for 20 years; someone who goes away to university and returns at the age of 22 as a potentially more productive employee who makes a greater contribution to the IOM economy, earns more and therefore pays (and whose employer pays) more NI contributions will have their state pension slightly reduced but, together with their employer, will probably have paid more in NI contributions over the course of their working life; and someone who stays away at university to do a PhD and then spends five years gaining cutting edge experience in the BioMed industry in Massachusetts before returning home, aged 30, to contribute massively to the (by then) booming BioMed sector here will have a their state pension substantially reduced but, together with their employer, will probably have paid substantially more in NI contributions over the course of their working lives. This would be potentially unfair and could discourage Manx individuals from seeking to maximise their human capital through higher education or work experience off Island. If there has to be a minimum number of qualifying years, that number should be no more than the state retirement age minus thirty. Alternatively, the IOM could introduce a system whereby Manx persons between the ages of say 18 and 30 who are full time students on approved courses of further education or engaged in obtaining developmental work experience outside the IOM can opt into the IOM NI system by paying a nominal annual sum (e.g. £100 per annum) to obtain qualifying year status.
- People should get a full state pension if they have made sufficient contributions irrespective of years over which contributions have been made.
- No comment on the fairness, but a wide difference from the UK in terms of the required NI contribution period for a State Pension could cause problems for attracting employees to the IOM.
- As an employer in the Isle of Man, we fear that setting the number of qualifying years for the full state pension at 45 years, which is significantly higher than in the UK, may deter graduates from returning to the Island. They would be able to work in the UK and qualify for a full state pension there with fewer contributory years. Additionally, the proposed system favours those who spend their entire working lives on the Island, by giving them a relatively high pension of £180 per week, even though their wages may have been relatively low. However, those who move away to work outside the Island for a few years, or who move to the Island and spend their final working years there, will lose significantly. Often it is this group of internationally mobile workers which we are trying to attract to the Island, and they are often highly paid, so contribute significantly to the revenue pot while they are in the Isle of Man. The proposed changes could significantly decrease the quality of the work force in the Isle of Man, and therefore negatively affect the Isle of Man economy. The increase in contributory years seems to be based on the higher age expectancy predicted for the future. However, that doesn't necessarily correlate to an increase in the age which people are able to work to, as there tends to be more health issues as age increases. It would be beneficial to understand the impact of having an alternative assessment

for qualification for a state pension. For example, making it possible to qualify for a pension as a result of exceeding a threshold based on amount of qualifying contributions, where the year count criteria is not met. This would be a fairer system for those internationally mobile workers who may end up contributing more to the NI system in 9 years than someone who had been working for the full 45 years.

- I think 45 years is too long a qualifying period.
- We note that the UK Government will be paying a full pension if you complete 35 years of National Insurance contributions but see that under the proposal in the Isle of Man it is 45 years. We feel strongly that this is not an achievable number of years for the majority of working people on the Isle of Man. This would mean that people who come into the system at 21 (after leaving university which the majority of youngsters do these days) have to work until they are 66 without any gaps for ill health, sabbaticals or maternity leave. Also, that any years spent working in the UK are non-transferable once the new legislation comes into place.
- I think 35 qualifying years, this allows people a number of years to have children and care for elderly parents and partake in higher education.
- No. The qualifying period for a full state pension should be thirty-five years, rather than the proposed forty-five years, so that it is in line with the United Kingdom provisions.

(d) Do you think it is fair that people will need at least 10 qualifying years for any state pension?

Responses	Number	Percentage
Yes	239	77.85%
No	32	10.42%
Don't know / Alternative comments / No comments	36	11.73%
Total	307	100%

Comments received:

- These are too subjective. If people have paid into the NI fund then they should get a pro-rated pension. It does not seem fair to pay in for under 10 years and get nothing.
- If people have paid into the NI fund then they should get a pro-rated pension. Doesn't seem fair to pay in for under 10 years and receive nothing.
- I think the 10 years qualifying period should be extended as in the change in qualification for Family Allowance, should high earners with personal pension funds / assets in excess of £750,000 (excluding the property they live in) be entitled to and receive a flat rate pension?
- By stating a minimum time period to gain any state pension, it has been rumoured that these can only be earned by working on the Isle of Man rather than working on the IOM & UK. If this is the case, then this will be seen by many professionals, especially young professionals who want to explore the UK, as being completely anti-business.

- I think that the state pension should be set at a much lower rate. It should be around £80 - £100 per week, whatever is deemed to be the minimum to live on. Everyone should get that irrespective of years of contributions after a residency qualification period of say 5 years. Otherwise, what will you do for someone who has only 15 years qualification? Give them £60 and then top it up through other benefits? Why complicate it. Make it a simple VERY basic pension and let people make their own arrangements if they want more.
- I believe that 10 years is too long. 5 years perhaps would be ok and an administrative easement.
- You are taking into consideration women that may have taken time out to have and look after children or that may have to give up work to look after elderly relatives as the emphasis is now on keeping elderly in their own home. By needing 10 years Manx NI you will prevent high quality experienced staff such as doctors and healthcare professionals coming to the IOM. We already struggle to recruit to highly specialist roles and this will now make it impossible.
- Account needs to be made for married women who haven't worked or been exempted via married women's exemption based on husbands contributions.
- Yes, though contingencies must be put in place for permanently disabled people.
- Minimum qualifying years should be set at 10 years.
- The 10 year minimum requirement, in line with UK changes, is fair and reasonable. However, NI credit of 1-10 years must remain transferrable between here and the UK.
- Yes, this does not appear to be unreasonable. Consideration should be given for qualifying years in the UK and reciprocal agreements with the UK and Ireland for those who work there and retire here and vice versa.
- No qualifying time it should be purely on time spent paying in e.g. 9 years in then you get $9/45^{\text{th}}$ x £ flat rate amount.
- Pensions should be connected to contributions made.
- If the number of contributory years is retained, we believe that the introduction of a minimum number of qualifying years of 10 years is reasonable and could result in assisting with retaining a workforce in the Isle of Man for that minimum period of time.
- I agree to ten year period providing there is a robust agreement which allows full reciprocal transfer of NI contributions between UK and IOM.
- Yes but there should be more qualifying years, or a very reduced pension if only 10 qualifying years.
- I also agree that there should be a minimum of 10 years contributions before anyone is entitled to any state pension.

(e) Do you think that the pension supplement should be phased out for new pensioners over 20 years?

Responses	Number	Percentage
Yes	141	48.29%
No	83	28.42%
Don't know / Alternative comments / No comments	68	23.29%
Total	292	100%

Comments received:

- Think it should be phased out faster. Young people want peace of mind that they will not end up on a much inferior pension when they retire in 40 years' time. Not fair if we subsidise these far overly generous pensions then get much less when we come to retirement.
- I think that the pension supplement should be phased out much sooner e.g. over 5 years
- If the phasing out of the pension supplement for new pensioners is to take place, a 20 year period would seem to give adequate notice for those affected to make alternative arrangements if needed but it is not possible to answer this question until a satisfactory pension proposal has been offered i.e. the proposed £180 after 45 years is less than the UK offer so unlikely to obtain support in the IOM.
- If phasing out the supplement, why not do it quicker.
- Q6 has two components - should it be phased out, and, if so, over what period - but only one response possible - not acceptable.
- The IOM pension supplement should be cancelled completely as this is definitely not affordable and contributes a large drain on the NI fund.
- Eliminate the pension supplement right now. Adding supplements for political ends makes it unsustainable.
- Although I feel the pension supplement should be phased out, the Manx pension should be higher than the UK to take account of the very much higher cost of living here.
- Yes, it should be phased out over a shorter period of time.
- It should be phased out far sooner.
- No, if it's removed it should be removed for everyone at the same time otherwise it's not fair.
- This new system should be phased in over a maximum time of 15 years not 20.
- The Commissioners believe that the pension supplement should be retained and that it would be wrong to have a pension scheme that did not have reciprocity with the UK.
- The whole idea of a pension supplement is completely out-dated and out of touch with today's financial environment. It is only relevant to today's pensioners. No one who is currently working, and has any financial awareness, should be expecting a Manx pension

supplement.

- The pension supplement can be phased out.
- Yes, 20 years seems ample notice.
- No - the supplement should be abolished now. The current recipients did not contribute towards the funding, did not pay for it in any way, and the current weekly amount is too large, if the current NI Fund is under stress. However if detailed modelling shows a phase out period of 10 years, or 20 years, is affordable, then that is acceptable.
- Yes. Our reading of the consultation document is that the increased state pension would cover this and if this is the case it is reasonable.
- I agree that the Manx Pension Supplement should be gradually phased out.
- It should be phased out starting as soon as possible for new and existing pensioners over however long it takes for increases in the basic state pension to cause it to catch up with the sum of the current state pension and the current supplement.
- Yes there should be a supplement but you have to live on IOM and pay NI for a given time to earn that, time to be assessed, say 25 years.
- When it comes to pensions, I feel that we should not lose the pension supplement for those that have contributed to the island's NI fund and increase pensions for all, are you mad!! It will cost a fortune and no doubt will bring in more of the aging population if they think they can get more pension here than in the UK, and with that comes the issues of social care etc.
- The pension supplement is a bonus over and above what is payable under the existing system. It is not clear whether this is affordable now or ever was affordable. It is not clear why this is simply not abolished now.
- Depends on mechanism during transition period. This period of transition must be made public before any final agreement of change to NI system.
- Yes as they will have expected to receive this amount. Those people in their late 40's have sufficient time to make alternative arrangements if required.

(f) Do you think the Isle of Man should determine its own state pension age?

Responses	Number	Percentage
Yes	153	52.22%
No	104	35.49%
Don't know / Alternative comments / No comments	36	12.29%
Total	293	100%

Comments received:

- We cannot have a state pension age greater than the UK otherwise we will not be able

to attract/keep doctors/nurses/teachers and other professionals which we need on the island. The proposals in this review will have our state pension age at 69 by 2030 whilst under current UK plans, they will have a retirement age of 67. This will not go down well with the Manx public, let alone doctors/nurses/teachers.

- Although I have ticked that the IOM should have control over its own state pension age I think that it should be in line with the UK's, it's unrealistic to set it too high as many people including manual workers will not be capable of working so late in life.
- Pension age is a thing of the past. Most people will go into semi-retirement.
- The data being used regarding life expectancy is dubious to say the least. Some people are able to carry on working into their 70's but many people will be physically and mentally incapable of holding down a job at that age.
- We do not think it fair that state pension age should be increased when you are close to retirement age, as has happened with women born in 1956 suddenly having their state pension age raised from 60 to 66.
- Again with regards to state pension age the UK are increasing this and will continue to do so. With regards to periods spent in retirement this is difficult to quantify, some people die before pension age, some just after and some survive for many years.
- I was forced to retire at 65 despite being fit and healthy with excellent appraisals for my work. This meant I was no longer able to keep myself, I drew my pension long before I needed to, costing the country more than I planned! It also cancelled my ability to build the private pension I was hoping to have at 70, which would leave me above the income support level. I was also paying taxes on my salary, which the country has now lost. My job was taken by another person so there was minimal saving in wages. I feel that this sudden desire to raise the retirement age is a kick in the teeth for those, like me, forced recently to retire against our wishes. Now you are asking people to work longer it seems, when we weren't given the opportunity to do so. Instead I am forced to work part time for lower wages for as many years as I can struggle on (which at present is no hardship but may well be so when I reach say 75).
- If we determine our own pension age, and given some of the frankly strange decisions taken by our politicians, this could be abused and set really high to make up for potential shortfalls in the future. There is nothing wrong with staying in line with the UK. Surely this would stop any issues if pensioners chose to change residence either way.
- My answer to number 7 (as before) is purely predicated on the complications arising in respect of contributions for workers who work over their lifetime in the UK and the IOM. There could be a situation where a worker has two small differing pensions or even loses out because they have not worked for sufficient time in one jurisdiction. Although this situation arises for all those who work abroad, the overlap in employment between UK and IOM is substantial and there may be a disincentive to attract skilled and professional workers if there is a potential loss in pension rights.
- This would depend on whether the IOM arrangements would be beneficial or detrimental to the pension I currently receive.
- No, this should be linked to employment law, age discrimination law and the UK. At present IOM civil servants can retire up to 65 and could/can receive their state pension

from 60 allowing full time employees to receive both! (I appreciate that the SRP age is now increasing on a gradual basis).

- Yes -as long as not a political football.
- No. The reciprocal arrangement is very important, and people moving over here from the UK or Ireland need continuity.
- We should have our own pension system determining age and amount to be paid in a flat rate pension.
- The Commissioners believe that it would be wrong to have a pension scheme that did not have reciprocity with the UK.
- The Isle of Man State Pension Age should continue to be the same as in the UK. The UK's SPA is now automatically indexed to increases in longevity and thus it will evolve in a sensible way and is entirely appropriate for the Isle of Man. There is no coherent logic for a different SPA in the Island.
- It is again important to remain linked to the UK arrangements and, as the UK is increasing its retirement age, the island should follow, but not exceed, their increases.
- No - should stay in line with the UK.
- No, due to the complexities in calculating this it would be an additional and unnecessary charge on the Isle of Man Government. As noted in (a) above if the retirement age is higher than in the UK it may lead to the competitiveness of the island being reduced as it will be less attractive for people to move to the island to work or stay in the island, leading to the island not being able to provide the workforce for growth in the economy. The island must also be careful not to set a retirement age which will mean a large number of individuals will not be able to work to that age and therefore will need other benefits earlier in the latter stages of their working life.
- Yes, but care needs to be taken not to create an arbitrage opportunity for people to move jurisdictions upon retirement if there continues to be a reciprocal arrangement with the UK but the IOM has a different retirement age to the UK. Measures are already in place for a phased increase in the SPA to 68 over the course of the next 30 or so years. If this is insufficient, these measures could be accelerated and/or extended in a planned manner determined by actuarial calculations of what is necessary to maintain the 3:1 ratio. As the UK is also targeting a 3:1 ratio, it ought to be possible to have a simple, fair and affordable system that retains the link to the UK SPA. This issue needs to be considered alongside the amount of the state pension considered under point (b) above. We do not believe it is appropriate to have a far higher state pension than the UK does but that people have to work till they drop before they get it.
- This question simply depends on whether or not there is a separate system.
- No – the employment markets are too closely linked and skilled employees could be influenced to not come to the IOM if they perceived that they would be better off from a state pension point of view in the UK. It is very important that, if there was to be a move away from a reciprocal agreement with the UK, the provision should keep the current simplicity of moving between the UK and the IOM. Our preference would be to maintain a reciprocal agreement...

- We believe that it is in the Isle of Man's interests to be able to set its own state pension arrangements, including the retirement age. However, it is valuable to consider the UK's stance on pension arrangements, and the impact of any significant variance from the UK's position on the retired population in the Isle of Man, when setting the arrangements for its own state pensions.
 - Yes, and I expect to work until I am 70 as do most of my age group (late thirties/early forties).
 - Yes -based on local life expectancy.
- (g) Do you think that the period spent in retirement, on average, being set at no more than one-third of working life in the Isle of Man is fair?

Responses	Number	Percentage
Yes	116	40.00%
No	94	32.41%
Don't know / Alternative comments / No comments	80	27.59%
Total	290	100%

Comments received:

- I feel that if people are made to work longer and longer to reach retirement age, that a) they will become a burden on NHS due to stress and illness b) take job opportunities away from younger workers c) work so hard all their life that they are too ill to enjoy their retirement d) if you have worked hard all your life paying in to the funds then you should be allowed to reap the rewards.
- We need to know much more about Manx life expectancy and other local demographic information before we make long-term decisions.
- Q8 is confusing. Do you really mean that if someone works in the UK for 30 years then works in the IOM for 6 years then their retirement is somehow limited to 2 years in the IOM, i.e. 1/3 of working life in the IOM? The Ci65 summary does not include the words IOM in this connection.
- I believe you can't look at this in terms of proportions. I think a better approach would be to look at it more in terms of a cap on the number of years (eg 20) spent in retirement / receipt of State pension, based on life expectancy. In any event, if we were to link to the same, automatically increasing SPA as the UK (which I strongly believe should be the case), the question becomes academic.
- The data being used regarding life expectancy is dubious to say the least. Some people are able to carry on working into their 70s but many people will be physically and mentally incapable of holding down at job at that age.
- With regards to periods spent in retirement this is difficult to quantify, some people die before pension age, some just after and some survive for many years.
- You have to take into account that people die young. You have to take into account

chronic ill health whereby a person who is currently In their 50's (an inbetweenie) is not entitled to a pension despite having worked most of their life, being stuck on long term incapacity. This should be changed to chronic incapacity to keep Independability and Atos etc away from people who are dying! I know cos that is me!

- It is not entirely clear what the purpose is behind this question. If it is intended to provide an actuarial basis for calculating the funding cost of providing a pension, on average, for this term then I do think it is reasonable.
- No - this can block jobs for younger people. Also, I hope the question was meant to read "state" retirement - not retirement per se.
- How would this be calculated? At what age is one deemed to have entered 'working life'. Do students count, or older people attending university? If working life is say 20-70 i.e. 50 years, that would mean retirement would be 25 years, which is not enough as many people will be living well into their 90's and into their 100's, though how healthily is yet to be seen. I don't think anyone should be obliged to work past 70 in the future and should be able to retire from that point.
- I cannot see how the ratio of working life to period of retirement can be 'set' by government. This ratio is dependent on many factors, such as job availability and suitability in later life, but it is likely to become close to the proposed 30% target as a consequence of changes in pension arrangements and people working longer.
- Yes -but as longevity increases, the pensionable age should not extend beyond 70.
- This does not appear unreasonable but as noted above the state retirement age should not be different from the UK.
- A 3:1 ratio between those of working age and pensioners is reasonable and something a civilised society should willingly afford.
- No comment on the fairness, however, our growing experience as an employer is that the trend in employee retirement is away from the concept of full retirement at a certain defined age and towards a phased retirement over a number of years. More often today employees are looking to reduce their working hours and/or looking to "down shift" their role to less taxing and less responsible roles as they get older. Any future change to NI and state pensions must take this shift in to account. There is a real danger emerging of there being a significant earnings gap for people in the years between when they can realistically work full time and when they might qualify for the state pension.
- This statement requires urgent clarification. Are you saying that after a 15 year period (45 years working gives 15 years in retirement) that after this period of time pension payment stops? If so then this is totally unacceptable.
- As life expectancy increases the state pension age must reflect this, people should be able to work as long as they are able to and be rewarded for this. However, state pension age should not go above 70.

(h) Do you think that annual increases in the state pension should be linked to rises in average earnings on the Island?

Responses	Number	Percentage
Yes	145	49.66%
No	97	33.22%
Don't know / Alternative comments / No comments	50	17.12%
Total	292	100%

Do you have any views which are not covered by these questions?

Comments received:

- Annual increases should be linked to inflation/cost of living, surely.
- If the increase is percentage based then a low percentage may be reasonable for the average wage but could be a pittance for the pensioner. A mechanism needs to be found so that pension increases gives a minimum increase in cash terms.
- Pension increases should be linked to the cost of living not average earnings increases.
- Pension increases should be linked to cost of living. The pension supplement should be based on what the IOM can afford but where possible the transition should be managed so as not to affect those nearing retirement - say within 15 -20 years.
- Until this can be calculated correctly then it will not be a fair measurement.
- No information or options are offered to us apart from a link to average wages. More information on impacts of other options on both pensioners and the cost required is needed in the consultation document to obtain informed comment from consultees.
- The pension needs to be tied to the cost of living on the island so that people can actually afford to live.
- Pensioners are not really interested in keeping up with average earnings, they want to keep pace with or beat RPI (not CPI which doesn't cover increase in housing costs/rent). Maybe the current triple lock minimum increase of 2.5% should be removed and the pension increased by RPI or average earnings, whichever is the higher.
- Average earnings are very closely related to the employment of government workers and as such will not fully reflect the employment market.
- The rise in the state pension should be the greater of the CPI rate of inflation OR the rise in IOM average earnings.
- The annual increases in the state pension should be directly linked to the objectives of paying the pension. If for example, the pension is to buy a basket of goods and services, then the increases should be linked to the inflation of prices of this basket.
- Triple lock guarantee.
- If you can get UK pension earlier may discourage people moving to island with valuable skills. Triple lock guarantee should be retained.

- Triple lock our pension until public sector pensions are switched to money purchase.
- Increase in pension should be linked to highest of cost of living indices.
- It should be linked to inflation and take into account the raft of charges now facing the public such as Toilet taxes adding hundreds to the rates and the rates expected to soar Island wide after the year 2016 and car tax charges etc all increasing.
- A no answer to question 9 is meaningless - am I answering no because I think it would be safer to keep the UK rate or because I am worried about how the treasury works out average earnings.
- Very unsure about this and the reasoning behind it, but it does appear to be all about 'penny pinching' and not the welfare of islanders.
- The state pension should be linked to the cost of basic essential items such as food, energy and housing costs not average earnings.
- Increases should be restricted according to what is affordable.
- Increases need to be linked to rises in energy, rents, food etc rather than average earnings. It's more important pensions keep pace with cost of living rather than wages.
- Although families have many bills to cover with a growing family, but if the elderly are to be encouraged to stay in their own homes they have different expenses and need to know what their budget is to be and have no other means of getting extra monies.
- Without the benefit of knowing what the average earnings in the island is unable to make assessed decision. In addition this may change at any time in the future.
- Rises in average earnings will lag behind cost of living. Annual increases could be linked to rises in average cost of living figures.
- I think state pension increases should be linked to inflationary increases that apply to most people of retirement age. Your spending needs change during your retirement years. Typically retired persons do not have child related expenses but higher medical expenses etc. Earnings increases are mostly driven by the economy of the working public which has different needs.
- If average earnings DECREASED would the pension also decrease?
- Should be in line with the cost of living or retail prices index, so the real value of your monies are not eroded.
- No. The triple lock system sets an acceptable level of annual rise. What happens if pay awards suddenly jump to 5-10%, could the system cope with that.
- Question 9 shows the paucity of thinking on this question. Average earnings may actually fall in a year, but inflation rise. Any deviation from a solution based on CPI or RPI will cause unnecessary hardship. Of all the suggestions in the consultation, this is the daftest and the one that must be dropped.
- At present from press reports Island MHK's want a lesser pension than UK and do not

want cost of living rises which is in my view why our government is trying to break away from UK who have made their future pension arrangements known. At the end of the day it is more expensive to live in the Isle of Man than UK. We are not all on MHK salaries and average wage distorts majority income.

- Triple lock needs to be retained.
- Pension rises should be linked to inflation i.e. actual cost of living.
- Rather see it linked to CPI on the Island.
- Triple lock should be retained.
- No – the provision of any benefit or entitlement should be set actively by the elected members of the day. The question gives away fundamental misconceptions. That the pension should always increase and that it should be annual. Adopting such a rigid and possibly over-generous framework takes away responsibility from the accountable institutions and potentially sets further unaffordable shackles on future generations.
- No. Average earnings are irrelevant. Inflation is the enemy of pensioners and so rises need to be linked to this. During a time when inflation outstrips rises in average earnings (as was the case during the financial crisis until recently), pensioners who have no other means of supplementing their income will inevitably struggle to make ends meet and see their living standards eroded.
- Yes, it definitely should not be more than those working.
- No - Should be linked to RPI – however high or low that may be.
- No, it should be the rate of inflation.
- The biggest problem with the UK pension system is the recently introduced “triple lock”. And the biggest problem with the triple lock is that in the long term it means that the state pension rises in line with earnings. There is no logic for pensions to increase in line with earnings. Instead, state pensions (like occupational pensions) should increase in line with price inflation, as has been the practice for many years. The Ci65 report’s recommendation for increases linked to earnings is ill-considered and unaffordable (without a ridiculously high Manx state pension age).
- I do not think that a link of state pension to average earnings is appropriate. Average earnings change as the nature and activity of island businesses change and the state pension should be linked to a measure of the cost of living as it is intended to allow retired people to have a certain standard of living.
- Yes. Links to inflation and prices are a nonsense.
- No -pensions have no relevance to earnings. The removal or breaking of the link with the UK will make recruitment of skilled or qualified staff more difficult in the IOM, simply because it will become more difficult (or complicated) to move to the IOM.
- This is reasonable whilst the island’s economy is in reasonable state. If the competitiveness of the island is reduced and good business is attracted away from the island then the average earning may fall and lead to hardship to those in pensions on

the island. There is an argument that “earnings” are an indicator of employee worth and business efficiency – not factors which are directly relevant to those not in employment, as they cannot influence them. Inflation rate would be a better indicator as this is a reflection of the cost of living, rather than economic worth. The link with inflation and the minimum increase of 2.5% would help ensure that hardship is reduced. Otherwise the effect is likely to be that there will be increased costs in other areas of Government.

- Whatever payment scales are implemented they must be index linked otherwise their value will drop away and become meaningless.
- The right amount is the amount it takes to enable our senior citizens to have a standard of living that the population as a whole considers decent and appropriate in a civilised, caring society. This can only be determined by defining that standard of living and then costing it." A small number of very high earners coming to or leaving the IOM will affect the "average earnings in the Isle of Man" but should not affect the standard of living of our senior citizens.
- It should be linked to costs.
- We would expect that in order to serve its purpose of providing a basic living standard during retirement, the pension should be linked to Isle of Man inflation rather than average earnings. This would link the amount received to increased cost of living which would be more appropriate than linking it to how much the average wage is increasing in the Isle of Man.
- Should stay in line with UK.
- Annual increases in the state pension should be linked to inflation (Manx RPI).

Questions at 1.20

- Do you agree that any replacement for the current reciprocal agreement should as far as possible preserve the features that make it simple to move between the UK and the Isle of Man?

Responses	Number	Percentage
Yes	216	76.60%
No	25	8.86%
Don't know / Alternative comments / No comments	41	14.54%
Total	282	100%

Do you have any views which are not covered by this question?

Comments received:

- Any changes to the reciprocal agreement should not disadvantage any existing residents who have planned on the basis of the existing agreement.
- I think the reciprocal agreement should end completely. UK residents would be classed as "overseas" if they came to the IOM and the UK Government should pay for their pensions entirely through their own system in a similar way as if they moved to an EU country such as Spain.

- We should not end the reciprocal agreement.
- From a personal viewpoint I would love to move away from the IOM but I can't afford to so for me, making it easier to move to the mainland would be a huge bonus. However, this does run the risk of raising the barrier that keeps a lot of young people here. Combined with the rising number of retirees moving to the island this would obviously put a strain on the benefits system.
- But it shouldn't be too easy for UK residents to move to the Island. There should be minimum requirements met if moving here like Australia.
- The UK will readily re-negotiate a reciprocal agreement which will cost it less. We should be very wary of providing IOM residents with a less favourable social framework than exists in the UK as this is likely to deter professionally skilled workers from transferring between the two countries and will make the IOM a less desirable place to live compared with others in Europe.
- We should be paying the same NI contributions as the UK - it seems we are currently paying less than they do in the UK but paying better pensions. This is totally unrealistic. Why doesn't the review include anything about increasing contribution levels to at least match those made in the UK?
- The Isle of Man has Reciprocal Agreements with many countries other than the UK, although not as detailed. When I moved to the Isle of Man I did not consider National Insurance and most people don't consider the RA but more usually the rates i.e. cost to them. In fact I would probably have been better off had there not been an agreement as I could have paid voluntary abroad contributions to the UK to further my record there and then IOM NI here and gained entitlement to two pensions instead of one. It could also save resources work wise not to be so closely tied to UK processes where we are a minor consideration compared with the UK population.
- As previously stated in my earlier answer, cutting this link between the benefits in the IOM and UK would be seen by many as being anti-business.
- It should be relatively easy for people to move, but that doesn't mean we need to keep an arrangement as intertwined as the current one.
- If the desire is to make it simple to move between the UK and the Isle of Man, it would appear obvious to ensure that the 'reciprocal agreement' is retained.
- Why so concerned about persons who might be moving between the UK and the IOM, should the system focus on persons continuing to reside in the IOM.
- Not enough information as to the benefit or otherwise of retaining reciprocal agreement.
- Should not be simple; 'seamless' or as easy as now must be persevered. If that link is broken we will not get any qualified people moving to the Island. All sectors will suffer especially - health (try convincing a doctor / consultant to relocate when he/she is going to break with the UK system). The IOM is part of the UK (for immigration purposes) and cannot easily attract people from outside EU, so we have to compete with the UK/Ireland for skills.

- The Manx treasury should not be interfering with any reciprocal agreement regarding state benefits or pensions on the grounds of complexity, and more disturbing was the fact a few years ago we nearly lost the reciprocal agreement on health, which meant that if a person travelling between the Isle of Man and UK and vice versa should take ill whilst on holiday would have faced huge hospital bills. The elderly were disadvantaged as they could not take out health insurance due to their ages. It should also be noted that if this reciprocal agreement had changed then the elderly from the UK who often come here on coach holidays, mainly after the TT races from the UK would have not been able to travel here to the Isle of Man causing a loss to tourism such as hotels and business. I wrote to the Chancellor of the Exchequer pointing this out at the time and received a reply that he had considered my points along with others and thankfully the reciprocal agreement on health was not changed. So I strongly disagree with interfering with this reciprocal agreement on pensions as it may cause the UK Government to look at all other reciprocal agreements. I also believe the Ci65 report is severely flawed.
- It is difficult enough to attract and retain key workers in the current climate, but to remove the link and ability to transfer pension in or out of the IOM would be a mistake.
- We need to make it easy for young people to spread their wings and get experience further afield and then bring this back to the Island.
- Why should anyone be penalised for moving as long as they have paid their due?
- Quite simply because people move more frequently especially when younger and growing a career.
- People coming to the island should have to declare their NI contribution level and this needs to be taken into account re work permits etc.
- In my opinion we should leave the reciprocal agreement in place, as it is. This is very dangerous ground you are treading. In the UK there are sweeping changes afoot to Pensions, Social Security and NI. This will cost the IOM nothing to mirror these and will achieve the same results that were recommended by Ci65.
- Do not change the reciprocal agreement. The reciprocal agreement facilitates the free movement of labour. The VAT agreement facilitates the movement of goods. From an economic point of view it would be a mistake to change either and impose barriers.
- Why do the government want to change the current situation?
- Future generations need to know that they have flexibility and if the IOM are to attract people back to work on the Island they need to be able to make the move easily.
- If someone from Europe moves from the UK to the IOM would this be taken into account?
- And the wider EU.
- I don't think people should be penalised by moving between the Island and the UK. It would be unfair to penalise someone who spent half their career in the UK and the

other half on the Isle of Man as they would have contributed the same amount in NI payments.

- If you couldn't move freely you would have to go independent and do it properly.
- There has been considerable press comment on the suitability of the reciprocal arrangements between countries with pensions in Australia and South Africa being frozen with not even the annual triple lock being applied. If any change in residence there should be no loss of increases open to anyone else.
- If people have paid higher contributions over the years towards SERPs/Second pension then this should be recognised in any transition to a flat pension otherwise those who contracted out and got cash paid into a personal pension have had their money & those who stayed in get nothing.
- The greater difference in the arrangements with the UK will make it harder and more expensive for employers to attract high quality candidates. It would also beg the question, why continue with the NI as a separate tax at all instead of simplifying the whole thing into general taxation.
- The Isle of Man needs to discourage "Retirees" from moving over here. We need a working population which contributes to the economy and not people who move over, have not contributed anything to the Islands economy and infrastructure and yet enjoy all of its benefits.
- Although I do not know the specific figures, I would guess that more people move from the UK to the Isle of Man than vice versa. I would also estimate that more people of pensionable age move to the Island and thus are more of a burden on the Island's national insurance fund than those Island residents that move to the UK.
- Without reciprocity people will either choose to leave the island or not come here in the first place which will be bad for the IOM economy also as the system is based on reciprocity. The IOM government should be forced to transfer any pension benefits earned in the other jurisdiction back to that jurisdiction (so the UK can continue to provide that which was earned whilst persons were there). The IOM government MUST not be allowed to pocket the contributions earned elsewhere to prop up their newly thought out pension scheme.
- How many people will go back to UK if reciprocal arrangement ends and how will small working population in Isle of Man fund pensions?
- Vital if you want people to come and work here.
- Has to work both ways.
- We should keep the existing reciprocal agreement.
- Otherwise true Manx born have no right to live and work within EU but at least they could move to UK.
- Any changes would affect me directly as all my N.I. contributions were made in the UK Under the current arrangement the IOM pays my state pension on behalf of the UK and recoups the amount paid. I don't receive a Manx state pension which complicates my opinions on future changes.

- Yes – in principle. However, 1.14(b) above poses a question where the possible pension rate already exceeds the UK proposals (for no obviously clear reason). Were it to be fixed at that level, it is difficult to see how the UK would do anything than scale down to a UK level. Conversely it is difficult to see how the IOM could upscale UK contributions to IOM levels.
- Absolutely. Any changes to the reciprocal arrangement must not affect those currently living on the island nearing retirement age e.g. 55 and over. Any departure from this would be detrimental to the economy of the Isle of Man. It is thought the working population is falling as well as the total number of people moving to the island for work, so we have to encourage not discourage people from the UK to come and live and work here.
- As you can see my opinion is that it is essential to make it simple to move between the Island and the UK.
- I am concerned that if we lose the pension reciprocal agreement with the UK this may impact recruitment for some of the key services on the IOM i.e. Health Service. I do appreciate there needs to be changes in order to maintain sustainability, and I am in agreement to some, but to lose this agreement would make it less attractive to come here and if the public feel NHS is under threat then they may not stay either. This would result in a loss to the economy as older residents contribute in many ways i.e. tax, volunteering, babysitting, carer, legacies etc.
- The Commissioners (Peel Town) believe that the pension supplement should be retained and that it would be wrong to have a pension scheme that did not have reciprocity with the UK.
- I consider that the current reciprocal arrangement should continue, incorporating the changes to the state pension arrangements coming into force in the UK in April 2016. It is absolutely imperative that the reciprocal agreement makes it simple to move between the UK and the Isle of Man but it must also ensure that an individual is not financially disadvantaged by such a move and retains the full value of any NI contributions made in the other jurisdiction. A failure to do so will seriously impair, if not prevent, recruitment from the UK of the skilled staff that we need to develop businesses and maintain health and social care services.
- Yes, it is important not to inhibit free movement, so it should be simple to move between the UK and IOM. The EU framework for transfer of pensions between member states would seem to be a suitable model for a new agreement.
- CLIS agree that any replacement for the current reciprocal agreement should, as far as possible, preserve the features that make it simple to move between the UK and the Isle of Man. As a business we employ the majority of our staff from within the Island's existing workforce but skill shortages in certain areas will occasionally lead us to recruit off Island. Where such recruitment is necessary we believe that a dilution of the features included within the current reciprocal agreement would act as a barrier to recruitment. On a wider scale, the majority of industries that are viewed as being future growth engines for the Island's economy are likely to be more reliant than we are on attracting new skill sets to work on the Island. Any adverse changes to the reciprocal agreement is likely to have a detrimental effect on recruitment into these

industries in particular which in turn is likely to have a detrimental effect on the Island's economy as a whole.

- Yes - the link with the UK gives a perceived level of protection to the assets within the fund. It may have no force in law, but may have a 'moral' persuasion, and mean that there is some protection for the NI Fund.
- Yes, the reciprocal agreement should always make sure that the movement between the island and the UK remains simple. If this is not possible it will lead to the island being less competitive as it will mean UK citizens who come to work on the island and Manx citizens who work in the UK do not accrue rights which can be used in the other territory. This is more fundamental to the island economy and government than the proposed changes which would lead to the changes in the agreement, and therefore if this cannot be achieved then these proposals should not proceed.
- There has to be a link in some ways to UK to encourage people to move over if they are the workers we require.
- Yes. This is vital for our businesses to be able to recruit the skills they need to build our economy. It also helps enable workers recruited from the UK to go home again after they have worked here, potentially reducing strain on our health and benefits budgets in later years.
- It is not clear to me what the risks and benefits are of leaving the UK system and my feeling is that the Ci65 report and the consultation and the presentations so far have all had a bias towards a new system. Government need to be very clear about benefits in splitting with the UK and think through the long term issues particularly for Isle of Man residents who may return to the UK and also longer term UK residents who may wish to return to the Isle of Man.
- Yes, it is very important that, if there was to be a move away from a reciprocal agreement with the UK, the provision should keep the current simplicity of moving between the UK and the IOM. Our preference would be to maintain a reciprocal agreement for the following reasons. It is very important for businesses operating in an insular situation, where there is a naturally smaller and more limited pool of potential employees, to be able to attract suitable experts to work here, either permanently or for a limited period when such skills can boost the IOM business. It is also important that Manx workers are readily able to go to the UK for periods of their studies or working life to obtain skills and experience not available here and then later, bring those skills back to the IOM to work. With a reciprocal agreement in the place, this is made easier. If the reciprocal agreement were to be removed, or made as radically different as proposed in the consultation document, this could lead to a situation where people would have to think very carefully about moving between the IOM and the UK for any periods of their working life. It would be harder for such people to understand the impact and become harder for the Company as a potential employer to tell the candidate how this would affect their state pension and other benefits in the future. People might need to limit the proportion of their working life that they spend in the IOM. Overall, a move to a State Pension that has a radically different and non-reciprocal arrangement to the UK will cause complexity and mobility difficulties detrimental to the free movement of skills between the IOM and the UK and this could in the future limit business growth for the Company. If it became difficult to attract the right skills to the IOM, it would be likely that some jobs currently here would have to be transferred to the UK.

- The current reciprocal agreement not only determines the interaction of the Isle of Man with the UK, but also with other jurisdictions, through the Isle of Man being included in many of the UK's reciprocal agreements with other jurisdictions. Our primary concerns, if the reciprocal agreement were to be amended, would be to retain the ease of movement between the UK and the Isle of Man for employees and retain clarity over the interaction of our NI system with that of other jurisdictions. We believe that this is key to attracting and retaining good quality staff and entrepreneurs to the Isle of Man, which will only serve to increase the quality of business and so the reputation of the Isle of Man. We would also be concerned about the transition from having a reciprocal agreement to an alternative agreement or agreements and the impact on existing workers from other jurisdictions who have moved to the Isle of Man. This could result in a significant administrative burden to businesses if they had to change the ways in which they are administering NI contributions.
- It is essential that a robust reciprocal agreement to allow transfer of NI contributions is established between the IOM and the UK. Failure to establish this should stop the process of NI change.
- It must remain simple to move between the two jurisdictions as we have to accept this is where the majority of movement of work force occurs to and from.

3.2 National Insurance

Questions at 2.2

- Should the Isle of Man retain its current NI contribution system?

Responses	Number	Percentage
Yes	186	73.81%
No	24	9.52%
Don't know / Alternative comments / No comments	42	16.67%
Total	252	100%

Do you have any views which are not covered by this question?

Comments received:

- Paying NI on investment income would be a disaster for the IOM and should not be considered.
- If over retirement age employers should not have to pay NI contributions but employees could still be charged.
- Government should think more about the residents of this island rather than investments into the financial district and looking good to other countries. This island is ruined and you're running the everyday man into the ground. Shame on you.
- I would leave the IOM as soon as possible if I could afford it - the mainland has much better job opportunities, travel options and entertainment. Living on the island is unattractive to many young and working people because it can feel like you're trapped - there's a monopoly on ferries, gas services, electricity and the "entertainment"

(mostly heritage sites) is aimed much more at an older market who aren't looking for excitement. Ci65 are on the right track pointing out that raising income tax and NI contributions would drive people away but NOT adding those on is not enough to make people stay here, the entire old-fashioned attitude needs to change to make the IOM an attractive place for young workers and families.

- If the system is referred to as 'a pay as you go' scheme then the precise purpose and level of NI fund should be determined and adhered to. It is understood that the current level far exceeds that of the UK and fears of it 'running out' are fuelling the proposed changes to pensions and social security. The Ci65 slides showing the forecast of the NI fund from 2012 to 2072 which were presented at the 'big debate' showed the fund increasing from £650m in 2012 to £1,100 m in 2072. Why is this large increase so necessary in that time frame when the proposed changes will bring about projected income and outgoings more closely in line with each other at just under £600m by 2072. If income and outgoings are more closely matched why is such a big increase in the fund required? The Minister has said this is because of projected increases in population but surely once the income and costs are matched the fund is there as a reserve only. It should not be used for other purposes.
- The current NI contribution system needs changing. At present too many people are only 'earning' enough income to pay NI so they get a qualifying year, but they also pay themselves significant amounts of dividends which are not subjected to NI. This is a big problem and is very much the 'elephant in the room' as very high levels of dividends are being paid. There should be a law change to at least subject these dividends to NI at 11% up to the higher earnings limit and then 1% above this limit. If 10,000 people are doing the above and are not paying £4,000 in NI per annum that is £40 million pounds not being collected. What I ask is not punitive but would put these people on the same footing as 'true' employed people whose total income is subjected to NI. It is important that the right amount of NI is paid at the right time but also that all people are subjected to the same NI regime and not have a large section of society paying significantly less NI because of the way they pay themselves.
- The current system in so far as NI isn't currently chargeable on dividends or bank interest, should continue. Although we do not want to frighten off employers coming here to do business, there is no reason employees shouldn't be paying the same as they would in the UK. If they were paying more than in the UK, then this would be a disincentive. However, as they will probably be paying less tax than in the UK, they should at least pay the same NI as they would be doing in the UK which goes to providing for their UK pensions. For someone coming here to work for their last 5 or 10 years before retirement, if we continue to have reciprocal agreements, we are basically subsidising their pensions by not expecting them to make NI contributions at least equal to what they would have paid in the UK.
- It does need simplification due to its complex nature and many thresholds, many employers and employees do not understand it. There are various options to simplify, remove the LEL to PT where people get a qualifying year and an earnings boost for paying nothing. Only have one rate of employee NI i.e. get rid of reduced rate and contracted out contributions, remove deferment and the maxima but still keep the cap at the UEL. This will also save administration work. Get rid of Class 2 NI for the self-employed, it creates too much work for nominal amounts, stick with a percentage on profits via Class 4 whether that is aligned to employee percentage or not. Only have one voluntary rate and possibly tie it in to how much pension is paid out i.e. make it a meaningful amount. Get rid of Class 2 voluntary abroad rate, I can't imagine anywhere

would give away entitlement to pension so cheaply for someone not contributing to the economy.

- NI is a tax. We should remove it and absorb it into the tax system. Much simpler for all. The Government should not be acting as a state savings scheme which is what linking the pension to contributions does. The state should provide a basic back stop and no more.
- Changing the state pension arrangements and breaking the reciprocal agreement with the UK could also have a negative effect on the Manx economy and make the Island a less attractive place for people to come and work.
- Raise NI or Income Tax - we currently have a high tax service in a low tax economy - it must change.
- Consider merging with income tax.
- Never understood the difference between a tax system and an NI system. Surely it's all a tax system, combining them must make the whole system less complicated. Have an employment tax for employers if necessary. The amount paid in tax should properly cover the cost of the benefits currently being paid. We should not be borrowing from future generations to fund current benefits.
- NI system is just another tax on employment. There is no 'insurance' element as payers do not know what you get, and in what event. Unlike, insurance contract where premium is clearly defined and claims and limitations are made clear. I think we should make it clear what is paid and what you are covered for and for how much. One of the reasons it is such a mess (and the consultation is carried out) is lack of accountability. Too often politicians vote for expenses now and do not consider the cost/funding. The NI fund should be run as an insurance business not a 'Ponzi scheme'. People should be allowed to opt-out of the NI scheme (it is not a tax?)
- I have answered yes because people who have paid national insurance should receive a good return on their contributions and receive non-means tested pensions in return.
- Personally, I would be ok with paying more NI if I knew I would be cared for when I was old, without having to sell my house to pay for my care costs.
- I am self-employed and earn very little no matter how hard I work. I am now faced with a one third increase in my NI contributions, yet my income has not increased for a number of years and I am ineligible for any income support. I am now in a position that because of this increase I don't earn enough to cover my out goings. How is this fair?
- Self-employed contributions at base level need to raise.
- Should be cut back and people encouraged to make own provision for health care and pensions.
- We would be far better focusing on the Government bloat and spending including public sector pensions rather than be distracted by an issue that is already "in hand". Breaking away from the UK reciprocal agreement at this stage would be a catastrophic move for the Island. Our professionals in manufacturing, teaching, nursing etc would

simply start to drift back to the UK, viewing it as the more "secure" option in the long term.

- State pension should be replaced by private pensions.
- I feel that the more you work the less you get I think that the job seekers and long term sickness and drug issues need addressing on this island and leave the workers and elderly alone for once!
- I do however feel that there should be a small increase on Income Tax instead of making all these punitive charges which do not raise any great amount of monies. If looking at other off-shore financial centres we see they are facing the same changes and often have national debt which we do not. With the tax transparency we have to realise that off-shore bases no longer have the allure which they once had.
- Based on what has been advised in this survey.
- Certain companies do not pay NI contributions on behalf of some of their staff, by placing them in offshore companies e.g. a company's sea going staff pay class 1 stamp but the company does not contribute because they have an offshore company in the Channel Islands set up, all companies on the Island should contribute to the NI fund on behalf of all staff they employ.
- I have concerns that the NI system penalises women who are still the majority ones who take a career break to raise the family so having an NI holiday. Compensation/recognition needs to be made for this break.
- I think that if you have private health and dental cover then you should pay slightly less.
- Actually, I think the answer should be no, but only because the whole system needs completely replacing. Until then, the present system is better than those suggested.
- There should be one simple system that amalgamates income tax and NI.
- Wealthy individuals who don't work and don't employ people should pay in if they already don't.
- Extra NI premium of 1% or 2% should be ring-fenced for hospital and medical services.
- Contributions need to rise.
- I think the upper earnings limit should be removed, why should someone who earns £60,000 a year pay the same NI as someone who earns just on the limit.
- Put the money back in the pot that was borrowed from the NI fund to build the hospital. Accountability for monies taken should be investigated then we would not have ended up in this mess!
- The collection mechanism should not get in the way of the review. That said, a tax on employment, which NI essentially is, is a reasonably well understood mechanism. If the new system were to clearly link the contributions to the expenditure i.e. to focus

on pensions and welfare benefits and remove the contribution to health. In return the contribution from general taxation to fund benefits should be eliminated.

- Yes, tailored to the Isle of Man.
- Yes – the current system must also remain capped (as at present) because benefits are capped.
- I can't see any justification for changing the current system unless it is currently out of line with the UK.
- Currently NI is simply an income tax that is not applied to all income which is directly linked to state entitlements. In line with my previous comments it is essential to operate a system that is recognised by the UK, and indeed other countries in Europe where state benefits and services are provided, such that Manx workers are not disadvantaged when in those countries. If the current system does not collect sufficient funds to maintain the services and benefits it has to be changed.
- With regard to National Insurance the Commissioners (Peel Town) object to those workers over state retirement age having to pay N.I. contributions. Such workers have already paid N.I. through their working lives. In conclusion the Commissioners whilst recognising the need to make these systems affordable nevertheless feel that measures need to be taken to better protect those on low incomes.
- We do not believe there is any real logic or need to tinker with or fundamentally change the current NI contribution system. It is not broken.
- The current NI contribution system should be retained. I believe that retaining the link to the UK system, allowing uncomplicated movement of skilled workers, is important to meet the requirement (2.1.6) to develop 'a strong and competitive economy' to attract investment.
- The IOM should be free to make changes to its NI system in future. In the short term, contribution rates should remain broadly similar to the UK.
- CLIS agree that the Isle of Man should retain its current NI Contribution System.
- Yes, extending the payments would be more complex and attract additional costs to run the system. It may also make the island less attractive for business.
- As regards NI I guess it should remain as is for the moment.
- We should continue to have a mandatory, income-based, contribution scheme that entitles contributors to certain benefits. Whether this is labelled as an all new system or merely an adaptation of the existing one is just labelling. However it is labelled, it needs to be designed without preconceptions on the basis of "What kind of system do we want?" rather than on the basis that the current system should be kept except where it needs to be changed. There needs to be clarity about what the NI system is for. Is it: A contribution system that pays for contribution based benefits or just another tax that goes into a big pot that government spends at its discretion? There has always been a popular perception that it is the former and we believe that this should be the case. However, recent action and comment from government has cast doubt over this. There needs to be a clear statement from government that NI

contributions, the NI reserve fund and the income and gains generated by that fund are there to pay for contribution based benefits and are NOT available to cover other government expenditure. It also follows that if the NI contribution base is to increase (and this response suggests various ways in which it could be) and if this results in the total contributions exceeding that which is necessary, over the long term, to fund the NI system then the contribution rates should be reduced. The excess should NOT be appropriated by government for use elsewhere. Notwithstanding the above, from time to time in this response we refer to NI as being a tax. That's because it is and the fact that it is hypothecated does not stop it being so.

- I think it would be more equitable if NI was treated like ITIP and recalculated at the year end in line with total income. Examples of inequalities at the moment: People with more than one source of income get additional NI free income. Lump sum payment such as bonus can put people on the 1% category for that month, whereas if spread over the whole year would remain in the 11% category.
- Yes, as far as possible, with the only changes being simplifications.
- The above comments regarding the dangers of moving away from a reciprocal agreement with the UK on NI and State Pensions matters apply to the matter of NI contributions. Any move away from NI being very different from the UK could give rise to increased administration costs to the Company and potentially expensive payroll system changes. Generally this Company is trying to harmonise HR admin. systems and processes with our UK Company with the aim of managing costs and also allowing IOM employees to tap into facilities available through UK HR systems. Diversifying on NI will make this process harder for this Company.
- We believe that the current NI contribution system should be retained. However, as the NI system is, in effect, just an extension of the income tax system, albeit with additional contributions from employers we think that further consideration should be given to the extension of the NI contribution to income other than earnings. We note that the Ci65 report states that the extension of NI contributions to income other than earnings could have a negative effect on the economy due to reduced external investment. However, this could be a means of raising additional revenue to reduce the shortfall in the funds available for pensions and working age benefits if it could be limited to Isle of Man residents.
- Retain a NI contribution system but simplified.

Questions at 2.5

- Should self-employed people pay the same rate of contributions as employed workers to get the same state pension and benefits as employed workers?

Responses	Number	Percentage
Yes	185	73.41%
No	24	9.52%
Don't know / Alternative comments / No comments	43	17.07%
Total	252	100%

Do you have any views which are not covered by this question?

Comments received:

- The self-employed have already had class 2 contributions increased by 100% in the last budget and now pay double that in the UK. Further increases will not be welcomed and would be a significant disincentive especially to small business. I do not believe that disincentivising small business & entrepreneurs will be good for the island.
- Self-employed have already had class 2 contributions increased by 100% and now pay double those in the UK. Further changes would not be welcomed and would be a significant disincentive especially to small businesses that need the cash flow. Why on earth would the IOM want to disincentivise a group of people who work hard, take more risk, create employment and are generally very little burden on the state. Increasing NI for self-employed would also push larger businesses to incorporate resulting in less NI overall i.e. dividends do not attract NI.
- This should be at a different rate according to profit as many self-employed people work longer hours for less income.
- Absolutely.
- NI should be calculated on the amount you earn. Many self-employed people earn much less, often just enough to get by on their own or simply as a bonus to a partner's income. Why not give 2 clear options and make sure people understand that paying the higher rate of NI will lead to a full state pension while the lower rate leads to a smaller state pension? A huge part of the problem at the moment is a lack of info, I've called government offices several times over the last few years to ask about things like this and got nowhere.
- If the system was to change, it would have to be phased in over a number of years, otherwise the cost of having work done by self-employed persons would rise substantially. I note that self-employed persons have already had the class 2 NI payment doubled this year.
- They should pay at least the same, if not more, as they are presumably not paying any Employers NI contributions, yet they are effectively their own employer.
- Self-employment is difficult at first and lower NI contributions for low earnings would be a policy to help those starting out and given the uncertainty of earnings would help alleviate bankruptcy cases given the collection of NI is in arrears.
- NI should also be paid on profit distributions from Manx companies.
- I agree that if you put the same in should get the same out, regardless of whether you're employed or self-employed. However, if you're self-employed and can draw a dividend from your company, rather than it be salary, then presumably NI is not paid on this dividend? If this is to be a fair system then Government should also be taking this into consideration.
- Account should be made for the fact that both employer and employee pay in for employed staff whereas only the self-employed pay and so should pay a higher rate to reflect the fact that they are both the employer and employee.
- If we keep NI then everyone should pay the same. And the self-employed should pay both the ERs and EEs contributions.

- I really don't think this is practical, given the way that self-employed earnings fluctuate. Taxing those earnings through NI on a % basis could encourage evasion.
- In the state pension consultation information it appears to indicate that everyone will be entitled to the new 'flat rate' pension but this of course does not apply to public sector workers in the UK. As UK public sector workers have paid a lower rate of NI contributions they will not be entitled to the new higher 'flat rate' state pension. The information in this consultation has not identified this and is therefore misleading and unfair.
- Except that there may be a case for people starting up a business to have a lower rate to begin with until business is established, say two years.
- That seems a perfectly fair system.
- Yes, some benefits same NI (premium).
- 'Different rates' is very unclear, if the proposal means that self-employed people must pay more, then this is unfair and will affect local economy.
- And enjoy the same benefits.
- They should pay the same as an employee AND the employer ...that way the contribution made to the fund is equal in all types of employment.
- I think if you include class 4 they pay more. But are entitled to nothing if out of work?
- Income not guaranteed for self-employed so that would be unfair.
- As someone who has been self-employed and employed during his career I would agree that the same NI contributions and benefits should apply in both cases.
- I'm self-employed, so I'd end up paying more, but it's fairer.
- Has this not now happened as Class 2 contributions have now doubled for 2015-2016.
- Should depend on wealth of the self-employed person.
- And also pay employer element or some part of it.
- Are you going to pay benefits if a self-employed person can't find work or is off ill or injured etc.
- New contributors should pay more and foreigners coming to work here should pay more.
- Self-employed persons are already at a disadvantage from employed persons i.e. no paid sick leave, no paid holidays etc. all this has to be funded by the self-employed person so in fact a self-employed person may earn less than an employed person.
- There would appear to be little logic in differentiating between the status by those who are 'in work'.

- The timing of payments made by the self-employed should remain as is.
- Self-employed should be same rate as employed, but subject to the same cap, and should NOT include the employers contribution!
- All people should be treated the same as far as the state pension is concerned and self-employed people should pay the same as employed people. However, there will still be an imbalance as many self-employed people could not afford to pay the equivalent of the employer's contribution. But, basically everyone deserves the same pension, but the means to get it might be different.
- Self-employment and the payment of dividends from companies is well known for minimising the NI contribution of individuals. It is used as a way of avoiding the tax. The self-employed should pay the same as the directly employed. NI has to be collected on dividends.
- Self-employed should pay the same amount and be entitled to the same benefits as employed people.
- CLIS agree that self-employed workers should pay the same rate of contribution as employed workers in order to access the same state pension and benefits as employed workers. It is nonsensical for certain classes of workers to contribute less towards the social security system but retain equal access to the associated benefits.
- It is not unreasonable. However moving from a fixed rate per week to an amount based on the income of a self-employed person will be more complex, as it will require accurate accounts and also mean the payment will be delayed. Consideration will also have to be made as to what happens if the self-employed persons business make a loss or small profit below the lower earnings limit and they therefore pay no NI. Would they then lose a qualifying year? Therefore a cost benefit analysis of this needs to take place. If the income received is less than cost then no change should be made. We would suggest retaining a minimal weekly or monthly contribution from all self-employed individuals to ensure that they maintain qualifying years if they are working as self-employed. This can then be a deduction from the charge based on their profits, which can be in line with the level charged to employed workers.
- There should be the same rate of pension for all Manx workers self-employed or not. Self-employed workers may have to pay more though as they will be making all NI contributions. How feasible is an opt out?
- The idea that employed and self-employed individuals are treated equally appears logical but it isn't. To be logical, it would be necessary to recognise that the self-employed are both their own employer and their own employee, increase their contributions to the sum of primary and secondary Class 1 contributions and then give them a tax deduction for the secondary element. This, however, would be counterproductive and would only lead to various avoidance strategies -the most obvious being simply to incorporate the business. This alleged logic is misplaced for two reasons. Firstly, it makes sense for the tax system (and NI is a tax) to incentivise entrepreneurial, economically productive behaviour and a lower NI rate for the self-employed does this. Secondly, NI has historically been a tax on the rewards earned from work and not on those earned from risk and capital. Profits generated by the self-employed are, in part, the rewards earned from work but are also, in part, the rewards earned from risk and capital and a lower NI rate for the self-employed

recognises this. Staying with this point, we could also ask whether it makes sense that income earned from work is subject to two income taxes (i.e. income tax and NI) but income earned from risk and capital is only subject to the first one. Is income generated from passive wealth somehow more socially desirable than income generated from honest toil? Would it make sense for investment income to also be subject to NI - presumably in the same way and at the same rates as Class 4 contributions on income from self-employment? We offer no comment on whether this should be done but we do believe it should be debated. If this were done then firstly, certain types of income should be excluded from this charge. For example, excluded income might include: income from approved Manx pension schemes and contribution-based and means tested IOM state pensions and benefits and secondly, in order to maintain the IOM's attractiveness as a relocation destination for high net worth individuals, some sort of NI cap might be introduced to sit alongside the tax cap.

- Self-employed persons should continue to contribute the same amount as the combined employee and employer contributions for an employed person, otherwise employers will effectively be subsidising the contributions of the self-employed.
- If the link with the UK is broken then the Isle of Man should move towards a contribution system and self-employed individuals should make the same level of contributions to get the same level of benefits. Self-employed people need to have the ability to stagger and amend the payments they make due to the unpredictability of inflows.
- Although having the same rate of NI contributions for self-employed people as employed people would be a simple system, we would question whether this would in fact be a fair system. Currently the reduced rate of NI contributions for self-employed individuals reflects the risk of having their own business and have to make their own financial provisions for holidays or sick days. We would suggest that there is scope to simplify the National Insurance contributions for the self-employed by only having one class of NI contribution applicable to them, Class 4 contributions, and increasing the rate applied on profits between the lower and upper profit limits slightly, but not to be in line with National Insurance Contributions made by employees. It is worth noting also, that many self-employed people are employers and therefore, by encouraging them to take the risk of being self-employed, there is a greater revenue generated under the NI system. Any significant changes to bring the self-employed NI contribution rate in line with the employed rates could discourage entrepreneurs from setting up businesses, and so actually result in the reduction of revenue generated from NI contributions.
- Yes with same income bands set as employed workers. No guarantee of income when self-employed so should be able to average earnings over the year to pay correct amount of NI.

Questions at 2.7

- Should Treasury review the NI system for low paid workers to ensure that it minimises the opportunities for those not in genuinely low-paid work to avoid paying a fair contribution to the NI Scheme?

Responses	Number	Percentage
Yes	182	73.39%
No	20	8.06%

Don't know / Alternative comments / No comments	46	18.55%
Total	248	100%

Do you have any views which are not covered by this question?

Comments received:

- How does this apply to self-employed persons who are 'low paid'?
- The problem will be how to divide those on "low incomes" who are struggling to get by. The IOM Government does not have a great track record supporting vulnerable people in society, especially those who are struggling financially. However, if this is possible it's a great idea - people who can't find full time work shouldn't be put under even more stress by being told they can't claim a full pension when they'll have no other options to bring in money after retirement.
- If people don't work full-time they shouldn't accrue full pension entitlements. Even low paid workers should pay some lower level of employee contribution in respect of future pension entitlement. There should be a graduated contribution level from say a minimum of 1% up to the standard rate (currently 11% - but should be 12% to match UK contribution levels).
- The NI scheme is there to protect those low paid workers and vulnerable people in society and so whilst it is important to crack down on this avoidance, the government continues to have a moral obligation to support these people.
- How could this be sensibly achieved? Business owners should be able to receive dividends, just like any other shareholders, and it would be ludicrous to consider putting an NI tax on those.
- I am astonished that this issue has not been addressed as a matter of urgency before now.
- I am a shareholder in a business and it is possible to organise your earnings between salary and dividends to take advantage of the system. I agree the system does need to change so that a fair contribution is made by everybody.
- The minimum wage should reflect the need to pay NI, and the loophole whereby employers of part-time staff apparently do not have to pay NI should be removed.
- Will be difficult with part time employments.
- I would be in favour of any action by the Government to ensure that EVERYBODY (even your very high net worth friends) pays their fair share and can't wriggle out through little loop holes.
- Only if this is proven to be the case.
- Full NI should be paid by those earning above the median wage. There should be a gradual reduction for those earning less and a gradual increase for those earning more.

- Multiple jobs should be combined for NI purposes. The lower earnings threshold for counting as credit towards state pension should be increased say to the minimum wage so that the low salary high dividend structure for owner managed companies is addressed to increase fairness.
- Everyone should contribute to NI scheme regardless of income.
- There needs to be a better system of checking whether people are doing "casual" work and obtaining income without paying NI. I think many self-employed are taking advantage of the system. The people who are capable of working full time (and therefore contributing) who deliberately chose part time work whilst earning "on the side" need to be stopped.
- Welfare should only be available to those who have a genuine need.
- But there should also be an option to opt-out.
- People on low income don't pay as much tax on those on higher income if they don't contribute towards NI what do they contribute towards.
- Concern around directors whose main source of income is through dividends rather than PAYE who avoid the whole NI system.
- This system is open to abuse and I've heard of people being advised to register limited companies and only pay out minimal salaries as to avoid NI contributions. This system is being abused by many people who cannot be classified as "low-paid".
- To claim you are low paid by manipulating what is classed as 'income' is no better than tax avoidance. Anything that can be done to restrict this to the genuinely low paid should be fully explored.
- You will be robbing Peter to pay Paul as it would have a negative effect on general taxation. Tax currently being paid on dividends would be diverted to the NI fund. This is why the entire taxation system needs reviewing.
- Those in genuine low paid work seem to benefit from benefits such as E.P.A. and so in effect increase their income with added advantages i.e. free prescriptions and dental care.
- Fed up of people choosing low hours work to maximise benefits, also people who have paid continuously without any leave and then have no children and are in good health are very fortunate but get little out of the system when they need it.
- Yes some people who are well off arrange to pay themselves the minimum wage in order to avoid paying NI and they are advised to do this by financial advisers.
- This would appear to be a question about reducing the potential for evasion. If this relates to, say, the use of companies to minimise NI then I think care is needed. A great deal of care would be needed in framing anti-avoidance provisions in the context of attempts to convert earnings to dividends. This is not to protect that practice, but care should be taken not to bring non-earned income into the scope of NI.

- How large is the problem estimated to be and at what loss to Government revenue? The obvious answer seems to be to change the law to charge National Insurance contributions on dividends paid to shareholders who are manager/owners of their own company, but the consultation document suggests that this is not favoured (because of the perceived negative impact on IOM investment). It is hard to see how more National Insurance can be raised from persons who artificially depress their earnings to exploit the National Insurance system without disincentivising inward investment, as it is believed to do. Would a General Anti-avoidance rule for National Insurance contributions help?
- Yes. I do not understand how 'people can plan their affairs so as to avoid paying NI contributions', but no system should 'allow' this to be possible.
- Yes, to reduce abuse.
- It should be easy to ascertain whether someone is in genuinely low-paid work, as everyone has to fill in a tax return, so I don't see why this question is raised.
- All workers who expect to benefit should pay into the scheme.
- It is particularly beneficial in the IOM for self-employed persons to form a company; pay themselves a paltry salary; thus increasing dividends they receive. If dividends are not liable to NI, their total tax bill is lower. In my view NI contributions should be payable on the same basis as resident income tax i.e. to include dividends, bank interest and rental income. Yes, this also means that retired people would pay NI on all their income. Why not? Part of the purpose of taxation is to redistribute wealth to the needy.
- CLIS would support the Treasury reviewing the N.I. system for low paid workers to ensure that a level playing field is created where all workers make the same level of N.I. contribution based on their total earnings and regardless of their employment classification or the number of jobs they hold.
- In principal but again the cost benefit of this must be considered and should only be looked at if significant savings made or additional income generated.
- Aggressive NI avoidance should be penalised as should similarly for tax etc. Payments of NI and taxes needs to be given a much more positive spin, its everyone's duty to pay taxes that fund our way of life.
- Review long overdue.
- We infer that you are concerned that shareholding directors of owner managed businesses are avoiding NI contributions by paying themselves very low salaries but compensating for this with higher dividends, i.e. some or all of the dividends a company pays are not really a return on capital and risk but are really a NI-free way of paying directors' remuneration. We agree that there is an issue here but believe that it would be very difficult to construct anti-avoidance rules that would be effective in deterring avoidance but would not impact unintentionally or undesirably on legitimate financial arrangements. The simplest solution might be to extend the scope of the GAAR to empower the Assessor to impose NI contributions on dividends. This would however be a rather blunt application of what is already a rather blunt tool.

Furthermore, it wouldn't take long for the committed avoider to find another way around. The most obvious examples would be for the company to make loans to its shareholding directors, make additional pension scheme contributions for the shareholding directors or a combination of the two, with the loans being repaid by the shareholding director using a lump-sum withdrawal from the pension scheme. To counter this, the GAAR's scope would need to be extended not just to dividends but to any payment to anyone where such payment is in any way connected to an actual or potential, current or future, benefit arising to an employee. Alternatively, this issue could be circumvented by adopting the thoughts included in this response: under 2.5 above, that NI could be extended to include investment income and immediately below, that NI could be imposed on employer pension scheme contributions. We suggest that this consultation misses one major imbalance in the current system; employer pension scheme contributions. Pensions received from occupational pension schemes are not subject to NI contributions. This is appropriate and should continue to be the case but it is only reasonable where the contributions made into the scheme have already been subject to NI. This is the case where the contributions to the scheme have been made by employed or self-employed individuals but not where they have been made by employers. We see no reason why funds contributed to a pension scheme via one route should be subject to a different NI treatment to funds contributed via another route and this difference has led to a proliferation of salary sacrifice and other avoidance schemes that successfully re-categorise contributions that have been economically borne by the employee as having been made by the employer. We suggest that the NI treatment for contributions made to occupational pension schemes should be consistent regardless of whether those contributions are made by employer or employee. The obvious way to achieve this would be to make employer contributions to occupational pension schemes subject to primary and secondary Class 1 contributions. We recognise that, if contribution rates remain unchanged, this will result in increased costs for employers and this could result in the 10M becoming a less competitive place in which to do business. However, this measure coupled with other measures suggested in this response (removing the upper and lower earnings limits and extending the scope of NI to include investment income) will result in a substantial increase in the NI base. This will enable selective reductions in the NI rates. To encourage employment, we suggest that these reductions are focussed on Class 1 secondary contributions.

- It would seem that this issue could be resolved by linking the state pension to contributions actually made, and having means testing for vulnerable people irrespective of the contributions they have made.
- We believe a system should be fair and therefore, having a review process to identify where there is abuse of the system would be reasonable if it could be run efficiently and effectively so as to raise more revenue than it costs to administer.
- Those not in genuinely low-paid work should be forced to make some contribution BUT should still be able to pay a greatly reduced NI. This is because people with their own companies make a huge contribution to the economy (the filing fee of £380, employers NI etc) and should therefore be able to arrange their affairs to minimise their NI payment. In small owner managed businesses paying the NI on all their income from the company would simply make it impossible and they would then go on benefits (often they can't take standard employment as work has to fit round children, or others they care for). However, I do believe it is ethically wrong for them to make absolutely no contribution but still receive the rights to pension and benefits. The personal services company legislation has stopped the abuse of companies by

those not truly running a business which will create extra employment and other benefits for the economy.

- The banding system could be abolished to replace with one simple percentage contribution rate so that the issue above is addressed and more is collected from high earners.

Questions at 2.9

- Do you agree that contracting out should end if the new Manx pension is adopted?

Responses	Number	Percentage
Yes	152	62.55%
No	34	13.99%
Don't know / Alternative comments / No comments	57	23.46%
Total	243	100%

Do you have any views which are not covered by this question?

Comments received:

- If anyone is lucky enough to work for a company that offers additional pension payments after retirement then why would the Government penalise them?! The state pension is woefully inadequate and is clearly not going to rise in relation to cost of living so surely you should be encouraging people to bring in additional payments if they can?
- Employer schemes should stand alone so that employees get the benefit of the best retirement income they can obtain.
- If the differences in NI payments are retained then those "contracted out could lose their entitlement to all or part of the basic state pension".
- This has been unfair to Public Sector workers who were never consulted about these arrangements.
- Anything that encourages people to provide their own pension should be encouraged.
- What happens if the company does not pay out. This has happened in the UK and if everyone paid a fair amount towards their government pension there would be no need to complicate matters. Why should government employees receive 2 pensions? If people want a second pension then they can pay privately. Some people are unable to work because they are carers they should receive a basic pension. Should pensions be means tested? Why pay out a pension to the wealthy? Why do they take it? Do any decline?
- Should have ceased a long time ago.
- Should encourage own provision away from State dependence.
- The State should not have a monopoly on pensions.

- Trouble is it is almost impossible to get a personal pension and there are only one or two company pensions available - need massively more support and choice to be able to get additional private pension provision in addition to the state pension.
- There is a need to look at a single rate of NI by there being no upper limit on NI contributions but a single NI percentage rate across all income.
- Yes – but this response is in the context of the other observations – particularly those of universality and affordability.
- Question 2.9 is confusing: why and how would contracting-out not end automatically if a new single-tier Manx State pension is introduced?
- In general, everyone should pay in on the same basis to receive the same benefits.
- Would this mean the end of work pensions? If so, that is not a good idea. The new pension would not be sufficient for everyone, and people have a right to choose how to prepare for retirement.
- The option to waive the right to some benefits should continue to exist.
- Scrapping the “contracted out” system dis-incentivises both employees and employers from joining/offering workplace pension arrangements. I think individuals should have the right to opt-into a reduced pension rate (lower than the basic rate of £180 p.w.) in return for the continuation of a reduced rate of NI.
- Ending contracting out, with the introduction of a flat rate pension, is a reasonable measure to consider.
- CLIS agree that if the new Manx pension proposal is adopted, contracting out should end as to allow individuals to contract out but retain equal pension rights would be nonsensical.
- This will increase the cost to both employees and employers who currently have schemes which benefit from contracting out, which includes this authority and most of our employees. As the proposals would increase the basis state pension they are in principle not unreasonable. However the additional costs need to be considered to ensure they are not prohibitive, and do not hold back growth. As contracted out employers and employees pay a reduced amount into the NI Fund to obtain the basis state pension but not the enhanced benefit. Their provision for additional income removes the responsibility from the Government and it could be beneficial for the provision to continue. We believe both options have merit and should be considered. A detailed cost vs benefit of both systems to each of the Government, employers and employees should be considered before deciding which is the most appropriate route to take considering the cost to the Government and the relevant parties, benefits to the individual and the effect on other benefits which would have to be paid to individuals.
- Yes contracting out should cease, it has to be all who work pay in.
- Contracting out should be ended and the state pension should be connected to the amounts contributed to the State Pension Scheme.

- As there would be no additional state benefit for not-contracting out, it would make sense to remove the different rates for contracting out. This would also result in a simpler system. The consultation document does not propose the mechanism by which the contracting out would end. We are aware that in the UK, the contracted out status will be phased out for those retiring after 5 April 2016. Where there are changes to the contracting out status, we would recommend that sufficient time is given to employers and individuals to consider changes they may wish to make as a result of the changes.
- We note the abolition of contracting-out will, in principle, increase the liabilities of sponsoring employers and members who currently participate in contracted-out schemes, as they will lose the opportunity to pay reduced rates of national insurance contributions. However, the Trustees merely flag this point as a material consideration for Treasury but do not consider it should preclude Treasury from proceeding with its preferred course of action regarding the introduction of a single-tier Manx pension and the associated abolition of contracting-out. However, what is of greater concern to the Trustees is the potential for the regularity burden on the scheme to be increased to the extent there is a significant disconnect between the administration of the benefits of UK resident members and those of Isle of Man (IOM) resident members under the scheme. As you will appreciate, the compliant administration of an occupational pension scheme is extremely complex and the professional fees associated with maintaining such compliance are considerable. Compliance with two separate regulatory regimes increases these compliance costs but can be managed where the regulatory regimes remain materially in step. Therefore: the Trustees would be concerned to the extent contracting-out were abolished in the UK but not abolished in the IOM as this would, inevitably, give rise to administrative complexity and likely increase the advisory costs associated with the scheme; and by the same token, if the abolition of defined benefit contracting-out is to proceed in the IOM, the Trustees would request that the way in which the existing regulatory framework (for contracting-out) is dismantled closely follows that of the UK to avoid unnecessarily increasing the burden of costs on dual approved schemes. In summary, the Trustees have no direct objection to the proposed introduction of the Manx pension and abolition of contracting-out but note that a failure to abolish contracting-out in line with the UK (both in terms of substantive legal provision and timing) will likely increase the burden of costs in respect of the scheme which would not be welcomed. We would be glad to meet with members of Treasury to discuss this matter.
- Many people do not believe the state pension will even exist by the time they reach retirement age and therefore should be given the option to contract out. However this could be set so they can't opt in and either receive full rate or reduced rate. Once the election is made then it is set for their working lifetime to avoid partial rates of pension being paid.
- This will discourage work based pensions which should assist the burden on the state benefit system. If necessary then reduce the amount payable in question 1.14b. In relation to the abolition of Contracted out earnings, some evaluation of this has been made for Douglas as an employer within the Local Government Superannuation Scheme. Based on 2014/15 costs and National Insurance bands it is estimated that an additional approximately £74,000 would be raised from employees. The volume of this is likely to lead to demands for pay increases that in recent years have been reasonably subdued. There is also a deterrent on joining the Scheme from this unless there is compulsion for all employees to have a work based Pension as a top up to the basic State Pension. On top of this is the effect on the Employer. Again based on

2014/15 costs and National Insurance bands it is estimated that an additional approximately £171,000 would be raised from Douglas as an employer. If the employees claimed the change as a pay rise and assuming that 80% of all of these costs would fall on Ratepayers there would be a Rate increase of a 7.3p (2%) from this change. It is therefore suggested that the benefit of £245,000 in extra National Insurance, should be considered for use in reducing tax rates to attempt to recompense the Ratepayers, in order to neutralise the effect of this. There is also additional risks should Council employees cease to see a benefit from joining the Local Government Superannuation Scheme. As the Scheme is not currently fully funded the actuarial valuation relies on future contributions to repair this position and to keep the Scheme healthy thereafter. If there were to be a big reduction in new membership this position would reverse and at present it is the Employers alone that would need to meet the shortfall. There would be a further burden on the Ratepayers should this happen, which would not be offset by the increase in National Insurance. (Douglas Borough Council)

Questions at 2.11

- Which other aspects of the current NI scheme would you simplify?

Do you have any views which are not covered by this question?

Comments received:

- NI for self-employed - specifically class 4.
- A flat rate based on a wage band. Those not in work but benefiting from investments should contribute. Roll NI into income tax.
- Less bands with no or a higher upper limit.
- I can't answer this question because it's too damn complicated to understand right now!
- Make it easier for disabled people out of work to claim credits.
- Everyone should pay NI at some rate in order to qualify for a state pension - lower percentages for those on genuinely low pay. Employees should also continue to pay NI contributions if they choose to work beyond the normal retirement age - maybe at a reduced rate.
- Employee contribution same on ALL earnings above LEL.
- None, I believe it is correct that it remains as a progressive type of tax but as previously stated, the government crackdown on the potential loop holes that employers/employees can use to avoid paying it.
- Abolish it and increase taxes.
- As I have said before, I would abolish NI. Can't get simpler than that.
- The system should be more transparent. Laws need to be passed to make it illegal for governments to raid the National Insurance fund, it has been quite simple for them to do this is.

- 'Sufficient revenue' for past liabilities? Part of the NI moves to Income tax (benefits), the rest (pensions) to private pension scheme (optional).
- It works fine as it is.
- Why has it been allowed to become complex?
- Should be treated like taxation, everyone has a duty to work, pay taxes and NI.
- Flat rate.
- A simple percentage to cover ALL income and same for employers with a combined for self-employed and company directors.
- As before, encourage own provision and cut back amount provided by the State. Encourage greater self-reliance and not a nanny state attitude where people think "they" will pay for something.
- As previously mentioned in the pensions section, leave well alone and continue to mirror UK methods and changes in the future. They are dealing with worse problems than the IOM.
- None, keep things simple and stay with the UK system.
- Adopt the private model. What you put in you get out.
- The totally unfair nonsense in terms of which MANY people have several "jobs" or "appointments" (e.g. so called "non-executive" directorships) and pay zero or very little N.I. because each "position" is treated individually and the full N.I. threshold for contributions is given for each one. It is total madness and ridiculously unfair to the vast bulk of tax and N.I. payers that most of those who benefit from are in the high earners category on the island.
- Leave it as it is.
- Need to continue to make it easy for professional staff to move from IOM to UK and vice versa with no loss of benefits.
- Charge NI on any benefit payments advanced.
- I believe that employers NI should be a flat rate on all earnings with the rates adjusted to generate the same amount. This would have the effect of eliminating the benefit employed by many companies of not employing full time staff so they minimise their NI payments. A flat rate for all employee earnings paid by both employer and employee would be the simplest way to the calculate and is the fairest way as it prevents someone from having several part time jobs not earning enough for NI in each but collectively earning sufficient funds to qualify for payment. Adjustments for total income to help the low paid workers can be done through general taxation as this is tallied at the end of the year and reconciled.
- NI rate table increasing the more you earn.

- Have one category of payment for all - based on salary.
- Get rid of UEL and LEL and just have one rate charged - a % of earnings.
- Ideally, by abolishing Employer's NI contributions.
- Surely the easiest way is based on a % of earning, including dividends? Again, personally I'd have to pay more, as long as it was fair and applied equally I'd have no issue with this.
- If in employment of any kind including part time work then they should pay on a remuneration scale.
- Simplify the banding system and keep the contributions the same for employed, self-employed. Also the loophole where a Owner/Shareholder of a business can pay a token salary and thus a token amount of NI and then take the rest out in Dividends needs to be shut. At present this allows access to all of the NI benefits with an absolute minimum of NI contributions.
- Homemakers should not be penalised.
- Add NI and income tax together as a single percentage.
- Should be a three rates low earners middle earners and high earners.
- Combine NI and income tax - into to one overall tax.
- All of it.
- If you have not paid into the pot you cannot take out! Simple.
- Stop using the funds for projects the funds were never meant for.
- NI should not have lower or upper limits. The lower encourages part time and zero hour contracts and if people are earning over the upper limit they could afford to pay more. I also think that people would pay more NI if it meant that there was a ceiling on nursing care of say £30,000 so that family homes did not have to be sold etc.
- Allow self-employed to pay annual NI up front rather than in 12 instalments. Cheaper for tax office, and cheaper for self-employed person who will have to pay 12 x bank charge rather than just 1.
- Foreign nationals should not be allowed to claim on our system if we could not claim in their country except if they have refugee status.
- Government should collect sufficient funds to maintain the state pension, the health service and other state benefits it chooses to provide. People are mostly happy to pay an amount from their income to provide a retirement pension, health care and some additional benefits. Employers are probably less than happy to pay for these. It is a fact of life that with increasing technology there will be fewer persons earning high wages and more persons in lower paid work or not able to find work. Those who

cannot find work and those who are paid low wages have to be supported by those earning high wages and the employers in the community. My opinion is that the both the low and high thresholds for payment of NI should be abolished. Also it should be made clear to workers and employers how the NI contribution is being used – Government has been too secretive about the use of NI funds.

- NI contribution system should be moved to within the general tax system to make fair people who pay large amounts of tax but less in NI contributions.
- From the employer's perspective and to promote fairness across the system, all workers should pay the level of N.I. contribution regardless of employment type, number of jobs or age. Operating a single 'class' of employee N.I. would be fairer, would reduce employer administration and would be a far simpler system for the Government to reconcile and ensure that all workers have met their full liabilities.
- The tax base for Class 1 NI should not be separately defined, as it is now, but should simply be equal to the tax base for income tax on income from employment. This means that: when calculating payroll an employer should calculate NI on the same amount that it calculates ITIP and when filing a form T9, an employer should pay over secondary Class 1 contributions on the benefits and the employee should then be assessed for the primary Class 1 contributions. If there were no lower earnings limit, primary threshold or secondary threshold, this would result in a simple system, easy to understand and administer, everyone being and feeling part of the system and individuals being unable to avoid making NI contributions by having a number of different part-time or casual jobs, each paying less than the lower earnings limit. To ensure that the lowest earners still have enough to live on, means-tested, in-work benefits can be adjusted to reflect the additional NI that they have to pay. Similarly, consideration could be given to removing the upper earnings limit. This would be driven by an understanding that the relationship between the amount we pay and the benefits we get is on a collective, not an individual, basis, living in a civilised, caring society is one of those benefits and it is right that the heaviest burden should rest on the broadest shoulders. Given the relatively low rates of income tax in the IOM, we do not believe that this would have any Laffer effect (an economic theory suggesting that increased tax rates result in a reduced tax take because they encourage avoidance and discourage productive activity). Indeed, as noted above, expanding the NI base should result in lower rates of NI being charged which will offset the increased tax for high earners.
- As far as possible, in relation to allowable expenses and deductions, Income Tax and NIC should be identical.
- As noted above in our response to question 2.5, the system for the self-employed could be simplified by removing Class 2 NI contributions, and providing a nominal increase in the Class 4 contribution rate to adjust for the reduction in revenue.
- Contributions could be simplified by making brackets rather than exact incremental amounts. This would inevitably mean people would aim to earn just under the next bracket but would simplify the calculations.
- Refer to response to 2.7. Alternatively phase in the abolition of upper earnings limit by gradually increasing the percentage age on the top band.

Questions at 2.13

(a) Should employers be encouraged to take on older people?

Responses	Number	Percentage
Yes	123	52.12%
No	64	27.12%
Don't know / Alternative comments / No comments	49	20.76%
Total	236	100%

(b) Are there any other groups of people who would benefit from a similar incentive?

Responses	Number	Percentage
Yes	78	34.21%
No	34	14.91%
Don't know / Alternative comments / No comments	116	50.88%
Total	228	100%

Do you have any views which are not covered by these questions?

Comments received:

- Young people.
- Younger workers and school leavers.
- Disabled and persons with mental illness but capable of work and long term young unemployed. Reduced rates for both employer and employee or start up period with no contributions which will start to pay contributions after a fixed period
- Someone's age is irrelevant, it should be determined by attitude, skills/qualifications and experience.
- Employers should employ the best person for the job. Why encourage discrimination at all. If there is money to spare for employer NI cuts then cut it for everyone.
- Why should employees over state pension age pay NI whereas it is proposed employers will not? Both or neither should pay. Why should employees who have accumulated the 45 years still have to pay NI if they work?
- Employers should employ the best person for the job - why discriminate against younger people. If there is money to spare for Employer NI cuts then cut for everyone to encourage employment.
- Younger people especially NEETs and apprentices/Interns.
- Mothers of primary school age children and younger. There should be more job shares, term time only contracts and flexible hours to encourage mum's to work. Also childcare vouchers so that childcare is affordable should they decide to work.

- Workers of any age should be paying the same NI contributions along with their employees. Encouraging employment of older people specifically doesn't work in the real world. If someone over 60 is capable of doing a job they should be asked to interview like someone of 20. However, the employer may also recognise that anyone older will be working for less years, may be unfamiliar with modern technology and processes and will be more likely to become ill or injured.
- I think employers should be encouraged to take on older people for the simple reason of equality. But I don't think there should be an incentive to do so as this creates an inequality. Moreover, older people tend to be financially well off with guaranteed state and personal pensions (which the younger generation are now having to fund) so I feel such an incentive would only benefit a minority, possibly even to the detriment of younger workers.
- Employers should be encouraged/incentivised to take on young people.
- More employment as a whole should be encouraged. To secure economic growth we need increased productivity obtained by all IOM businesses 'doing better' by improved management, increased training and the achievement of higher standards. This should be encouraged by Government throughout the economy instead of relying on incoming new businesses.
- The handicapped.
- I'm not sure lower or no employer contributions for people over state retirement age would encourage employers to take them on. Also, once someone reaches state pension age and starts drawing a pension, they should be prepared to make way for younger people who are looking to get onto the employment ladder. If age discrimination comes in on the IOM, those already employed cannot be forced to retire at the SPA, so removing the employers NI contributions wouldn't be an incentive, those who want to would stay. The only group that perhaps should be subject to no employers NI contributions are those who genuinely long term unemployed - this could include those over SPA who are genuinely looking for work, signing on. If someone has been looking for work and signing on for more than 12 months, then perhaps employers should get a two year break from paying NI contributions for that person, if they take them on.
- Every individual should have equal chance in the job market.
- More important to encourage to take on and train young workers.
- My understanding is that Employers do not pay NI on part time staff. Is it possible that Staff headcount will increase, but NI contributions will not go up, as it's unlikely that a person past retirement age will be looking for full time work?
- Perhaps employing those younger people who require additional assistance or support due to not achieving the best possible grades at school. The problem with young people is not having that experience to actually then get a foot through the door.
- Yes I would include returners and long term unemployed, especially youngsters.
- Long term unemployed would benefit from this incentive.

- If you interfere in markets like this then you will disadvantage other groups of people who might have been employed otherwise.
- All evidence shows that using tax or benefits systems to encourage employers to take on different groups is not good in the long term. The system should be simplified and made such that more jobs are created. In that way employers will take on both the young and the old. There is a real danger that without any incentive, employers will take on more older people with experience leading to youth unemployment. Then we'd be looking at schemes to employ the young. The government must create a good environment for business and then let business decide who to take on.
- The recent NI contribution holiday for new hires was successful and really encouraged growing employers to take the leap and expand. Initiatives like this can be tailored from time to time to the needs of the economy. But in terms of age incentives, one needs to be careful, given the discrimination it could cause vis-a-vis any new IoM equality legislation.
- Employers should be encouraged to employ more disabled people.
- Older people should not be discriminated against, however nor should they be forced to work longer if they choose not to.
- Disabled, long term unemployed, former prisoners.
- Perhaps older people need to promote themselves better in the job market. Some people might consider themselves middle aged while being in the 60-70 age group. We are living longer and therefore generally should expect to be fit and healthy for longer. Perhaps as the mindset gradually changes people will not consider themselves old and only suitable for retirement at 65. I think a lot of people do not want to fully retire perhaps just do less hours and have some more free time. I think part time working should be encouraged when people have reached retirement age. Let's also stop calling it "retirement age" to move away from that mindset.
- I cannot understand why workers over state retirement age and/or their employers should pay NI contributions if the employee's pension is not increased.
- If older people carry on working it then makes it harder for those who younger to find jobs as people don't retire.
- People with learning disabilities. Increase apprenticeships,. People who have been away from the job market due to caring responsibilities. Do people understand that it is not really feasible for some people to carry on working past pension age. Certain jobs like building and care work are physically tiring and a percentage of people will end up ill, this will be a cost to the health services and to the individuals. Older people have many roles to play including care for children and old people. This relieves a significant amount of pressure on the state and assists young families by helping them go out to work. If we are to understand we have an ageing population then who is going to support the older people. I can say from experience it is both mentally and physically exhausting to cope with an elderly relative and a chronically sick partner. This has had an impact on my career, earnings and benefit to the state reduced dramatically. I have received extensive training subsidised by the IOM government and been unable to utilise this to full advantage because of providing care. How many other people are in or will be in, my position?

- If older people stay more in work there is less jobs for young people. Unlike older people younger people left with no occupation can create 'revolutionary' situation. Young should work and support the older.
- If workers over state retirement age have to pay NI contributions, many will simply cease working.
- Employers should pay NI for all employees - that is a level playing field and government is not subsidising low pay employers.
- Apprentices.
- NEETS, unemployed young people.
- 16-25 year olds.
- Isn't this again just common sense?
- The future of any country lies with the next generation, not the previous one. The Government should incentivise employers to take on and train young people under 25. It should be a policy that no person under 25 should be a NEET. Training allowances should replace any 'benefits' and tuition fees for any relevant course should be scrapped.
- School leavers and longer term unemployed.
- Under 21.
- Why should people who have contributed all their working lives have to contribute to the fund after retirement? Surely they will pay tax on their income and this should be sufficient. Employers should be given incentives to create "real" apprenticeships, particularly in engineering.
- Older people have already paid their contributions during their working life and should not be required to work, nor should it be a necessity to survive. It is wrong that their contributions paid in over a life time have been squandered by government, making it necessary to work on instead of paying the piper.
- Disabled.
- This is not a matter for the State. It's a matter for business. If older people are having trouble getting work then training programmes should be considered.
- Employers will take on individuals on their own merit and in accordance with their business requirements. Does this also not conflict with the equality act?
- I think it will take a long time to change attitudes to employing older people and quite often they have other commitments such as providing child care so their own children can go out to work. It is possible that some employers would use older people at reduced rates, so out doing younger people from job opportunities.
- Those with disabilities.

- Unemployed people should work a certain number of hours per week on government schemes in order to collect the benefits that they get.
- Employers should be incentivised to take on people who have been unemployed for over 6 months and people over 65 by reducing the employer NI over a set period.
- Junior staff.
- Returners, young, entrepreneurs who have grown their businesses sufficiently to employ staff.
- Adults with learning disabilities.
- I think employers should be encouraged to hire new graduates and school leavers by offering NI contribution "holidays" for employees hired and kept in employment for at least 2 years.
- Difficult. Training new employees can be both expensive and time consuming. Personally, I wouldn't want to go down that route to then only get 1-2 years out of an employee before they decided to retire.
- To encourage older people to work will surely create a shortage of jobs available to those younger, more needy individuals trying to get ahead in life. The constant push to making people work later in life is causing long term issues that we need to identify now not later.
- I think the NI holiday idea for new employees is a great idea, and should be retained if possible. So the old and the young should have employee NI flexibility I think.
- Agree to incentives to take on older people but not at the cost of jobs for younger unemployed people including disabled people.
- As there are only a finite number of jobs keeping people in work longer will only make the lack of jobs for young people worse. What future is there for our school leavers if the small supply of jobs becomes even smaller? Encouraging employers to take on older people will hit a different sector of the workforce thus shifting the problem.
- NI holidays for those employing NEETS would be better.
- More work for older people can lead to less young people in work. Furthermore older people may be physically incapable of working.
- School leavers with minimal qualifications.
- Regardless of age, employers and employees should pay the same level of NI contributions.
- As a manual worker who sometimes struggles with work load and I am in my fifties I hate to think what is going to be like when I am in my mid-sixties!

- Equal opportunities for all, help and positive support for those on job seekers, not penalised, incentives for returning to work offered. Decent living wage for all and more decent jobs/training.
- Disabled.
- Should take on older employees - but I think that both the employer and employee should still pay NI.
- Apart from raising revenue are there any benefits to the older person for paying NI. At present a person receiving their pension and working who falls ill are not entitled to incapacity benefit.
- Make room for the youngsters.
- Pensioners over current retirement age do not pay NI why? If you work you pay simple. You should not claim your state pension unless you are retired and all employers should prove that they have tried to employ and have failed resulting in having to employ a retiree.
- We need to keep young people in employment more than pensioners, try to keep everybody.
- The young. The employment of older workers should not be at the expense of the young.
- Remove employers NI for NEETS and registered unemployed.
- Employers should be incentivised to employ people aged between 16 and 25. Young people need jobs.
- This should be an economic, rather than a social question. Age should not be a barrier to employment – young or old. Equally, retention of older people because they are older is also unattractive. The right people to do any job should be encouraged because they will add to economic activity. There may be a case for reducing the cost of employment to encourage training. However, the scale of such incentives must be understood in the context of the affordability of the wider welfare budget.
- Employers should be encouraged to take on older workers but not necessarily through the National Insurance system. The proposed Equality Bill will outlaw age discrimination in employment and that would seem to be enough. Perhaps more productively, employers should be encouraged to take on younger workers, who appear to find it harder to get work, certainly on a full-time, permanent basis. The UK Government has already addressed this issue by abolishing employers' National Insurance contributions for workers under age 21 (except highly paid ones) and proposes to do so for apprentices under age 25. The IOM could consider doing the same - and go even further, say, by abolishing employers' National Insurance for all workers under age 25 with low/moderate earnings. More should be done too, to encourage employers to take on persons with disabilities through the National Insurance system, perhaps by abolishing employers' National Insurance for them too (of any age). Alternatively, at lower cost to Government, lower rates of National Insurance contributions could be paid for older, younger and disabled workers.

- Not convinced. How do you know this will not encourage some employers to employ people over SPA at the expense of younger people, resulting in larger youth unemployment? Some employers prefer to take on 'older people' already (without any incentives).
- NEETS.
- The disabled if not covered by other means.
- Making a higher state pension age keeps older, less productive (although more experienced) persons in work. It blocks the system and prevents roles being available for the young and unemployed. Young people (would benefit from a similar incentive).
- Employers should not discriminate in favour of older people. We need to get the younger people into work. Let the older members of society who have paid into the system retire and bring in the next generation.
- a) I thought it was illegal to discriminate against older people, so yes, and at the right price. Employers should not assume that older people should be paid less. Many old people would like to work part-time. b) Those with disabilities or like myself on Incapacity Benefit where flexibility is essential.
- No change should be made for contributions from employers.
- I do not feel OAPs should pay NI as many are on minimum, p/t wages and it will not generate much but may discourage older people contributing to the workplace. I do agree employers need to make the workplace more accessible for older people.
- New business/small business under £150000 take in should have their employer tax reduced or removed to support the business growth and take on more staff.
- Employers should be encouraged to take on older people, with appropriate legislation to prevent age discrimination. The review notes the need to increase overall employment, with an increase in the number of jobs through business expansion and diversification; therefore an 'age diverse' workforce, something that has many proven advantages, is important. It is also important to take into account that older people make a considerable contribution to economic activity by many other means: direct and indirect taxes, and the value to the economy of activities such as voluntary work, unpaid childcare, caring for those with long term illness and financial contributions to their family and to charities. Studies in the United Kingdom and Northern Ireland have shown that the over-65 age group contributes more in value to the economy than that age group receives in pensions, healthcare and welfare payments.
- This seems muddled. A younger person is more attractive to an employer than an unemployed 55 year old, so an incentive might help here. But beyond retirement age, surely it tends to be continuation in existing employment because it is felt mutually beneficial. Do we need more low paid jobs? Woolly.
- CLIS agree that employers should be encouraged to take on older workers but not via the manipulation of N.I. rates of contribution. Any such use of N.I. rates to manipulate the employment market would contradict any actions being progressed to simplify the system and make it more equitable.

- This is a difficult question. Employers should be encouraged to employ those in the latter part of their working life. Whilst older people bring experience to the work place, if those over the state retirement age take a position which means a young person, especially in the 16-25 age bracket, does not get a job then this may not help the island's economy as the government will pay increased benefits to the younger individual who remains unemployed. It may also lead to the requirement to pay future benefits or reduced tax receipts from this individual in the future as they have not got the required work experience in the early part of their working life. In addition if younger people are displaced in the workforce, this can prevent them from accruing the necessary years of contributions for a full state pension. The employment of older people would therefore be detrimental at both the start and finish of a younger person's working life. 16-25 years olds, as noted above, to get them on the working ladder and to give them a start to help them become a positive contributor to the island's economy.
- Employers, employing 10 or more should be encouraged to take on all workers including disabled and checked that they are doing so and priority should be enforced.
- We are not persuaded that the tax (and NI is a tax) system should be used for social engineering purposes except in extreme cases (e.g. excise duty on tobacco products). In general therefore, we are not in favour of these types of incentive. Notwithstanding this, we would like to make the comments set out below. Employment, whether labelled as an 'apprenticeship' or not, that includes a significant amount of on-the-job training should be actively encouraged as it enhances the quality of the IOM labour force and the resultant contribution that labour force can make to the economy. The NI system is one way of providing this encouragement. It is important to prevent the continuing emergence in the IOM of the type of disassociated underclass that we see elsewhere, that starts off being excluded from employment and ends up being excluded from almost every aspect of society. We therefore endorse the recently introduced NI holiday for employers taking on the long-term unemployed, people who have recently been released from prison and people who have recently come off long-term sickness benefit.
- Those on disability living allowance, the long term unemployed.
- The system should not be used to encourage/force employers to employ individuals from any particular group. Whilst there are some benefits encouraging employers to take on older people, equally it would simply discourage employers from taking on young workers.
- Any financial incentives to Companies to take on older people would do no harm but we would expect it to have very little effect. The specific measure of removing employers NI contributions for employees over the state retirement age is not likely to be significant in our business to make any real difference in this area. This is especially true as the state retirement age starts to increase over 65 in the coming years. This Company's normal retirement date is 60 currently. This will disappear with the implementation of the proposed IOM Equality Bill, but our experience is that people's capability and capacity does generally start to diminish after this age and generally people wish to reduce their hours and responsibilities over time. There are occasional exceptions to this pattern, but given this and the nature of the work and pace of change in the workplace would not expect to be productively employing many people past state retirement age in the future. Also Group and legal equality practices

would probably prevent us from favouring any particular groups of people for employment, even if there were financial benefits to the Company. We can only select employees on a competence basis.

- We wouldn't expect that reducing the NI contributions for employment of an older person would be an incentive to create a job. If that expectation is right, it may result in an increase in the number of older people being employed into jobs which would have been created anyway, but that would mean that other members of the population who might have otherwise got the job would be unemployed.
- It is essential that younger people are given every opportunity to obtain work.
- a) Yes, definitely and removing employers NI for those over state pension age would be a great incentive. b) The previous employers NI holiday scheme was very good and if it could be reinstated for all employees as it did encourage new employment. I would have taken on permanent staff this year if still in place but have now delayed this. Whilst well intentioned the current scheme means I have to go and actively find someone who was on long term sick, unemployed or recently released from prison.
- A) Not above state pension age. B) Those currently unemployed for over one year.

3.3 New work based pensions

Questions at 3.7

- Should the Government introduce a compulsory scheme for people without workplace or personal pensions?

Responses	Number	Percentage
Yes	154	62.86%
No	56	22.86%
Don't know / Alternative comments / No comments	35	14.28%
Total	245	100%

Do you have any views which are not covered by this question?

Comments received:

- Mandatory schemes are expensive and overly bureaucratic placing a big burden on employers and not necessarily providing the supposed benefit to those employees who have no choice but to join. People must be made aware that they have a responsibility to provide for themselves. This type of no choice option just leads to people taking less responsibility for their lives. The results of not taking personal responsibility should be painful.
- How does this apply to self-employed people? Why is the employer rate less than the employee rate?
- These types of schemes are inevitably overly expensive and bureaucratic. They are onerous to employers and a deterrent to employing people especially for SMALL businesses - don't do it. People should not be forced into a scheme if they do not want

to. The key is to ensure people understand that the state will not provide for them - they have to do it themselves.

- However, I believe there should be large incentives to save for retirement, and to work hard to save for retirement.
- This runs the risk of penalising those at the very low end of the financial boundaries. The Minister has said the introduction of such a scheme is not a priority. It is essential that a compulsory scheme for workplace pensions is introduced at the same time and not postponed into the future. The tax implications of providing relief for employee contributions should be budgeted for at the same time. If the proposed changes are not introduced then compulsory work place pensions should still be introduced to improve the nation's provision for retirement income. Also there should be more tax incentives for saving such as exists in the UK with ISAs. The introduction of a flat rate pension will deprive some people of earnings related higher state pensions so provision should be made for building up additional retirement income.
- The self-employed also need to be introduced to compulsory payment into pension schemes so they have a provision for retirement.
- If this type of scheme is being brought in for the UK (which I believe it is) then it would be no more expensive for a company setting up in the Isle of Man. I know many employees who wish their smaller companies did have their own pension scheme, as it is much easier to contribute to a company scheme than make your own arrangements.
- Given the "freedoms" now introduced in the UK we should not follow what is a half-baked approach in the UK with tax relief for pensions which are not really pensions but are now lump sum saving schemes. A better approach would be an Isle of Man regulated ISA.
- I worry that my employer will drop my pension contribution to 6% from 12% because of this.
- Some people already struggle on their living wage and employers should not have to pay more for providing employment. Plus the money would be locked away. An alternative could be to provide people with savings vehicles like ISAs to assist them with saving but still having access especially if they want to save for a deposit for a house (the house is then an asset which can be sold or downsized when in retirement). Encouraging an individuals pension market on the island would be good, I have received tons of marketing leaflets but never about saving for pension. Also if there was a compulsory system who would administer the pensions? Private or public sector - if private there may be some fees which make saving inconsequential, if public how do we have stability when the political wind changes i.e. the next generation of politicians get in, also would the government then have to set up a pension protection fund for the schemes that would inevitably fail?
- Consideration should be given to the business of attracting employers to the Island and compulsory work based pensions is a serious cost consideration for companies relocating here.
- Although having a personal pension would be a favourable benefit, circumstances dictate that as a single working parent with two children, I do not have 4% of salary free at the end of each month to contribute. I also work for a small Employer who

should they have to find pension contributions each month for 13 staff could result in a reduction in staff and increase to the number of people unemployed or drawing benefits.

- The problem at the moment is that most young people are not enrolling onto 'works pensions' due to either not being given any information on how to do so or are not actually aware of needing to do so! Greater education on this is needed.
- But the report suggests a choice of scheme and currently there is no scheme except for large employers who can convince Aviva to offer them a group scheme.
- But there currently aren't personal pensions available to a large part of the working population (i.e. without group company schemes) so this would need to be resolved first. The government should maybe approach Aviva for costings for a large number of cases.
- The sooner the better.
- Currently there are no personal pension plans from an insurer available to IOM residents (only very expensive SIPPs are available). If workers who aren't members of occupational schemes or don't already have a personal pension (from the days when they were available) wanted to save in a pension there are no options available to them.
- You already have a compulsory scheme, the state pension, which is paid for by compulsory NI contributions. In my opinion people should be able to live off this pension. This comes back to what your objectives for the state pension are. Running an additional private compulsory scheme makes me wonder what the state pension is for at all, if people are unable to live off the state pension then it surely needs increasing. If people are not supposed to be able to live off it then it needs abolishing.
- The Government should not force people to save. That is just another tax. The Government should create an environment where people are encouraged to and want to save. The problem is that for a lot of people small amounts of savings just remove benefits so we have to change the mindset. The state should provide a very basic income to all, and then everyone knows that if they want more than that they need to save. But more importantly, whatever they save they get to keep. We have to get away from the point where people think that their benefits will be removed if they save.
- Yes but it is a risk as it may put employers off coming to the Island.
- Put all public sector pensions onto the same footing no exceptions money purchase benefits only allowed.
- Why should an employer have responsibility for an individual taking out a pension scheme, make it the responsibility of the individual setting out minimum contribution criteria. Arrange the scheme so the individual makes all the contributions, takes full responsibility and saves for themselves in later life. Or if necessary somehow make it compulsory that people save for their pension. We should move to a norm whereby salary is adjusted to reflect that all contributions are being made by employees. The system should be equal for public and private workers.

- How would this apply to people working part-time or on fixed contracts?
- Yes, and combine it with reduction in NI so the final result is NEUTRAL for the payees. That should be the only pension. Benefits and hospital provided from VAT and Income tax. People struggle to pay compulsory Tax, NI, VAT, tuition fees, petrol tax, road tax, duty on alcohol and tobacco, TV licence, rates. How can another compulsory deduction be suggested?
- Presently I have reluctantly opted out of a very good work based pension scheme because I am a single parent with four children to support and I am expected to pay full maintenance for my children at University. If I paid into my pension I would go into debt. I shouldn't have to make this choice.
- Only if it is compulsory for employers to also contribute.
- This is a no brainer... if everyone had a works pension it would reduce dependency on the state in old age.
- Measures should be taken to encourage own provision but if this is not done, then some compulsion is needed to stop these people becoming a drain on the other workers at a later time in life.
- While I agree it should be mandatory for all workers to save for retirement, I think employers contributions should be realistic, as some small business owners (shops and restaurants) might struggle to pay an additional 4%. Many larger companies already have pension contributions in place, but if small companies are forced to pay too much, they could end up reducing staff levels and thereby increasing unemployment. Perhaps 2% for small shops etc would be more realistic, but they'd need to prove their case.
- People should be free to save for their retirement as they wish.
- If something is not done about this issue then there will be far, far too many people being funded by benefits from the IOM DHSS system.
- But it should communicate the impact if you do not plan for your retirement. The responsibility has to be placed on the individual, but that individual also needs to be educated and understand the limitations to what government can and will provide.
- This should be introduced in a response so that future pension needs are met and as most countries are in a similar position employers here are going to be no different to those in UK etc.
- What happens if a person moves job regularly? How would this affect single parents? How would this affect self-employed persons? What happens if you choose to opt out?
- Forcing small companies to do this is another added cost and runs the risk of reducing the number of jobs available and more unemployment - also a lot of small companies have struggled since 2008 and cannot afford this.
- Very nanny state enforcing behaviour for the individual and their employer however avoids the state and so the taxpayer picking up the eventual tab. Do low income

individuals have sufficient disposable income at £9,500, which I assume will be index linked not an absolute figure.

- It should be compulsory for employers to offer a scheme, but it should be voluntary for employees to join the scheme. If employee contributions are compulsory it would be just like another form of tax.
- Hope by the time you make it compulsory the employees earnings will be a lot over £9,500 or we will have lot of food banks.
- People on low incomes will opt out. The UK scheme has failed to resolve this. If this scheme takes place on the IOM, then there should still be a minimum employee contribution, e.g. employee opts for 2% rather than the 6%.
- Despite the 10-year phasing-in of contributions - still a question of affordability for some - £30 a month, if 6% on £60K phased in over 10 years (e.g.). With increased costs (and debts to pay) elsewhere this might be a squeeze for some. Agree however that individuals need to take greater responsibility to save for retirement - the sooner the better.
- There are no companies at present willing to provide a new pension for individuals. If government can get a company to offer one, then yes - membership should be compulsory. But 6% contributions for someone earning less than £10k per year may be too high - especially if they rent privately. This contribution rates should be graded based on earnings.
- However, the rate of 6% has been plucked out of the air without considering the effect on employees (phased in or otherwise). Much more work on this has to be done prior to introduction. A compulsory 4% on Employers flies in the face of earlier questions about Employer's contributions being burdensome. Therefore unless it replaces Employer's NI contributions, this has to have a negative impact on employment.
- I once sat in front of a pensions agent, who said, "we will take all the money you have for years, when it's time to retire, we will give you the minimum we can get away with". It was an honest and frank disclosure, and I'm aware that annuity legislation has changed, but I think compulsion is tricky, and the people running the schemes need to make a profit. I think Business will recoil at the cost, why have they loaded it at 6 on the business side? I'd prefer, employer 2%, employee at least 4%. For me that is an easier sell. Also, businesses don't want the hassle of running it, could it be a central fund administered by government, with employer and employee contributions and all ring fenced from fixing potholes :)
- Agree but only for certain size of work force say five or more.
- Manx government has stalled on this possibly influenced by large influential companies on island.
- Everyone should have to make some provision for their retirement and not rely solely on the state.
- Workplace pensions should be introduced as a matter of urgency.

- People should be encouraged to add to a pot, this is purely optional but if you don't put it you can't take out.
- I think that this is one of the more important elements of the proposed reforms and I believe that a similar scheme to that being introduced in the UK would be hugely beneficial to the Isle of Man and its workers.
- How can anybody on as little as £9500 afford to put aside 6% of their salary and will this mean getting a reduced state pension at the end?!
- Introducing similar schemes such as an ISA's as opposed to a pension scheme should also be considered, pension schemes should be based on the mainland models with them being approved by reason of them having UK approval as there is no point in reinventing the wheel and creating another empire for some overpaid and over managed bloated civil service department.
- I strongly recommend this.
- What about those who are self-employed? Would government create a scheme for which they could pay into or would they solely have to rely on insurance company's?
- The government are already taking over 20% of earnings in indirect taxes, on top of 20% income tax (less the LEL) this is just another tax.
- As long as they are not promised telephone number payouts and the insurance company or indeed Government just rip people off with MVR or simple change of goalposts when the get near retirement.
- If you don't pay in you get nothing out SIMPLE.
- If this were to be introduced it should be against a backdrop of effectively enforcing personal saving rather than increasing employment costs. Such a scheme would also be likely to increase the bureaucratic burden. Alternatives may be to introduce/improve incentives to save by tax breaks on savings income or further tax deductions for private pensions.
- Yes. The rates described in this section should be variable, eg a minimum contribution rate with the employee/employer agreeing pay more. 6% seems a high rate for someone earning only £9,500 p.a., effectively reducing their take home pay to below £9,000. 4% might be a high rate for some employers, especially those who have high earners.
- Yes, NI rates should reduce accordingly.
- No - especially because there is no capital tax on the Island so people can save in other ways without the extortionate charges that come from some pension plans, and with freedom of choice to do with that investment as they please rather than being dictated to by the state. To force people into specific plans is to create a potential next future mis-selling nightmare caused by the government!

- A compulsory pension scheme for those not already in a scheme is also good provided that this is not seen as a way to allow reduce state benefits at the time of retirement. If this is the agenda then NI should be reduced accordingly.
- I strongly disagree with this. I applaud the concept of getting people to plan for their retirement, but rather than penalise it would be better to give an incentive or government bonds at a good interest rate. People don't like to be bullied, especially when it comes to money, much better to help them to realise that they are on to a good thing. If you were to introduce this compulsory scheme, I think £15K is a better starting point. Many families with an income of £9500 would not want to pay out extra and it would lead to resentment. It would be expensive, so as I say, get in a psychologist and find a better way to persuade people to save.
- The Government should make it clear what it will provide as a pension when a person retires. It is up to the individual to make a provision to top up this pension. Rather than an employer based workplace pension why does the Government not offer an additional pension scheme to which the employer must contribute?
- Compulsory pension scheme is a good idea but rates should vary to reflect the business size and employees' wages.
- We are, I hope, a responsible, high quality Employer, with 35 employees on the Isle of Man. We also have employees in the UK so are engaged with UK Pensions arrangements. We have endeavoured, since re-locating our business to the Isle of Man in 1997, to provide workplace pension opportunities for our employees. We operate a matched-funding commitment to what are effectively group personal pension plans. It has been highly frustrating and extraordinarily expensive – both in money and administrative terms – to offer, fund and manage these schemes. The administration and cost overhead is wildly disproportionate to the funds being invested. When there have been regulatory changes (even changes in the UK effect IOM Schemes), we have ended up with schemes closed to new members – so ending up with multiple schemes to administer. Operation of the schemes is highly regulated – with the IFA responsible, having to have extensive annual meetings with each scheme member. This further adds to costs – and further reduces enthusiasm! There is a strong perception that pension schemes lock savings up – and that they can “die with you” if you die early in retirement. The UK has recently taken decisive steps to make pension drawdown far more flexible – but the Isle of Man has yet to follow such a lead. We have therefore found it very difficult to motivate Employees to take advantage of the schemes – most are more interested in paying their immediate way in the world than in saving for retirement. The incentives to do so are very limited, with low effective rates of taxation (typically 10%) meaning there are minimal tax advantages for ensnaring money in such long term instruments. Consequently only 17 of our employees have chosen to be part of either of the two schemes we are currently operating. If IOM Government is to require small businesses (and we are far from being amongst the smallest), it is critically important that low cost, easy-to-administer, flexible pension products are available. In view of the very limited market opportunity of the Isle of Man population to a major Financial Institution, we believe it will be really difficult to persuade them to operate a low-cost pension savings scheme suitable for the Isle of Man. It may therefore be that such a scheme will require significant Government involvement. We would be happy to share more about our experiences in trying to operate an Employer-led pension scheme if this would be useful.

- The report quotes that 35% of economically active working age people contribute to a pension. However, given the number of generous non-contributory company pension schemes that exist locally, it would be better to use membership of a pension scheme as the key statistic, rather than whether employees actually contribute to it or not. That's what is important. Some non-contributory pension schemes that we see on the Island have employer contribution rates as high as 20%. So bringing those into the equation – as the report should – will boost the numbers. If Government is happy to propose a generous Manx state pension of £180 a week – equivalent to a third of median national average earnings – is it really necessary to contemplate compelling employers to enrol their staff into a retirement saving scheme? And given that the Island is an international finance centre, which competes for businesses with other IFCs both in and out of Europe, is it really sensible to start driving up Isle of Man business costs, and driving down the relative appeal of the Island as a location for business? We have numerous other concerns about compulsory enrolment in a country of our size (and we say this as a pension provider, who would potentially stand to gain from such an idea). Design – the UK has moved to embrace flexible access to benefits and 100% lump sums, the Isle of Man has not. If a workplace pension scheme is based around the notion of a pension and an annuity, where are the annuity providers? And what will members think, given the unpopularity of annuities? If you don't compel the retired person to take a pension, eg permit 100% lump sum, then does the recommendation achieve anything in practice? Costs would be a concern, given the small size of the market, and the fact that by definition we are talking about lower earning employees. In short, we do not for one moment believe that the notion of compulsory enrolment, with matching contributions, is sensible in the context of the Isle of Man. We do not support the introduction of compulsory enrolment in a new island-wide pension scheme. For the reasons explained earlier, we do not consider such compulsion to be necessary or appropriate.
- It is very desirable to introduce a compulsory scheme to create workplace pension arrangements as proposed. This will supplement the state pension and reduce future benefit payments. Other methods of saving for retirement, and when in retirement, must also be encouraged; introducing island-based tax-free ISAs, including over-65 ISAs, would be one way.
- NO. Compulsion to join a scheme that isn't yet established or proven is wrong. My experience is that changing jobs frequently means losing potential pension. So a work based pension fully transferable between employers is an attractive idea. How might existing works pension schemes be assessed as 'qualifying' as similar to the proposed savings scheme? There needs to be a liberal interpretation to avoid problems for Isle of Man employers with pension schemes based with a UK parent. How would this work for people moving between IOM, Channel Islands, UK, or elsewhere in EU? Will the Isle of Man Government be underwriting the value of the retirement savings scheme? In recent years, I have had investments reduce in value; and knew people with 'Equitable' pensions who had to defer retirement. What about the self-employed, contract and agency staff?
- CLIS currently operates an Approved pension scheme which at least meets all the requirements of the proposed compulsory scheme: the Company's contribution is currently in excess of the 4% proposed and there is no requirement for employees to contribute although they can make AVCs if they wish. It is worth noting that despite the tax incentives, the take up on AVC contributions is currently low. On the basis that the Company already funds a scheme similar to that proposed, the introduction of the proposed compulsory workplace scheme would have no impact on the Company's

employment costs. There would be a concern that the impact of compulsory employee contribution would be a reduction in employee disposable income with the corresponding adverse effects on the economy. However, given the reality of the situation re the sustainability of the N.I. fund and providing that the employee contributions were phased in over a realistic time period then this impact would have to be absorbed.

- Yes – it is deplorable that so few of our population have no pension provision beyond the state retirement pension. This should be encouraged by government, but government should have no part in the administration. There should be some security for existing corporate pension schemes and/or 'lifeboat' arrangements so that workers do not lose out if their employer fails (which has happened on the IOM).
- Yes, as it will help reduce the future required burden on the state for those over retirement age over and above the basic state pension. It will also provide a responsibility for their old age to the working population. It should also include a death benefit to assist their family' if the individual does not reach state retirement age. The only concern is this is the equivalent of increasing the NI rate and replacing contracting out with this to generate a larger pension but at a higher cost to the individual.
- Yes there should be compulsory work based pension schemes but **not** handed over to the private sector to run, they will only be in it to make money and not provide the best VFM for the beneficiaries. It has to be carefully state run to make it secure and everyone gets the same benefits on a **not for profit** basis. Many private schemes are a rip off to say the least.
- The NI system is such a scheme. Beyond that, we do not support the introduction of mandatory private sector schemes such as are being introduced in the UK. The only compulsory scheme should be the state scheme and that should provide a pension sufficient to support a defined basic standard of living. Private and occupational pension schemes should be a choice for those who want a higher standard of living in their seniority.
- No, The cost of administering this scheme separately when it is essentially an separate addendum to the current provision under the current systems, compared to the benefit to the average employee will be too high for this to have any meaningful benefit. Whereas we can see that a rebalancing needs to be done, this can be done within the current system by reducing benefits and increasing employee contributions.
- On the basis that the current system for retirement savings is not sustainable, then Aviva would support legislation towards enrolling workers into a pension scheme. Automatic Enrolment in the UK has so far seen very low opt out rates and also isn't in the main viewed as the state forcing legislation onto workers. However Automatic Enrolment in the UK is also proving to be very complex for employers to both interpret and administer plus it also requires considerable levels of monitoring. A Compulsory Enrolment system which, is both simple and clean and captures the majority of people into it would therefore be a lot more practical and effective.
- Introducing compulsory pension schemes and employers and employees contributions will have a serious impact on new businesses coming to the Isle of Man in terms of the cost and complexity of doing business in the Isle of Man.

- No. Government should encourage individuals to make appropriate provisions for their retirement and equally should ensure that there is a minimum safety net. A compulsory scheme increases the bureaucracy of operating in the Isle of Man and given the low tax rate and the lack of tax on capital gains, for some individuals a pension may not be appropriate; particularly if they ultimately may not retire in the Isle of Man. A compulsory scheme will discourage businesses and new employees relocating to the island. Businesses looking to relocate to the Isle of Man are often looking at flexibility and ease of business as much as low tax rates.
- New Work Based Pensions Q3.7 Yes. Again we would recommend applying this in line with current UK practice which should minimise pension admin. costs for companies and ease matters when people are moving employment between the UK and the IOM.
- As we, and our employees, already make contributions to a scheme which exceeds the proposed contribution levels, this would not affect our business. We would like to raise a concern that having a compulsory pension scheme with no opt-out facility may be disadvantageous for employees from abroad who are already enrolled in home country voluntary pensions. This could be addressed through exclusions for those who are already making provisions for their retirement in line with the proposed rates, or a reduction in the amount that is required to be contributed by the employee if they are making some contributions already, but lower than the rates specified. The exclusion suggestion would maintain a simple system, however, adding in the reduction in contributions required by an employee where some contributions are already made could increase the complexity of the system.
- No. The cost to employers would be too great and restrict the growth of small businesses so often quoted as being "the powerhouse of a country's economy". Owner managed businesses would often not be able to afford the pension costs for themselves let alone any employees. If it has to be introduced it should be only for those on earning over £25,000 per year.
- Yes. There should be compulsion to join a scheme. To do this need to encourage private pension providers on the Island. This will not happen voluntarily if contracting out is abolished. It is considered that the Government role is to educate the work force about pensions and that the State Pension is a safety net.

3.4 Working age benefits

Questions at 4.6

(a) Do you agree with the idea of the New Manx Benefit?

Responses	Number	Percentage
Yes	177	67.30%
No	35	13.31%
Don't know / Alternative comments / No comments	51	19.39%
Total	263	100%

Comments received:

- The system needs simplifying if a CBA (central benefits agency) was established that dealt with all the aspects of benefits the system would be simpler and cheaper to run

providing of course there was the political will to get rid of the surplus civil servants. As you are well aware with approximately 17% of the workforce being employed by the government with a population of 85K the present system is not sustainable.

- One manx benefit. Since many if not most people on benefits are in taxpayer funded social housing, they are already getting a big subsidy that those working and paying private rents don't. Paying someone who isn't working and contributing, 26000 a year, including lone parents (I was a lone parent who raised my children with full time work) for 12 years, leads to making them virtually unemployable, and makes lone parenthood a career choice for young women who would otherwise be in low paying jobs. My son is university educated, earns 35k a year, pays 950 pounds a month rent and supports his wife and baby. He would actually be better off in a council house with 26k a year in benefits. Maximum benefits for those in council accommodation should be 20k a year.
- For all the questions above sanctions already exist – they are pointless questions.
- The current system should be retained until more is known about the Manx population and about the impact of the changes in the UK on benefit recipients and costs. In the interim the current system can be improved – in my short experience of part of it, it is administered badly, with poor communication and at times a lack of understanding about how to apply the rules which leaves both office staff and recipients confused. This would not waste money even if the system then changes as it would increase confidence all round, ensure the good practice continues with any new system rather than just muddling through that as well, save staff time by reducing the number of queries and appeals and possibly also reduce inadvertent overpayments.
- I realise you've tried to strip down this question for the survey but it's far too simplified to make sense. The idea of creating a simple benefit that applies to everyone is great in principal as long as it's based on the cost of living. I'm claiming JSA at the moment and it's put me hugely in debt having to borrow money to pay my bills. The housing allowance is a max of £500 but it's almost impossible to find a flat for that amount (especially considering some of the estate agents refuse anyone not employed). Personally I think that child benefit should be lowered by gradients for each child with a max of 3 kids (this also leads to better sex education in schools and more accessible advice and contraceptives which is a whole different issue)! Having been unemployed for over a year I have found it the most humiliating experience of my life. Apart from being made to queue up for handouts the threat of cancelling my benefits is constantly held over my head. Realistically, what is someone supposed to do if their benefits are cut even for a month? That means they can't pay their bills, buy groceries or pay rent which could lead to them being evicted and needing emergency housing which would cost even more. While I understand that the unemployed are in a minority, that also makes them vulnerable and the govt needs to have processes in place to protect them rather than punish them. The ongoing attitude that anyone who can't find a job is lazy (I have experienced this when talking to MHKs) needs to change for the island to progress.
- I think it's important that it's made clear that these are benefits not rights. State benefits should not be seen as an alternative to employment. The benefits system should be there to support those who really need it. A good example of this is child benefit - does a family earning £70,000 really extra financial support?

- I do not know enough about the benefits system or about being a receiver of benefits to comment on these detailed proposals. It would seem that this subject is big enough to be a separate consultation in its own right. Changes which improve the efficiency of administration and retain the dignity of recipients would obviously be welcomed. As with the proposed state pension changes, a strategy about contribution based and non-contribution based welfare agreed by Tynwald seems to be missing before the detail is being embarked on in a piecemeal fashion. The core welfare benefits for unemployment and sickness provide a fundamental contributory insurance policy for all and these should not be replaced by means testing. Such a move would mean that there will be a sector of the working population which in the main contributes substantially for welfare provision but finds there is no help when they require it, albeit for a temporary period. A withdrawal of such benefits from the social fabric of the majority of the working population's lives will in time lead to private provision by insurance where everyone pays for themselves causing division and disintegration in society.
- Benefits are complicated and need simplifying. Personally I want to know that when I need it, after contributing for many years, the support will be there for me. I've seen people fall foul of the complex rules and because they've tried not to claim benefit and so don't get credits to maintain their NI record and have lost out. Where some others know the system and rules inside out and maximize their claims (as is their right under the current system). When you mention means testing you do not clarify how this will be done, there are many ways to do so and I might agree with one but not another.
- I agree with a simpler system and feel very strongly that it is only those people that are entitled to benefit that receive it.
- I believe that we should provide a very basic benefit for everyone of working or pension age. If people then want to live on the basic and not work, fine. But I believe that the vast majority will want to work, if only part time, to get a quality of life that the basic income deliberately won't provide.
- The Welfare State is not a good thing in leading the State will care for them from cradle to grave. It is not affordable and encouragement should be given to wean people away from state benefit reliance into looking after themselves, and suffering some negative consequences should they fail to do that. Private insurance arrangements already exist for many state paid benefits and people should be encouraged to become self-reliant and not view the government as a nanny to look after them in every situation. The government is using other peoples money to pay these benefits, the money is not produced by the government.
- Again leave the benefit system alone the UK are dealing with this. It would be money well spent to investigate all claimants more closely for fraudulent claims, health issues etc and means test all claimants.
- Scrap the whole system of working age benefit entitlements, replace with a simple safety net support payment for those with genuine needs.
- This concerns me that you could make maternity allowance means tested. The working professionals are again the group in society that are losing out. If you do not keep parity with the UK on issues like this the IOM public sector will grind to a halt. You must make every effort possible to recruit and retain high quality health

staff and policies such as this will put people off even applying.

- Persons claiming should have to provide documentary evidence to support that they are entitled to same persons coming to the island should not automatically be entitled to claim if they were entitled to claim from where they originated, or if the amount claimed previously was less than what they may be entitled to on the IOM single mothers should only be paid for one child to encourage them not to have numerous children with several different fathers single mothers should not automatically be allowed to make claims if child as result of a one night stand and parents should be made to take responsibility / assist with bringing up of grandchild.
- Support should not be paid to any individual without a clear understanding of their personal circumstances, and hence means testing and personal asset statements.
- Far too complex an issue to reduce to a simple survey like this. However, the simple you make a benefit, the far more likely there will be unfairness, abuse and anomalies as there was with the disastrous unified housing benefit. Avoid.
- Should not be classing all benefits together disability and incapacity benefits should not be included with unemployment bereavement maternity etc.
- Single people without children on low pay are entitled to very little social support in its widest sense. They usually have to pay market rents and are low priority for social housing even though they could support other neighbours or elderly people. And everything seems to be centred around children. Children are a luxury item of choice these days not a right, and with that comes personal responsibility and obligation. At present it seems they are used for reward.
- Care needed on means testing to ensure correct period considered.
- The child benefit part should be abolished.
- Stop giving money and paying high rents to landlords for kids who have kids and have never worked in their lives and have no intention to do so!
- If the premise is that a NMB reduces the complexity of present benefits the yes. More important than the name is the policy and strategic objective of the benefits system both in terms of eligibility and affordability.
- I would like to, but I don't. Individuals have so many different needs I think they need to remain separate.
- The Government should decide what it can afford to provide as a state benefit and to make it clear what that is. Unemployment, or low paid/part time workers, will increase in future years. There can be no doubt about this. The community must decide how it will support the unemployed and low paid without creating a 'them and us' community. Government must lead possibly by providing benefits in kind such as low cost social housing and energy to those who cannot afford private rents. This would be for the young and old. How this is funded is something society today has to decide. But more places to live are required.

- I have always felt that the large range of benefits is about administrative 'simplicity', rather than the needs of the claimants, who frequently fall into the cracks in the system. A single benefit will be very welcome.
- In principle as it appears to provide a simpler benefit system.
- Contribution based benefits paid to anyone who meets the contribution criteria, regardless of their means and means tested benefits paid to anyone in genuine need, regardless of their contribution record.
- In theory, if there is a break from the UK system, the idea of a new Manx Benefit has several attractions.
- Yes but still have different types of benefits. Some benefits are short term and needed immediately (such as bereavement allowance). Other you can take action to remove your need for the benefit (such as unemployment) but if you can't solve the issue (such as disability) this needs to be treated differently.

(b) Should there be entitlement to the New Manx Benefit for a limited period on a contribution-based, non-means tested basis?

Responses	Number	Percentage
Yes	137	52.69%
No	67	25.77%
Don't know / Alternative comments / No comments	56	21.54%
Total	260	100%

Comments received:

- I think if you've put into the system whether you're a high earner or not you should still get the same as someone who's never put in i.e. child benefit. I don't agree with means testing unless it's to gain social housing, but even then people lie! There's no incentive for people to start work or even return to work as their paid too much in social benefits!
- The period of benefit should be dependent on circumstances. Someone with cancer justifiably could be requiring help for longer. Someone who just can't be bothered working and contributing to Isle of Man Inc. shouldn't be getting any benefits and should be made to work.
- There should be no universal entitlements. Need not entitlement should be the basis.
- Definitely, for the same reason as above. However, if everyone is assured of being able to live comfortably in retirement, then this question may be worth rethinking, but you are not at that stage yet. This would be for the future.
- Yes, as long as a minimum NI payments have been made or the individual has Manx worker rights.

- Lose their jobs and can clearly demonstrate that they are actively seeking work or are injured and unable to earn.
- It should be means tested. There should always be provision for immediate emergency payments that are not contribution based.
- If you truly need the benefit you will need access to it immediately so you should receive it for limited period of 3 months or until the administration of means testing is completed (whichever is the longer).

(c) If so, what should that period be – 6 months, 12 months or some other period?

Responses	Number	Percentage
6 months	68	49.63%
12 months	48	35.04%
Some other period / Alternative comments	21	15.33%
Total	137	100%

Comments received:

- As long as people need it.
- 3 months or less.
- 3 months (six respondents).
- Not less than the UK.
- Qualifying contribution years.
- The needs of the individual claimant.
- 4 Months.
- Dependant on circumstances.
- 24 months.
- All personal situations.
- Determined by health conditions (chronic).
- 5 years.
- Any period would be arbitrary. Some proportion of what has been paid into the fund in both employers and employees contributions, perhaps 15% could be a limit on total payments out of the Fund.
- The time period should be less than that, no more than 3 months.

(d) Should the same benefit be used to support people in and out of work?

Responses	Number	Percentage
Yes	136	52.71%
No	52	20.16%
Don't know / Alternative comments / No comments	70	27.13%
Total	258	100%

Comments received:

- The benefit should be set according to the objective rather than the status of the recipient. The name of the benefit is unimportant.
- On your new system, yes. There is room for more alignment of benefits under the current scheme.
- Yes, if it is simpler to administer and means there is less of a cliff edge and provides a continuous benefit.
- Means tested benefits should be paid to those in genuine need, regardless of whether they are in work or retirement.

(e) Do you think that all working age benefit claimants should have to sign up to a clear statement about their obligations?

Responses	Number	Percentage
Yes	196	75.38%
No	16	6.15%
Don't know / Alternative comments / No comments	48	18.46%
Total	260	100%

Comments received:

- If you're on benefits and physically able you should have to sign up to a number of hours which benefit your community – there are a lot of charities out there looking for support and a lot of roads/parks/beaches that need cleaning. This benefits the island and the person. Achievement and feeling you did something good is a great motivator.
- Re sections 26 and 27 Sanctions already exist. Disability living allowance should continue to be an allowance based on medical criteria that is not means tested and it should have no limit on the time it can be paid for. Severe disability does not disappear in 12 months – in many cases Nobles Hospital stops offering any help – ie no physio if it is a chronic condition – you are still left severely disabled and that can be for years. If you are working and getting disability living allowance you can use a taxi because without it you could not walk even a short distance to work. This is an extra expense caused by disability and so getting DLA leaves the person getting nearly as much money as co-workers and under anti-discrimination law this is how it

should be.

- People claiming benefits should not be entitled to anything more than on a month by month basis and they certainly shouldn't be entitled to a house and all the trimmings. They should be employed by the local councils to sweep and clean streets, clean windows and parks, or put on a YTS scheme. Not roam the streets smoking pot and drinking.
- No objection in principle – however, any such requirement must be non-bureaucratic. The general presumption that citizens should follow the law should be the basis of the receipt of benefits just as taxpayers should pay what they are obliged to pay.
- Yes, but only if penalties can be levied if necessary. If you can't implement the policy in practice, then no.
- This does not appear unreasonable.
- Yes but it depends on the situation for carers and some disabilities there is no fix. For unemployment even if they can't find a job they can start their own business. So in the latter case they should be made to sign up to obligations to receive the benefit and penalties if these are not met. This is similar to the original welfare state but this went hand in hand with case workers providing support such as work experience, to give people confidence to work.

(f) Do you think it is fair that benefit claimants who fail to meet commitments should have their benefits reduced, or even stopped?

Responses	Number	Percentage
Yes	195	74.71%
No	25	9.58%
Don't know / Alternative comments / No comments	41	15.71%
Total	261	100%

Do you have any views which are not covered by these questions?

Comments received:

- I want to add that I think it is absolutely disgusting that you would consider adopting the UK model of the welfare state that has been perverted by the current government over there. The concept that disgusts me the most is the reduction or cessation of benefits for those who 'fail to meet commitments'. As a student and child of a single parent family who relies on income support to supplement supply work (in a DoE school, after being made redundant from the same school 4 years previously), I know that my mother will have difficulties attending meetings on time and driving to the social security office when she can barely afford to put petrol in her car. Are you willing to admit that you would take food out of our mouths and countless others if they fail to meet onerous commitments? David Clapson was a diabetic man from the UK whose benefits were cut after missing a single meeting at the job centre. He

couldn't afford to pay his electricity bills in order to store his insulin. He was found dead lying next to a pile of CVs and no food in his stomach. There's a fallacy being told in our society – the fallacy that unemployed people don't want to work. My mother is 49 years old. She's strived to work all her life, but employment hasn't always been there. She needed qualifications to get back into employment with the DoE, so she went out and earned a GCSE in Maths to get her job back. The idea that a new benefit will 'make work pay' is also a fallacy. Neither the current minimum wage or benefits are high enough to allow a decent quality of life for Manx citizens. I do, however, agree with the introduction of a minimum basic income which reflects the cost of living on the Isle of Man. I also agree that the bureaucratic nature of the benefit system needs to be addressed – with unpredictable employment causing headaches for claimants that often result in benefit payments being late due to administrative mix-ups. I feel that these are steps in the right direction, but to introduce additional caveats to eligibility and quantum of benefit is draconian and simply evil. My mother has mental health difficulties, as do a number of benefit claimants (particularly those on disability benefits that have trouble attending meetings at the drop of a hat). I do not want to see her benefits cut to the point that she becomes another statistic. I urge you, Mr Teare, to reconsider these changes and adopt a more empathetic approach to those in need. David Clapson: <http://www.theguardian.com/commentisfree/2014/sep/09/david-clapson-benefit-sanctions-death-governmentpolicies>. More examples of disabled people who committed suicide due to the actions of the UK Government, benefit cuts being among the reasons: <http://linkis.com/blacktrianglecampaign.org/d1Ume>. Examples of your proposed sanctions going awry: <http://www.independent.co.uk/news/uk/politics/thousands-of-young-peopleforced-to-go-without-food-after-benefits-wrongly-stopped-under-draconian-new-sanctions-regime-9162844.html>.

- Reduction in or stopping of benefits for failed commitments must be enforced if this is to work in practice. Being on benefits should not be a lifestyle choice but a last resort option to encourage getting people back to work.
- Not concerned on the mechanics of benefits. However benefits should be much more linked to what people have paid in and not necessarily always to means testing because unless means testing becomes much stricter the end result is wealth distribution which is detrimental to an economy. All well and good imposing extra bureaucracy but reducing benefits for failed commitments needs to be enforced. Commitments need to be onerous – people need to understand that being on benefits is not an easy and unlimited option. IOM must get MUCH tougher on benefits – it should not be a lifestyle choice.
- At all times for fairness – those in work should not be worse off than those on benefits. Benefits should only be available for people in genuine need, and absolutely means tested regularly. Regardless of the administration cost – Working Morale in the Island is extremely low.
- The benefits this Island provides should be for those who have worked and paid into the system. Anyone who has not and or has no intention of working should not be given any type of help without first helping the island i.e. community service type work to earn their money instead of being handed it.
- There are too many people on this island living on benefits that have no intention of working or putting something back its time for some tough changes where benefits

are cut, some people who work come across difficult times and the government give them no help as they have a little bit of money yet the unemployed just go in and ask for more and get it because they know what claim for. If the unemployed don't want to work or take one of the many jobs advertised in the job centres then the money should be stopped after a certain period of time and. It just for a week or two but permanently, too many of the younger generation here have the attitude why work when I can get it for nothing.

- Living permanently on benefits should never be a lifestyle choice.
- There needs to be safeguards and benefits should not be reduced/stopped without an independent (of government) sign off. There are major problems in the UK particularly with Mental health affected claimants and anyone with such problems should be given a guide/mentor through the system – ordinary counter staff are unlikely to appreciate the difficulties such people can face without special training. We should not by administrative practice or error be adding unnecessarily to those needing food banks.
- I think you there needs to be a clear understanding as to why a commitment has not been met before the benefit is withdrawn. I also think that Jobseekers and physically capable people on benefits should do compulsory community service, so that actually what they receive as a benefit is actually a 'wage'. This will benefit not only the community, but the moral and possibly self-worth of the claimant.
- But only after a warning has been given.
- The idea of stopping the benefits of people who appear to fail the commitments concerns me, there would need to be sufficient protocols to ensure that appropriate investigations and support systems had been implemented before such a harsh sanction was imposed.
- End the ridiculous in work benefits currently paid to public sector. I personally know of 2 hospital workers who didn't like new shift patterns so went sick for 6 months full pay under stress. Their supervisor then went sick for 4 months to return 2 weeks before retirement. A disgrace. No accountability from top to bottom. Sort that out first.
- In certain situations somehow reduce the amount of free disposable cash given in benefits and change to other forms of targeted support. Reduce the freedom to spend cash benefits as the recipient thinks best.
- It is wrong that ill people can be mixed up in this as the Manx Government employs contractors such as ATOS (July 2012 to January 2013) and now Dependability Limited of London (August 2014 to August 2017) to assess ill people to force them into work. For example, ill people are known to their own Doctors (ATOS and Dependability Limited are not Doctors, they do not make ill people well, they do not offer patients aftercare nor do they have any qualifications to diagnose or recommend treatments or medication to patients. It is putting sick people on trial to remove them from benefits as companies such as Dependability Limited are put under pressure by the treasury to perform well when assessing ill people or lose their contract. This is unfair in the sense it is like a trial by jury being instructed by the court to find the defendant guilty as charges or else. Many ill people in the UK died under conditions such as these assessments.

- Sanctions already exist. Disability living allowance should continue to be an allowance based on medical criteria that is not means tested and it should have no limit on the time it can be paid for. Severe disability does not disappear in 12 months – in many cases Nobles Hospital stops offering any help – ie no physio if it is a chronic condition – you are still left severely disabled and that can be for years. If you are working and getting disability living allowance you can use a taxi because without it you could not walk even a short distance to work. This is an extra expense caused by disability and so getting DLA leaves the person getting nearly as much money as co-workers and under anti-discrimination law this is how it should be.
- There are always situations/circumstances which arise which cannot be covered by the one-size fits all approach. I would hate to see families in real hardship being subjected to the same totally inflexible systems we have all read/heard about that are currently in use in the UK. I would hope that enough flexibility would be built into any system to avoid this.
- Again this appears to be more about money than welfare. More details are needed to give a proper opinion.
- This fails to recognise once again the role of mothers in looking after children. Their NI record may be incomplete or fail to meet requirements. Woman may be abandoned by partners (as I was) and it takes time (say 12months) to readjust, settle children into new homes, (often losing the family home and moving several times), then reskilling and entering the work force again. Government should appreciate the mental disturbance of life changing events often means people cannot just go out and get a job.
- When the benefit is reduced it should be tapered. Many on benefits choose to work less than 16 hours a week so they can get all their benefits. The taper should be gradual and apply to any amount earned.
- There are people receiving benefits or subsidized living who are supposedly living alone, but in fact are cohabiting. All claimants should be screened and means tested and it should be checked and followed up on. There are people in subsidized housing with second homes abroad, which unfairly takes money from the people who really need the help.
- I have worked since I was of age to pay tax, I recently had a baby and due to the cost of childcare my partner and I decided that it was best that I stayed home with our daughter until she was older and the fees reduce. Apparently I am not entitled to any income of my own even though I have paid tax since I was of working age. I am a person who likes to look after myself and that has been completely taken from me because I have to rely on my partner for everything! Yet the same people week after week sign on and receive a nice payment! It's wrong and makes me feel worthless!
- Ambiguous questions once again, appropriate answer not available.
- It's time to get tough. The island cannot continue to support this issue. But communication and ensuring understanding is a large part of resolving this issue. Perception that the state will bail you out needs changing and will only be done so through communicating and educating.

- Although the present system is complicated (and in many areas unnecessarily so) it should not become a one size fits all and that is so simplistic an idea that it should not even see the light of day.
- ANY benefit claimants should have to reapply every 6 months to continue receiving payments. If any able body person is out of work for a period of 3 months or more they should have to take part in community service projects. Reintroduction of food stamps etc and benefits should not be paid in cash – benefits should be a short term solution (in most cases) – everyone should have the right to a roof over their head, clothing and food – NOT CASH. People should be incentivised to work and at present it is set up in many cases incentivising people not too! Public Housing should also be reapplied for every 12 months and on proper tenancy contracts should be used. Rent should be means tested. At present the tax payer is subsidising the rent of Ramsey public housing by £1.2 million p.a. (£2,250 per house). Rents charged are MASSIVELY under market value and many residents are more than able to pay a lot more – getting a public sector house at present is like winning the lottery... no wonder there is such a massive demand and waiting list!
- Do not believe people should have to work for benefits that is call exploiting.
- Only if they are repeatedly irresponsible, lazy and determined not to help themselves. Sanctions should never be made before careful consideration is made of all factors to do with the individual concerned.
- From IOM online: "Mr Teare replied than an 18 to 20-year-old who takes a full-time job of 40 hours a week, paying the minimum wage, would receive £37.71 per week more in take-home than they would have received on benefits, including the maximum allowance which may be payable towards housing costs." What about travel costs & other associated costs of work? Not all roles are 40 hours. 35 hours would almost equal out Benefits Vs work. Additional benefits such as Dentist, prescriptions etc. It still remains beneficial not to work. The DSC frontline staff deal with well-informed claimants on a daily basis. These staff know the 'loop-holes'. A consultation and feedback from these staff would add enormous insight into what is 'right & wrong' with our current system, rather than rumour & hearsay.
- Benefits as the name suggests are not an entitlement. There should be strict rules to the receipt of the same along with stringent enforcement of rules when the system is abused. Reduction or total stoppage of benefits is the only real incentive that can be offered for adherence.
- In general benefit system seems biased against workers claiming short term. Long term benefit claimants should be scrutinised with regular interviews and medicals. Those on benefits should not be on more than 2/3 of minimum wage based on 37-40 hours normal working week. Benefit claimants without physical or mental problems should be forced back to work or reduce their benefits.
- There is a cohort on the island who choose to live on benefits as a lifestyle choice. This option should be removed. Benefits should be a short term solution when people are in need unless they have an illness or disability that prevents them from working. Sitting at home doing nothing and taking no responsibility for their own lives cannot be a long term option for people who are able to work.
- In most cases it is the families of these people who suffer - not the individual

themselves.

- That would be inhumane to leave someone without means to eat or live. Reduce slightly in extreme cases if needed but not stop their money. People need food, shelter and basic living needs.
- Everyone knows people who have never worked and have no intention of working. These people need to be made to go to work (I'm not talking about disability or sickness). Why should we work 40 hour weeks to pay for these people? Benefits are a safety net not a career choice!!!
- It depends what these 'commitments' are. Many sanctions placed in the present system are unfair and arbitrary.
- Mistakes happen, things get forgot, commitments decided by the DHSS in theory may not be realistic in in normal practice.
- Yes. Benefits should be stopped if claimants fail to meet commitments.
- Yes, they should definitely be stopped if a claimant fails to meet their commitments.
- Depends on the circumstances. I would suggest a gradual penalty starting with a warning, then meeting with a mediator, finding solutions for the problems concerning their failure to meet the requirements. At the other end of the scale, they could go to prison if they continually flout the law when real solutions have been presented to them.
- Yes, there should be a process that benefits claimants must follow and if they do not then a system similar to work place warnings, verbal and written should be used.
- In general benefits (outside of State Retirement Pensions) should be funded from the general taxation system, not the National Insurance Fund. The primary purpose of the National Insurance Fund should be the payment of old age pensions and every effort should be made to ensure that health funding and working age benefits are paid by general taxation. The money 'borrowed' from the fund to pay for the new Nobles Hospital should be repaid. There should be no doubt in any citizens minds that they will receive an adequate state pension from a well-funded National Insurance Fund.
- Yes. However, there is a level of destitution that a civilised society should not let anyone fall into, so a minimal level of means tested benefits should be available to all.
- Benefits should be set at a rate to meet needs; but otherwise should not be an attractive alternative to paid work. Care should be taken to ensure that where benefits are required they are not stopped due to potentially technical breaches of commitments, etc.

Questions at 4.9

(a) Do you agree that our reforms should strengthen checking of those claiming benefits to ensure they follow the rules?

Responses	Number	Percentage
Yes	210	81.08%
No	10	3.86%
Don't know / Alternative comments / No comments	39	15.06%
Total	259	100%

Comments received:

- I strongly support much tougher gateway to benefits. This in my opinion whilst painful during the transition period will lead to much more productive and happier lives.
- Very strongly support much tougher gateway to benefits. This is to the benefit of the whole IOM including those on benefits themselves as it will encourage more productive lives.
- People with life long disabilities shouldn't have to fill in claim forms all the time if their condition will never change.
- Not necessarily. Is there evidence to show that the current investigation and enforcement regime is failing to identify significant benefit fraud?
- Absolutely. If you don't check, what is the point of having them?
- The numbers of people who do not want to work is thankfully relatively small. We must not penalise those who want to work but cannot, and these will undoubtedly increase in number. Government is well placed to provide employment in return for "benefits" with many infrastructure jobs that can be created. Unfortunately it is not possible to abandon persons who will not or cannot work. It is important to keep in touch with those out of work and to provide incentives and opportunities for work.
- Yes, the system should ensure that only those entitled to benefits are paid them. This should again be looked at on a cost vs benefit value for money basis.

(b) Do you agree that we should introduce regular checks/tests for those receiving benefits?

Responses	Number	Percentage
Yes	111	36.16%
No	150	48.86%
Don't know / Alternative comments / No comments	46	14.98%
Total	307	100%

Comments received:

- These are benefits (often with no input to the system) not entitlements and there should be strict monitoring and 'policing' of the system.
- Do you expect this option to cost the person who is claiming the benefit? If yes how would this person be able to pay due to the low amount of the benefits already paid.
- Against a reasonable cost/benefit analysis this would be acceptable.
- No, unless you have reason to believe they are in breach of their agreement.
- Yes, as long as the cost of this does not exceed the benefit.
- Yes but this should be proportionate. Benefits cheats are no better or worse than tax cheats so the level of checking and the consequences of wrongdoing should be commensurate.

(c) Are there any benefits which should be exempted from increased checking?

Responses	Number	Percentage
Yes	68	26.67%
No	133	52.16%
Don't know / Alternative comments / No comments	54	21.18%
Total	255	100%

Comments received:

- Without any examples given, question is difficult to answer.
- All benefits should be exempted from increased checking. Being poor does not warrant government scrutiny of your lifestyle. I agree that the Isle of Man offer would be a good idea but without the loss of benefits. No government should oversee and be complicit in that, regardless of the claimant's circumstances.
- Exempt – long term GENUINE disability.
- Compulsory re-training and voluntary work would be a better option.
- Long-term disabled where they physically cannot work should not be harassed by constant checking, rather the rules for eligibility in the first place could be strengthened. Ask benefits staff for their suggestions as they are closest to the current operating system, check out best practice across the world. Definitely a better support system with opportunities should be in place rather than just financial assistance.
- Severely ill and disabled people should not have to endure the stress of repeated checks/tests.
- There is no point in checking irreversible chronic conditions which prevent employment. Checks should be realistic but compassionate.

- This is a very broad ranging topic that has been oversimplified. Persons with long term sickness or disabilities ought to be assessed by the health service not the job centre as to when and whether they are fit to work and to what extent. The 'long term' unemployed need help and suitable jobs provided for them. Most of all, individual cases vary from the very deserving to the fraudulent. No one under 25 should be eligible for any 'benefit' as a right, exceptions may be allowed for those in care or hospitalised but otherwise their parents ought to have to keep them, as I am expected to maintain my children well into their 20's at university!
- Retirement pension should be exempt from increased checking.
- There should be no checking up for those who are claiming benefits due to terminal illness.
- Must always take into account long term conditions ie those which will never improve.
- Increased checking for people on disability benefits should not be increased. There should however be an effort made by government to create job opportunities for people sufferings from disabilities that would still allow some form of work.
- The disastrous checking in the UK for disability benefit should sound a note of caution here.
- Exemptions should be long term disability and injury claimants.
- Checks must be carried out by Government staff and absolutely NOT by private organisations – and the cost of doing this must be factored into the suggested savings.
- The above questions depend very much on the quality of the medical advice given. In the past some doctors working for the old DHSS / DSC have stated to claimants that it is their job to stop people getting benefits. Also the doctors used were all physical health trained and had inadequate knowledge on the impact of mental health on claimants. For any new system to work and command respect these historic issues must be addressed.
- If you are on benefits due to a long-term health condition that is unlikely to improve (e.g. blindness) then it would seem to be a waste of time and resources repeatedly checking such people as well as being distressing and quite inhumane.
- Those with genuine disability including severe mental health illness and learning disability must be treated no differently from those who are permanently physically disabled.
- Do not harass the sick and chronically sick.
- Yes, e.g. a person who has a severe disabling illness from which they are not going to recover a 'normal' life (e.g. suffered a stroke which has left them paralysed and housebound) clearly doesn't need increased checking.
- Yes if they are paid out in relation to a disease that is incurable or where someone is dying.

- Long-term sick leave, disability etc. As the person has to provide a medical certificate on a regular basis, this should be enough.
- Any family with exceptional needs e.g. parent or carer with acute medical condition.
- Those where there is a permanent need for benefit which does not change over time. In these cases there should not be a requirement for any regular future checking.
- Disabilities arising from Service in 'the forces'.
- This should not apply to disabled people if this is implemented.
- If their situation whether medical or otherwise, can improve they should be monitored and given support for when it does improve to help them back to work.

(d) Should there be a 'better off in work' guarantee?

Responses	Number	Percentage
Yes	200	77.52%
No	14	5.43%
Don't know / Alternative comments / No comments	44	17.05%
Total	258	100%

Comments received:

- There are people working and supporting families who earn less than you are proposing for benefits, so other than self-pride, why would they work? I have supported myself all my working life and have never claimed benefits, even when out of work, I immediately looked for temporary work, so find it hard to be sympathetic to people who are not honest with the system. I have no problem with people who truly honestly need assistance.
- Anyone in full time employment should be better off than the someone claiming benefits up to the benefits cap. Someone on minimum wage earns far less than the benefits cap so I'm not surprised that the number of people on benefits have increased dramatically. It does not make logical sense. I think the caps should be adjusted accordingly so that a person on full-time minimum wage is better off.
- The aggregate of all benefits and passported benefits should not be greater than the Manx National net wage.
- Detailed knowledge of the operations and effectiveness of the existing social security system is required to answer these questions knowledgeably but in principle it goes without saying that the administration must be sufficiently robust to ensure that the rules are observed and fairness prevails. The comparison of a 77% increase in the IOM of claimants from 2000 to 2013 with a UK fall of 9% is irrelevant because the size of the two sets of claimants is so different. A 'better off in work' guarantee should be a desired principle not an absolute. There has to be suitable work available

which is fairly remunerated. All parts of the IOM economy should function to avoid situations of long term unemployment developing.

- Only if this is not a race to the bottom.
- Families with below school age and pre-school aged children – what about the cost of childcare and the lack of preschool education on the IOM? How is this going to be accounted for when determining that women especially, will be 'better off in work'?
- Yes – you shouldn't get money for doing nothing, they should get off their backsides.
- I so often hear it's hardly worth it the risks benefits of employment against just picking up benefit. Once people weigh up the additional costs of working travel smart dress grooming effective time keeping they would rather stay at home. They should be given some community work for benefit to establish a work ethic and routine.
- Any benefits paid should always be at a rate to make it more attractive to work. There should be a maximum benefit amount paid, this must be lower than the average Manx wage after having taken into account Tax, NI paid and a typical cost of travelling to a place of work.
- No persons out of work and capable of working (not ill) should be better off that a person who gets up and goes to work every day.
- Benefits should be there to catch people when they fall and help them get back on their feet. It should be entirely means tested, but in a fair and compassionate manner. People who work, even if on minimum wage should be significantly better off than people on unemployment benefits even if it means increasing minimum wages.
- Not necessarily – but there should be a "not worse off" guarantee. There are nuances that should be considered in this equation. What level of benefits are available – they should not encourage benefit dependence. What training opportunities are there? Should benefit support be paid through employers?
- Yes and this needs to include the passported benefits.
- Is this possible? That would be the ideal. I believe that Jobseekers Allowance which only allows the individual to earn £30 whilst on it, is a daft policy. This should be increased to £100 as for other benefits, which would encourage them to work more.
- The benefits system should be structured in such a way that no one is ever worse off as a result of working.

(e) Should there be an 'Isle of Man offer' with loss of benefit for long-term unemployed who decline to take up work?

Responses	Number	Percentage
Yes	192	75.00%
No	16	6.25%
Don't know /	48	18.75%

Alternative comments / No comments		
Total	256	100%

Do you have any views which are not covered by these questions?

Comments received:

- Without any examples given, question is difficult to answer.
- The "IOM offer" sounds very much like the attitude the banks had during the market crash (which I experienced personally) when they offered employees a role they didn't want but if they refused, it was taken as a resignation. Offering training or work experience to the long term unemployed is great on paper and I've seen it work when my mother went back into the office after several years looking after children. BUT there's no guarantee the offers will be for appropriate work. I have 10 years experience in banks and offices but what role would the govt offer me? If I turned down a minimum wage job as a cleaner because I felt it would damage my CV would I have my benefits stopped? Unfortunately I foresee that the majority of people will support this idea since they have no experience of the unemployment benefits system. It's up to the govt to protect the most vulnerable and financially struggling in society which means a complete change of attitude from MHKs.
- Any person not taking paid work offered should lose entitlement to benefits.
- Yes it should no job for six months then no more money get the people out of their beds and in the work force. I know this isn't the case for every unemployed person but it certainly is for a lot of them.
- Just make sure you start managing the theft of taxpayers money by public servants its endemic here. No wonder so many manx born live off benefits when they see their public service neighbours cheating en masse.
- People should be encouraged to adopt healthy lifestyle choices that allow them to go to work and undertake employment or (paid) voluntary work of one form or another.
- Again it depends on people's illnesses. Employers will not take on ill people who turn in on Monday be off on Tuesday and Wednesday, turn in on Thursday etc. Ill people are known to their Doctors and often see as many as five doctors over each visit before submitting a medical note to the Department of Social Care, so there is no need to put people who are ill through more and more checks.
- Individual circumstances need to be taken into account, for example, the disabled or people with learning difficulties. I also think that forcing certain people to accept voluntary work placements (or lose your benefit) as has happened in the UK is amoral, eg. those adults studying for a phd, or doing important charity or voluntary work should have this taken into account. The government should not just take the shabby, ill-thought through example of the new Universal Credit benefits system invented by the UK and try and apply it here.
- Any rational person claiming benefits should expect this, after all they have a lot of time on their hands, any tightening up on checks shouldn't cause undue upset to lifestyle.

- Benefits are there because we have a belief in helping people who cannot help themselves ... BUT not people who WON'T help themselves.
- Difficulty with all of these is that if we take the hard line view of stopping benefits where candidates do not absolutely meet the target, we leave a person living in real hardship with no minimal safety net often resulting in people staying in abusive relationships, mentally ill individuals existing under the worst possible conditions etc.
- If there is a job that they can pay rent feed and clothe family (if have one) and themselves question 23 answers itself and 24 wouldn't be there.
- Applying for a job & actually trying to get a job are two very different things. Anyone can submit a CV and say they tried. Turning up for interviews late, poor CV's etc are common tricks. It is merely a box-ticking exercise and a complete waste of time for employers. Particularly when Work Permits for genuine workers are involved.
- Far too simplistic a question as it would totally depend on the work offered. It may be suitable on paper, but not in practice.
- Clearly some people will have to be supported long term but that is okay so long as it is the right people. Just choosing not to work is not reason enough to be supported. People have to realise that they have no entitlement to be kept by everyone else just because that is their preference. The availability of benefits at the level they are has bred a culture of entitlement whereby people believe it is their right to choose not to work. This myth has to be dispelled as the welfare state was never intended to do more than provide a safety net when it was needed and support those who genuinely cannot support themselves. At present working people are left with less disposable income than those on benefits and this cannot be right.
- Not everyone can get jobs suited to them. Everyone goes for the same jobs. Some require specialist training or drivers license etc. I believe people should be HELPED to find suitable work but not punished for not being able to. Perhaps work with each person with positive goals and find out what work they'd enjoy and ring around places to ask if they will give them a trial. Offer incentives for those people willing to do this work.
- You have to offer work and training for those who are out of work also, abolish any sort of tax rebate for those on benefits – it happens and is outrageous.
- Yes, if an able bodied person is not prepared to contribute to society then why middle coddle them from cradle to grave?
- There should be incentives to move people to work as long as they are able to work. Therefore this could be part of the package to move those in long-term unemployment to work where they can work.
- Those who can work and choose not to should be entitled to no more than a means tested, basic subsistence benefit.

Questions at 4.11

- (a) Do you agree that passported benefits are properly targeted?

Responses	Number	Percentage
Yes	71	27.84%
No	87	34.12%
Don't know / Alternative comments / No comments	97	38.04%
Total	255	100%

(b) If not, why not?

Comments received:

- State pensions should be excluded from the overall welfare spending cap because you can't expect people to pay in to a system and then be treated the same as non paid, non universal benefits. Job seekers allowance should be included in the individual and overall cap.
- This is a political question no politician would agree to this, that does not mean it is not worth thinking about but there will not be the political will to see this through.
- There is insufficient information in the public domain to form a view.
- No – the new Manx Benefit should be all encompassing.
- Consideration should be given to whether there is excess cost in administering these. If the cost is excessive then it should be looked at whether making the benefit universal will reduce overall costs as well as meeting requirement of all of those in needs. This should also be considered for things like free school meals where for minimal cost it would provide improved diet for the island's children and make savings elsewhere in government in the short and/or medium to long term.
- Passported benefits are unnecessary and divisive, labelling the poor and dispossessed so that others identify them. They should not exist. The NMB should ensure that everyone can pay their way and subsist.
- It is easier for someone who knows how to play the system.

(c) Should passported benefits continue?

Responses	Number	Percentage
Yes	104	40.78%
No	72	28.24%
Don't know / Alternative comments / No comments	79	30.98%
Total	255	100%

Do you have any views which are not covered by these questions?

Comments received:

- Passported benefits should only be relevant if the earning capacity of the family is severely curtailed by the reason why they are getting the benefits, so if a child is disabled that should not automatically result in passported benefits for the rest of the family unless the parents are unable to earn as a result.
- Given they are properly means tested, yes they should continue.
- And the cliff-edge effect can be solved by a higher minimum wage and better in-work benefits.
- I know of too many people claiming and living on benefits who have no need to be.
- They should only be available on a short term basis. People should be budgeting these costs just like those in work have to do. Their benefit should provide them with sufficient to pay for these services. Remove the need for anyone to have "free" things. This also removes the stigmatism surrounding these services. It also removes the "bragging rights" for those who do not work about the stuff they get for free!
- Of course they should continue! If someone is poor enough to need free school lunches and dental care how would you suggest they pay if the offer is taken away?
- It appears that this is a 'blanket' approach – all or nothing. This cannot be right.
- Again, the aggregate of all benefits and passported benefits should not be greater than the Manx National net wage.
- Only if there are changes made to help those who do work but can't afford the basics.
- Should be incorporated into the basic benefit.
- I've heard a suggestion that money paid would be better in the form of vouchers so it can't be spent on inappropriate things e.g. alcohol but I'm not sure I agree as I imagine the majority of people are genuine claimants. However a suggestion I did think is worth considering is that if means testing goes ahead then the value of passported benefits should be included in someone's income (would this include the difference between reduced rates on government housing compared to market value rents?).
- If they continue need to take into account needs of low paid who do not receive benefits, and be included in the "better off in work" guarantee.
- They should be means tested though.
- I agree with efficiency, but feel that if a claimant has a successful claim, they get everything, whereas a person who has just enough income over the threshold, they get absolutely nothing and are therefore financially struggling all the time and worse off than a claimant receiving all the benefits. Perhaps a tiered approach should be considered.
- I don't think there's enough information here to answer this question unless you are part of the group currently receiving passported benefits. Could this not be entirely linked to someone's benefits that they claim or, for non-benefit claimants, their

income submitted on their tax return, with some care taken for non-married couples who live together with children that submit separate returns. Is there a need to means test something when the necessary information will already be in the system somewhere?

- If a 'living wage' was adopted on the Island this may get rid of the present disincentive for some benefit recipients to gain employment.
- Phase out over time.
- End public service scandal first.
- Perhaps passported services should be based on income rather than benefits?
- "Getting a job means a loss of income" – wrong mentality. Loss of benefits. That is part of the reasons we are in such situation. More (if not all) benefits should be given as benefits, NOT cash. To get cash you must work, benefits are to make the ends meet.
- People on low incomes need the likes of heating allowances in order to keep warm. They cannot afford dental treatments nor medication so there is no need to interfere with these benefits. I am concerned about the latest move by treasury to remove the Personal Allowance Credit at £400 and only give it to people who are on less than £9,500 if they are a carer, in a wheelchair or are blind. There are people living alone that do not fit these categories that earn less than £9,500 that face the same bills as the blind or lame. They all have the same thing in common in this case. Increasing bills such as Rates, Toilet taxes and much more. This £400 Personal Allowance Credit should be awarded to all on below £9,500 as the treasury have the evidence of income coming in via a person's tax form. Those on their own who earn less than £9,500 suffer the most as this payment of £400 can help with annual bills such as the rates, Insuring your home and other charges etc.
- This is not necessary if the single state benefit is in operation because it will already reflect the cost of living.
- If done right should simplify administration.
- Look for a better system that makes it impossible to be better off on benefits than minimum wage work.
- For children and those in education up to 25 years.
- One benefit , one system , one check.....cut out double checks, bits paid or freebies given by different government departments.
- There should be more proper checks carried out, just because a certain person is entitled to one benefit doesn't mean that they should be entitled to another.
- Scrap the whole system and focus on the individual needs with a basic safety net payment.
- Where there is a real need for benefits this should have an inclusive element to the passported benefits. With a population of under 80,000 if the Isle of Man cannot have

a computer service which links in other agencies such as education etc, it really is too bad. We need to get these systems in place and make sure they are properly linked. Then people will not have to be assessed and re-assessed, which would then require less admin.

- But there has to be incentive to move into work – this should be benefit in time of need and not the 'norm'.
- Means testing all the way on all claimants. Families should be made to help out.
- There is a lot of wealth on this Island until we have a government that are there not for back handers and big pensions we don't stand a chance steam packet sold airport gone manx telecom sold when I first came here all belong to Isle of Man there is only two ways to get here sea or air and if we couldn't make that work what chance of anything else.
- Instead of 100% free school meals etc. If they are able to work, then these benefits would drop every 6 months. i.e. After 6 months = 75% Free & pay 25%, After 12months 50% Free & pay 50%.
- Agree but graduated.
- But only for certain reasons.
- The system actively encourages those people who are receiving benefits to stay on them. You are up against simple human nature here. People will always take the path of least resistance. Why would someone go out of their way to work harder for the same lifestyle if they don't have to? The Government needs to take a much stronger stance on handing out benefits and encouraging people that working hard is more beneficial. At present it's totally the other way around.
- Should be better checks.
- Only to vulnerable.
- Should be some way of individual assessment. Where is a real economy and local intelligence in getting the most out of a system. Often the people most in need on borderline make do.
- Yes – but only in certain circumstances.
- To a degree this is a subset of the much bigger question of universal provision – particularly in the area of health care but also in welfare. There should be a general presumption that a benefit will only be paid/given where a claim is made and need demonstrated. For example the exemptions providing free prescriptions are questionable. Pregnancy is not an illness – age is not a flag of poverty – children are not ordinarily deprived – these criteria make no sense. When prescriptions are not free the cost is ridiculously low. It promotes dependency and unnecessary prescription and waste (and interestingly appears to be at odds with the rate of dental charges). A sensitive but firm move to a degree of user pays should be adopted.

- Do not really have a view on these questions but I wonder whether the passported benefits would be better if not run by other departments.
- At present people make lifestyle choices based on passported benefits as the 'package' given is excessive in some cases. These can include legal aid, free nursery care, prescriptions, glasses and school lunch.
- No, everyone should be treated the same and if additional support is required the new manx benefit should provide for it – at least then DSS would know how much benefit a person or family is receiving.
- Yes - but should be included in the benefit cap.
- Yes - families must be protected so that children do not suffer. Other than that, only the individual in receipt of the benefit should gain from passported benefits. Perhaps there needs to be a clearer 'transfer plan' from benefit to work.
- The passport benefits system appears to be an invention of Government and as such must be managed sensibly and fairly by Government. Why on earth is Government asking this question?
- No, passported benefits should not exist. The benefits people receive should take into account how much they need to pay for these things.

Questions at 4.13

(a) Should there be a benefit cap for individuals?

Responses	Number	Percentage
Yes	195	77.38%
No	20	7.94%
Don't know / Alternative comments / No comments	37	14.68%
Total	252	100%

Comments received:

- I strongly agree that benefits should be capped and the cap must be set at a level that taking benefits is not a lifestyle choice. The cap should be set at a level that incentivizes being productive and contributing to society.
- Strongly agree benefits should be capped and that the cap must be set at a level that welfare is not a lifestyle choice or does not discourage aspiration – Therefore cap should be MUCH lower than UK. Strongly agree that the IOM should have a cap on welfare expenditure. The IOM should only pay what it can afford - this is just simple common sense.
- Putting an overall cap in place to limit spending on benefits as a whole will essentially punish the individual claimants for the number of people claiming and that's a terrible idea. Any benefits paid which are the sole support of a claimant need to be based on

a cost of living calculated for the IOM. This will be undermined by an overall cap which dictates the benefits amounts instead.

- It's imperative that the cap is set at the right level to encourage people to work.
- I just the cap for benefits is high by comparison to the wages people are paid, when you see what people can get by not working it's easy to understand why people don't want to. I feel that benefits are a means to help the really needy not be a good monthly free wage.
- I'm not sure I understand fully. I am assuming that the cap means that once total income, that is earned income, benefits, pensions etc reaches a certain point then benefits are automatically ruled out. That is fair. So a benefit claimant cannot be on significantly more than a person who is working, or than the national 'average' income whatever that may be deemed to be? If so I agree with whatever steps can be taken to ensure this is so.
- I think it's disgusting that people can claim these amounts over a year when there are so many hard working people that get nowhere near that amount in salary. No wonder so many stay on benefits if people are claiming they should play a part to society that could be working voluntarily. The overall attitude has to change that's claiming benefits is not an easy option and stop playing the system.
- I would include the cost of Social Housing in these calculations. If the Social Housing rent is £75 per week and the private sector rent is £125pw for a similar property, then that is a benefit of £50. This monetary value should be included. The Farmers Grants are a benefit. These should be included.
- I have worked all my life and am now 60, in a skilled job and do not take home £30,000, and therefore I think it is disgusting that benefit cap is so high. As I have said I make choices as to what I spend my money on after paying all my bills. Once benefits are awarded to people they too should have to make choices – not given more money under different disguises.
- No one is living in the lap of luxury on benefits – this is an invented problem.
- Yes – this must relate to the rest of working society. The state should provide for basic provision.
- Paragraphs 4.12 and 4.13 are confusing, because they discuss the “benefit cap” for individual social security benefit claimants and a proposed overall welfare spending cap by Government (i.e. benefit caps).
- Yes, you can't print money.
- An individual or family should receive sufficient benefits to enable them to be healthy, to attend school or work, and to participate in their community. The sufficiency is a matter for Government to decide and to properly manage. Again why is this question asked? It indicates a dysfunction within Government.
- Yes and there should be a cap for 'families' living at the same address.

- Yes for those that are able to work to ensure that there is no disincentive to obtain work.
- Benefits cap is a dodgy subject in my opinion. Some people may need a much higher initial payment to parachute them down. A straight cap could cause a lot of hardship. Needs must be assessed and targeted accordingly.
- Yes and there should be a cap for 'families' living at the same address.
- We do not see any need for a benefit cap.
- No. Individuals should receive the relevant benefits that are required, but for the presumably small number of claimants above say £26,000 regular review should be undertaken to ensure no abuse of benefits.

(b) Do you think that pensioners, the disabled and people who work for at least 16 hours a week should be exempt from the cap?

Responses	Number	Percentage
Yes	96	38.10%
No	105	41.67%
Do not know Don't know / Alternative comments / No comments	51	20.24%
Total	252	100%

Comments received:

- Lumps together disparate groups. No to the disabled and workers, yes to pensioners.
- Tricky one. If they are doing work that no-one else wants to do, then they should be encouraged. But, if just a 'normal' job, then they not be entitled to a higher cap.
- Those who are not able to work or over state pension age should be exempt from the cap.
- Pensioners should receive the flat rate set payment. Disabled should be exempt. Not those who work 16 hours – People simply work that number of hours and no more. I have come across this frequently when I have been told by other Mothers they only need to work 16 hours a week due to their benefits and if they worked longer hours they would lose their "me time". Effectively the state is paying them for that time!

(c) Do you think that any other groups should be exempt from the cap?

Responses	Number	Percentage
Yes	25	10.08%
No	141	56.85%
Don't know /	82	33.06%

Alternative comments / No comments		
Total	248	100%

Comments received:

- Everybody.
- Agree with exempting pensioners and disabled, but not those in employment unless it means an individual would be worse off in employment.
- The chronically sick.
- There needs to be a separate support package for those who are severely disabled and need care. The package could be that the state provides the "carer" who could be a relative.
- Some disabled should be excluded from the cap if their disability means that they have increased living costs. So they should be able to receive the benefits cap plus an allowance for increased costs.
- 16 hours work but capable to do more - sounds as laziness. To encourage it with more benefits.
- The state owes a duty of care for all its citizens to provide them with a level of income such that they are warm, fed and healthy. Benefits are not there to help provide any person/family with a standard of living not enjoyed by the average working person/family. Thus it should take into account all sources of income in a household, not just the claimant's.
- Disabled.
- Single parents.
- Those who are using their allowances to pay for their care.
- I think the disabled should be exempt, but not people in part time employment.
- Those with special needs which are not always listed or obvious until carefully investigated. There should be provision for a common sense approach to individual cases with discretionary powers available to local officials.
- Pensioners and disabled – NOT people who work a minimum 16 hours. This can be (and has been) easily manipulated to retain benefits.
- People working to earn less than this still have to find money to pay for dental care, school meals etc. Any system has to be fair and has to make it beneficial to be in employment otherwise people will continue to choose to live on benefits.
- Long term.
- There should be no cap.

- Should be much tougher checks on what constitutes 'disabled'.
- Unemployed, and druggies and those who abuse the system and don't want to get a job.
- Disabled.
- People who have an illness or other disadvantage to their health.
- Chronically sick long term heart failure, kidney failure etc.
- War pensioners.
- There should be no exemptions.
- There should not be a cap.

(d) Do you think that an Isle of Man benefit cap should be at the same level as in the UK?

Responses	Number	Percentage
Yes	78	30.95%
No	104	41.27%
Don't know / Alternative comments / No comments	70	27.78%
Total	252	100%

Comments received:

- The UK benefits cap of £500 per week or £350 per week is high. If Government feel that a pensioner can live on £180 per week, why do they think a benefit claimant needs £350 a week?
- The IOM benefit cap should be lower. It is disgusting that a couple could rake in £26,000 pa for doing nothing except produce unnecessary children that they patently cannot afford and expect taxpayers to fund this for years and years.
- No – it should be tailored to the IOM welfare system.
- No. If the argument for Manx pensions is that they need to be "tailored for the Isle of Man" then the same must be true for the benefit system.
- Yes at the current level in April 2015.
- If there is a separate system it should be based on Isle of Man requirements.
- Should be lower.

(e) Do you think that child benefit should be included in the cap?

Responses	Number	Percentage
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Yes	160	63.75%
No	48	19.12%
Don't know / Alternative comments / No comments	43	17.13%
Total	251	100%

Comments received:

- Yes – all benefits should be considered when assessing basic needs. This comment is made with the expectation that benefits will be paid only in the case of need and not universality.

(f) Should the monetary value of passported benefits be included in the cap?

Responses	Number	Percentage
Yes	157	62.55%
No	44	17.53%
Don't know / Alternative comments / No comments	50	19.92%
Total	251	100%

Comments received:

- Specific passported benefits such as those directly for children (free school meals, school travel) and medical provision and prescriptions should be excluded along with any universal benefits as discussed in the answer to 4.11(a) above.

(g) Do you think that there should be an overall cap on welfare expenditure?

Responses	Number	Percentage
Yes	137	55.02%
No	56	22.49%
Don't know / Alternative comments / No comments	56	22.49%
Total	249	100%

Comments received:

- Cap is the wrong word. Welfare expenditure must be considered as part of overall expenditure, our ability to raise revenue whilst remaining competitive in the international marketplace.
- Yes - per person, but no if the cap is on government benefit spending overall.
- Yes, although this should effectively be managed by the introduction of a personal benefit cap, as all excluded benefits should be quantified.
- There should not be a cap on essential welfare if funds are available.

- No but lower cap per person.

(h) Should state pensions and jobseeker’s allowance be excluded from the overall cap?

Responses	Number	Percentage
Yes	90	36.00%
No	113	45.20%
Don’t know / Alternative comments / No comments	47	18.80%
Total	250	100%

Comments received:

- Only the state pension should be excluded from the cap, not job seekers.
- Needs to be a separate question as I think job seekers should be included but pension excluded.
- Pension should be excluded if the person is excluded, but job seeker’s should be included.
- State pension excluded, jobseekers not excluded.

(i) Should any other benefits be excluded from the overall cap or the individual cap?

Responses	Number	Percentage
Yes	24	6.12%
No	125	51.23%
Do not know	95	38.93%
Total	244	100%

Comments received:

- Free prescriptions. Those that may be disabled or chronically ill and unable to work will need more help.
- Most, if not all.
- Exclude pensions but not jobseekers.
- State pension should not be in the cap but jobseekers should.
- DLA and incapacity benefit. Disabled people cannot help being so.
- DLA.
- Possibly some forms of incapacity benefit.
- Long-Term Sickness Benefit.

- 'State pensions ' is based on NI contributions it is not benefit, it is something the worked paid for. Reach people with no NI contributions do not get it.
- Income support.
- How this would be worked out I do not know – do you want people not to take up medical prescriptions or have to show how many times they have used the bus.
- If state benefit levels do actually provide for warmth, housing, food, education and health at a basic level that is enough. However, this government needs to prioritise its young people and to that extent full child benefit must be retained. It is easy to cut because mothers yield less political power than men and children do not vote but it is the right thing to do if we are to reinvigorate our economy in the next decade. (see Scotland for example).
- Maternity allowance as this could be viewed as sex discrimination.
- War pensions, widows pensions, industrial injuries.
- Pensioners and disabled requiring paid for care should have some financial assistance.
- Where the nature of the disability causes significant additional spend.
- All benefits should be included in the cap.
- Pensions, disability living allowance – NOT job seekers allowance.
- All benefits however earned should be included in the overall cap.
- All.
- All benefits as I don't think there should be a cap.
- Housing benefit.
- Disabled and long-term sick. £500 all-in is not much for a bread-winner with a family.
- This should not apply to disabled people if this is implemented.
- Both overall and individual caps are too generous; it should always pay to work.

| Do you have any views which are not covered by these questions?

Comments received:

- People are very astute at weighing up cost benefits and what's worth their while. They see benefits not as something to move on from but something to capitalise and maximise as a right. People feel entitled who are often the people who have contributed the least. There is a subculture of benefit literacy where one generation believes that their rights are ongoing and follow the example they have been set hard for them to break out.

- I think that the Ci65 statistics are VERY misleading. You need to look at the costs as a % of the working population. If unemployment in the UK fell from 10% to 9% you'd get a 10% fall in costs. If at the same time the Isle of Man doubled from 1% to 2% you'd get a 100% increase in costs. I'd still far sooner have the 2% than the 9%. Let's make sure the statistics aren't taken out of context.
- As long as the commitments are realistic and achievable.
- Those that have been on long term benefits need to be assessed more often and properly checked on, not just by filling in forms. I see claimants in my estate smoking, out drinking, using taxis, furnishing houses with huge tvs and kids all with latest technology, they use drugs as an excuse that they can't work, all known drug users on benefits should be MADE to do rehab, not given methadone as this just feeds their need and they use tax payers money to buy more drugs/alcohol to top their methadone kick up.
- We need to budget, children need to be taught that they can't have everything. If those who are able to work but choose not to work are able to afford luxuries in life it should not be because of their benefits. This is an absolute. The only people receiving benefits that should be afforded luxuries are those who are unable to work due to disabilities and their carers and pensioners.
- Those who are fit for work should work. I hope the government do not destroy the benefits system for disabled people. And no more stressful assessments for those on DLA or Incapacity benefit.
- All people on the IOM should be in work, enough jobs about, it's pure laziness that they aren't.
- We must ensure sufficient compatibility between IOM and UK pension arrangements so that skilled staff e.g. in health care are not deterred from transferring to our services and vice versa for experience.
- The Isle of Man's benefit system should provide no less than that of the UK.
- I think disabled need more money for carers costs.
- Means testing and taking work when it's available full time should be the main considerations for people with children of an age at which they can legally be allowed to be left by themselves.
- In relation to these questions on the benefits, it has been rumoured that the means testing of the benefits would be dependent on the households income where the person actually lives. I would like to hear more on this and what is 'deemed' to be members of the household as currently, I live at home with my parents and 2 siblings, with all of us working. Should say my dad lose his job and become unemployed, would this then mean she could not claim a full unemployment benefit / job seekers allowance because all my siblings work? Does that seem fair?
- Do you think £30,000 is a reasonable level for the median earnings amount? I think that is grossly overstated. I've been working on this island for 11 years now in a fairly good office role but I've only broken the £30k barrier in the last 18 months. I think that's a ridiculous amount to be paying someone in total benefits. An average joe

worker would never re-enter work if they were receiving that amount as they're unlikely to earn anything like that level if they were to get a job.

- Make public service contracts suffer the same cost controls.
- If you expect people to pay national insurance with good-will at the end they are entitled to a return on their investment ie a non-means tested sickness or old-age pension. Using that as a base there is a real incentive to save so that they can have a more comfortable retirement. If by saving your own money all you do is deny yourself entitlement to state provision there is no incentive to save. Well off pensioners will provide money for means tested benefits through taxation.
- Many people receive quite high levels of benefit in their own right and the state ignores the level of income of partners and family members living in the same household. This is wrong, a families/households combined income should be assessed before any member can be awarded a benefit. Providing 'passport' benefits on top of the basic benefit often leads claimants to believe that they will always be better off on benefits. If they had to pay for such things out of their benefits then they might be more likely to take a job. Enforcing maintenance payments would also allow more single parents to be better off in full time work, rather than restricting them effectively to 16 hours a week for fear of having their benefits stopped if they work more one week.
- Job seekers and pensions should be based on National Insurance contribution. People that have not paid in should not be entitled to anything, and those that have not paid much in should only get a proportion.
- Again... if you have one benefit which applies to all this is fairest system.
- I read the Ci65 report. A simple background search of Ci65 shows what appears to be a husband and wife team behind it with a shared nameplate business office facility. The breaking of IOM National Insurance UK reciprocal agreements should not be made on the basis of this report.
- Child benefit should be either removed completely or means tested and removed for anyone (single or jointly) earning more than £25k per year.
- A lot depends upon whether OAP is classed as a "benefit" majority of entitlements should be based on what contribution people have made-criteria based on "need" or "vulnerability" encourages dependence and should be very strictly limited.
- Whilst I am strongly of the view that an individual's benefits should be means-tested (based on their own income), I believe that the Government should not take into account a spouse's / partner's income or the 'household' income when considering how much benefits that individual receives. For example, if somebody has lost their job or had to give up work due to illness but has paid NI and tax contributions etc during their working life, it is completely immoral for the Government to refuse to provide them with benefits because their adult children / spouse who is living with them are working and also contributing NI and tax. The Government has a social contract with each individual that pays NI to provide them with benefits if they fall on 'hard times' or illness, and to assess this individual's right to benefits based on the earnings of other family members would be a breach of this contract. It should be remembered that the idea behind NI is that it operates as an insurance policy and so

a person's previous NI contributions should be remembered. It would not encourage people to work if they knew that any income from a job would reduce a parent's benefits. Further, it would be unfair for the Government to expect adult children to fund a parent who is out of work simply because they still live at home. Benefits should be paid irrespective of 'household' income, honouring the insurance element of NI contributions.

- The UK system is unfair and more people live in poverty due to this.
- My wife does not earn £26000 a year.
- Child benefit should be abolished completely.
- What on earth has happened. My mother had to make do and mend. There were no handouts and certainly no rents and white goods paid just because she had babies. The World has gone mad. Good people have paid in in good faith and expect to be honoured at the end of their working lives.
- Stop the Xmas bonus for the unemployed, stop the tax rebate for the unemployed stop the free rent at Xmas for council/LGB renters means test winter fuel, child benefit on the basis if you want kids why should I pay for you to have kids.
- Lots of people will not be fit enough for a 40 hour week after they are 65.
- Child benefit should be reduced to a first child only. I have seen first hand (from working in a nursery) women who have child after child with various partners with no intention to work because they 'earn' more than I do working!! I stopped at one child because I could not afford anymore, how can the unemployed afford so many?
- Benefits should be treated as loans for unemployed and money given to be paid back to government at a percentage of their wage.
- Government payments in respect of current housing benefits or child care should be paid not to the claimant but direct to the landlord / child care facility. On a number of occasions I have come across claimants spending the rent money then going into rent arrears on a council property – ultimately they have to be housed, so it's a no win situation for the housing authority. And why can unemployed people receive childcare monies when they can care for the child themselves? And if they spend the money instead of paying to the facility, who checks on that?
- The simplification of benefits and therefore the systems required to assess and monitor them may actually reduce the need to have distinct monitoring and investigative functions.
- The questions posed do not have obvious answers – a benefit, welfare and pension system can only really be judged if the strategic intentions are clearly elucidated. To understand the interactions, one really needs the underlying statistical background and modelling to be able to judge the impact of changes. Accordingly, it is my strong belief that Government should set out a number of 'straw man' policy positions with associated costs so that the impact of various changes may be considered with a much better understanding of the impact of any positions adopted or proposed changes.

- On page 19 the first bullet point suggests that members of qualifying occupational and personal pension schemes can contract-out of the additional state pension. Since April 2012 members of **defined benefit occupational pension schemes only** can contract-out of course.
- At present it would be impossible to 'ensure' you are better off in work with passported benefits distorting the true picture of a benefit recipient. The current system doesn't encourage full time working as this would remove some benefits which are linked to the passported benefits.
- I think that on balance the proposed changes are good in that it should never be preferable to draw benefits than work. Benefits should be capped and measures taken to streamline the system to make it easier to get back into work.
- How long is a piece of string? Many want to work but can't find suitable work. If you want to apply this, you need to have a single named support case worker who works with an individual and takes time and trouble to get to know the person's needs. This would make the system less 'faceless' and more a caring concern.
- I'm of the opinion that cutting and freezing benefits is the wrong way to go for the long-term stability of the IOM both socially and economically. Rather than cutting benefits to encourage work, the preferred option should be an appreciable rise in the minimum hourly wage rate. This would lessen the need for the provision of income support and potentially raise the self-esteem and well-being of the low waged. At present, income support provision is essentially a subsidy to employers allowing them to pay minimal wages. With zero rate corporation tax applicable to most companies employing low wage earners they should have more scope to absorb a higher wage bill than similar companies in the UK who pay 20% corp. tax.
- The personal tax allowance should be re-instated. In many cases it was a "life-saver", enabling low-income families, including those in work, to pay an outstanding utility bill or other essentials without going into debt, or even avoiding have to use the food bank! It was immediately recycled back into the economy, much of it paid back to the Treasury via indirect taxation such as VAT and duties. It's difficult to accept that it discourages work as many recipients were already in work and an extra £10 p.w. is not enough of a disincentive to find work.
- The new Manx benefit should for working age people should be capped to match those on the minimum wage including all other benefits i.e. child benefit. It should be relevant to NI contributions paid in while in work. Those that have not worked for long should not be entitled to the same as someone who has paid 20 years. It should be capped at 12 month then phased out and those who fail to meet the criteria should have their benefits reduced or removed. Passported benefits should continue while the person has returned to work but phased out over a number of months. While making the system fairer the FIZ benefit should be increased from 16 hours to 25 hours. The phasing out of child benefit and the free TV licence for all should be

implemented immediately.

- Simplification and better targeting of benefits is a very reasonable and progressive proposal. It is important that people are better off in work than drawing benefits. It is also important to examine 'benefit in kind' as provided by local authority rented housing and ensure that appropriate 'market' rents are charged.
- Funding from Child Benefit should be used to provide children's services directly, such as nursery and childcare. The universal benefit should be phased out, and become means tested.
- In general benefits (outside of State Retirement Pensions) should be funded from the general taxation system, not the National Insurance Fund. The primary purpose of the National Insurance Fund should be the payment of old age pensions and every effort should be made to ensure that health funding and working age benefits are paid by general taxation. The money 'borrowed' from the fund to pay for the new Nobles Hospital should be repaid. There should be no doubt in any citizens minds that they will receive an adequate state pension from a well-funded National Insurance Fund.
- In answer to the third point on 4.5.3. Do we as a nation need to decide what people need to live on financially, rather than what we are prepared to offer?
- Consideration should be made to extend the passported benefits to other areas such as housing, where the recipients rent is paid directly to the landlord or a voucher system where a voucher is given and then paid to the landlord who can claim the income back from Social Security.
- ALL benefits are currently means tested in any case..... The more you earn the more you pay in. So there should not be means testing for payment. But there needs to be a qualifying period to prevent "benefit tourism"..... 3 years perhaps???
- Any period would be arbitrary. Some proportion of what has been paid into the fund in both employers and employees contributions, perhaps 15% could be a limit on total payments out of the Fund.
- I would like to add that as a disabled person it has taken me 3 hours to complete this, I am already subject to testing done by the government and I am also on long term incapacity as a result of my disability. I get very stressed when having to be assessed and now my wife has the responsibility for helping in these matters after my last assessment. If the new changes protect those who are in real need and encourage those able to work to work then this is great. I agree with simplification of the system and the protection of the pension for those who need it.
- The key priorities that must run through any changes that are made are that the system we have must be simple, fair and affordable. In particular, we do not believe that the Manx pension scheme should include a triple lock or similar unaffordable

commitment or differ needlessly from the UK system by having a higher state pension at the cost of having a higher SPA.

- Benefits in general – There are comments about benefits caps, well here's a suggestion. Anyone who is receiving any type of benefit and can afford to go on holiday off-Island is surely not needing those benefits. The Benefit system should be to help people to survive, and holidays abroad (or even shopping trips across) are not a basic need, they are a luxury which is not granted to everyone. There are people in full time employment who cannot afford to go on holiday even once a year, watching those on benefits going away several times a year.
- Why is benefit calculated on the previous year's contributions when someone has paid into the system for over 40 years? Why is benefit not calculated on what a person has contributed over their working life? This needs to change, as far as I can see it is legal theft to take money from someone for such a long time and then deny them anything back when they need it.
- Why do self-employed people have no right to benefit when they pay tax and NI? (and I'm not being racist when I say this but when we were at the benefits office there were people from off island getting benefit when my manx born husband couldn't get a penny).
- There needs to be a safety net for vulnerable people who for whatever reason are unable to provide for themselves during working age and in retirement. The safety net should be a safety net and should not be seen as an attractive and viable option for people who are not truly vulnerable. Benefits for children should be properly targeted and should not be capped/restricted due to actions taken by parents/carers Government need to be very clear about benefits in splitting with the UK and think through the long term issues particularly for Isle of Man residents who may return to the UK and also longer term UK residents who may wish to return to the Isle of Man It is clear in my view that the Government should provide a safety net and that people should be encouraged to make arrangements for their retirement and not expect the State to meet their needs. Equally though the Isle of Man's future is growing existing businesses and attracting new businesses and residents. Introducing compulsory pension schemes and employers and employees contributions will have a serious impact on new businesses coming to the Isle of Man in terms of the cost and complexity of doing business in the Isle of Man. Many employees particularly ones in flexible businesses like IT who may only be looking at temporary stays on the Isle of Man, e.g. 5-10 years, will not want to be forced into contributing into a scheme which may not be appropriate for their long term intentions.

3.5 Additional comments

The following comments, addressing a variety of topics, were also submitted.

- I have answered the questions as requested, but I wish to make the following points:

I believe that the National Insurance Fund should be primarily for the purpose of paying State Retirement Pensions to eligible persons. Our Government should strive to ensure that any other expenditure currently taken from the fund should cease (whatever the historical reasons/rationale for debiting non pensions costs to the fund). To that end funding of health costs and working life benefits should be funded from general taxation. Historically the fund has not operated in the way I advocate, but our Government should publicly state that this is a matter of policy and good governance, and that the ambition is to move towards NI Fund providing state pensions and that is all. I think that the Ci65 proposals are for too radical. The UK Government has announced an increase in qualifying years from 30 to 35 and a new fixed rate pension of £155 per week. As far as I can see, the effect of these changes, plus the abolition of the Manx supplement either immediately, (or phased over a number of years) has not been modelled by Ci65. My 'gut' feeling is that these 3 measures, if introduced on the IOM, will go a significant way to securing the long term future of the NI Fund. No account seems to have been taken of the detrimental effects of Quantitative Easing extreme low interest rates are unlikely persist, and a rise in interest rates will have a significant beneficial effect on the future of the NI Fund.

- I turned 60 in December when I should have received my State Pension. However the changes brought in by the Government added almost 6 years to this (Sept 2017). On checking with the Pension Forecast office I was informed that it has now been moved to March 2019! How is this fair?. I have worked from age 15-60 and paid NI Contributions all of that time. Could there not have been a more staggered increase - Almost 7 years seems very excessive.
- The "averages" never seem to reflect appropriately.
- You can't go backwards just because previous Legislature used the pension pot for other purposes!
- Given the IOM government has a record of doing things in an ill thought out and ill-conceived manner they cannot be trusted with this aspect of people's lives.
- Can't help but feel it is an abuse of power for an administration that isn't unitary & which is without a genuine & real political mandate from the Manx people to seek to roll back our welfare state (this being an initial step in this process) which has been established & developed over decades by some of the island's most prominent politicians. In any proper democracy the voting public would be offered the opportunity to make their opinion on such drastic change clear - either in a referendum or in a general election with House of Keys members indicating their support for such radical change in a proposed 'programme of government'
I feel it is fundamentally wrong for this administration to continue to finance such a bloated government apparatus on the backs of the ordinary folk of this island, and at the same time to deliver an underhand assault on the few benefits our society has granted to individuals over many, many decades.
- Whatever changes that are decided upon, it must be future dated giving those approaching retirement sufficient notice of changes so that they can make informed decisions on when they can afford to retire. There are people who have already retired but have yet to reach the official retirement age who made the financial decision based on years required to fulfil full pension obligations and based on UK Pension reciprocal agreement amount plus supplement. It would be morally wrong to

'move the goal posts' now. I also feel that the Island has an opportunity to encourage the family to look after older and younger family members, which would improve mental and physical health in the elderly and reduce government financial support. E.g. for every year that younger generation supported their parents enabling them to stay in their own home, the government would pay for their care in nursing home for a year if they needed it in the future. If grandparents look after children to enable parents to work, perhaps they could receive a small extra tax free allowance or similar incentive. I am also sceptical that this last report is based on any more accurate assumptions than the previous one. If people have to work until they are 70 many more will die in employment and never actually receive a pension but will have paid in for 45 years for nothing! A win-win situation for the pension fund but a dreadful legacy for our grandchildren. It was foolish to reduce eligibility to 30 years! That was always going to be a recipe for disaster. I believe 40 years would be realistic and achievable. NI should not have lower or upper limits. The lower encourages part time and zero hour contracts and if people are earning over the upper limit they could afford to pay more. I also think that people would pay more NI if it meant that there was a ceiling on nursing care of say £30,000 so that family homes did not have to be sold etc. Whatever is decided, I feel it would be better to know sooner rather than later. The uncertainty is causing distress in varying degrees throughout the Island, and to the over 50s in particular. I hope this is useful. I would be pleased to clarify any of the points, if necessary.

- Dear Sir, I am concerned that if we lose the pension reciprocal agreement with the UK this may impact recruitment for some of the key services on the IOM i.e. Health Service. I do appreciate there needs to be changes in order to maintain sustainability, and I am in agreement to some, but to lose this agreement would make it less attractive to come here and if the public feel NHS is under threat then they may not stay either. This would result in a loss to the economy as older residents contribute in many ways i.e. tax, volunteering, babysitting, carer, legacies etc. The civil service pension scheme seems to have skewed the pensions into a pension divide - many careers leaped in the last five years to ensure maximum benefits which the country cannot sustain. Failure of successive governments to deal with in-house pensions has resulted in a pension divide and created this issue. I am against changing rules for those already aged 65years because the pension is a planned entitlement based on contributions. This enables older people to plan for their retirement and it would be unfair to change their contract at this late stage. I have no problem with changing it for those who will have time to plan and still working. I do not feel OAPs should pay NI as many are on minimum, p/t wages and it will not generate much but may discourage older people contributing to the workplace. I do agree employers need to make the workplace more accessible for older people. (I am also aware that previous MHK's wife's still inherit their husbands government pensions after their death - this has to stop and this will save money immediately).
- The current link with the UK system is clearly no longer tenable. In particular the nonsensical triple lock will continue to increase pensions ahead of the earnings of taxpayers who fund pensions. The Isle of Man Government must be free to operate a state pension system which takes local conditions into account, while at the same time recognising that workers who move between jurisdictions must not be disadvantaged. On the whole, I feel that the proposals outlined for state pensions in the Isle of Man are very good. However, I am totally opposed to the compulsion in the proposed 'retirement savings scheme'. While I understand what the Ci65 report says about the problem of inadequate saving for retirement, it is wrong to consider compulsion before such a scheme is established or proven. I can find nothing to say

whether how this might apply to self-employed people, and surely part of the problem is the tendency for larger employers to avoid this sort of cost by increasingly employing agency and short term contract staff.

- To make sure that the money available lasts for as long as possible, surely it would be more beneficial to only pay out the pensions to those who are still living on the Island, therefore the money is reinvested here through their spending. Anyone who is able to emigrate elsewhere, obviously has enough money to support themselves overseas.
- When it comes to pensions, I feel that we should not lose the pension supplement for those that have contributed to the island's NI fund and increase pensions for all, are you mad!! It will cost a fortune and no doubt will bring in more of the aging population if they think they can get more pension here than in the UK, and with that comes the issues of social care etc. There is certainly going to be a problem with pension provision in the future, I don't know what the answer is, if I did I would be a very popular MHK, but someone is going to have to think fast about it, and asking people to pay more is not the answer when people are already struggling.
- It is difficult to participate meaningfully in such a consultation without having a better understanding of the revenues likely to be generated and the costs of different approaches. Also I have no real grasp of the social issues and the needs and costs of vulnerable people in the Isle of Man. I was not overly impressed with the report compiled by Ci65. I know very little about Ci65 and what type of track record they have and therefore I have some concerns about making radical changes based on their assumptions and proposals without some form of overall cross-check/audit by another party (eg a Big 4 accounting firm). It is not clear to me what the risks and benefits are of leaving the UK system and my feeling is that the Ci65 report and the consultation and the presentations so far have all had a bias towards a new system. I note in the introduction that it states Government found from the presentations that the consultation was broadly on the right track. Having attended one of the presentations I would be concerned about basing major changes on the responses at these presentations. At the presentation I attended people overwhelming wanted to break from the UK and change the system, but this just seemed to be based on a general feeling rather than a detailed analysis of the pros and cons of the proposals. Overall I have the following main points: -There needs to be a safety net for vulnerable people who for whatever reason are unable to provide for themselves during working age and in retirement -The safety net should be a safety net and should not be seen as an attractive and viable option for people who are not truly vulnerable -Benefits for children should be properly targeted and should not be capped/restricted due to actions taken by parents/carers -Government need to be very clear about benefits in splitting with the UK and think through the long term issues particularly for Isle of Man residents who may return to the UK and also longer term UK residents who may wish to return to the Isle of Man -It is clear in my view that the Government should provide a safety net and that people should be encouraged to make arrangements for their retirement and not expect the State to meet their needs. Equally though the Isle of Man's future is growing existing businesses and attracting new businesses and residents. Introducing compulsory pension schemes and employers and employees contributions will have a serious impact on new businesses coming to the Isle of Man in terms of the cost and complexity of doing business in the Isle of Man. Many employees particularly ones in flexible businesses like IT who may only be looking at temporary stays on the Isle of Man, eg 5-10 years, will not want to be forced into contributing into a scheme which

may not be appropriate for their long term intentions.

- I'm of the opinion that cutting and freezing benefits is the wrong way to go for the long-term stability of the IOM both socially and economically. Rather than cutting benefits to encourage work, the preferred option should be an appreciable rise in the minimum hourly wage rate. This would lessen the need for the provision of income support and potentially raise the self-esteem and well-being of the low waged. At present, income support provision is essentially a subsidy to employers allowing them to pay minimal wages. With zero rate corporation tax applicable to most companies employing low wage earners they should have more scope to absorb a higher wage bill than similar companies in the UK who pay 20% corp. tax. The personal tax allowance should be re-instated. In many cases it was a "life-saver", enabling low-income families, including those in work, to pay an outstanding utility bill or other essentials without going into debt, or even avoiding have to use the food bank! It was immediately recycled back into the economy, much of it paid back to the Treasury via indirect taxation such as VAT and duties. It's difficult to accept that it discourages work as many recipients were already in work and an extra £10 p.w. is not enough of a disincentive to find work. As regards the intention to phase out the pension supplement, this could be seen as a false economy; low-income pensioners living on the state pension only potentially being forced to cut back on heating, food and travel outgoings. It should not take too much imagination to realise that this will affect the health and well-being of those pensions adding to social and health costs. A policy of a carefully considered means testing system has some merit in the provision of pensions into the future, particularly with the supplement, not essential for the relatively well-off. It could be an alternative to phasing it out altogether. The retrograde step of charging pensioners on the Heritage Railways and limiting mobility on the buses will also impinge on the health and well-being of pensioners with the consequent hike in social and health costs associated with a lack of social mobility. The potential extra outgoing on fares of around £200 p.a. is a huge amount for a pensioner on the state pension only. The withdrawal of state subsidised pre-school child care was also a decision lacking in foresight. The first few years of a child's life is all-important in affecting society both socially and economically. Cost benefit analysis has shown that high quality early childhood education is a high yield investment with a substantial return to Government in future years. I realise the necessity to balance the books, as we are not now enjoying a disproportionate share of the VAT agreement with the UK, but it seems the less well-off are carrying the brunt of the balancing in order to allow the inordinately rich to get even wealthier and companies to enjoy low or zero rate corporation tax. Finally, present policies seem to be exacerbating the gulf between rich and poor, making the IOM a progressively more unequal society which research has shown ultimately benefits no-one. There comes a point when economic growth is beneficial predominantly for the rich and it seems the IOM is way past that point, supposedly "enjoying" £44,000 GDP per capita and a 3% growth rate but having to instigate public sector cuts affecting the poor, the "trickle down" effect largely irrelevant – already 25% of IOM families are finding it hard to make ends meet and the majority of new jobs are low paid. History has shown that when inequality becomes too extreme it results in inevitable social unrest and financial collapse. Immediately before the Great Depression in the 1930's the USA and UK were in a heightened state of inequality. Similarly, the financial collapse and subsequent protests against austerity was preceded by a high state of inequality in both countries. However, financial institutions in the UK and USA together with their offshore jurisdictions are again resorting to the same sorts of short-term yield seeking financial engineering that preceded the last financial crisis, as if nothing has been learnt. This is primarily enriching the wealthy few while the majority of the rest

of us suffer austerity measures and low wages. The result, enhanced inequality leading to potential financial collapse and social deprivation with this time sovereign states unable or unwilling to offer bail outs.

4. Summary

The consultation has generated a large number of comments, with some themes clearly evident.

Treasury would like to thank everyone who gave their comments in response to the consultation, and will consider the points made as the proposed changes are prepared for presentation to Tynwald, for further debate.