

## Changes affecting occupational and state pensions

Last month Tynwald approved a number of changes relating to occupational and state pensions.

### **New fixed rate of revaluation of guaranteed minimum pensions**

A new fixed rate of revaluation of guaranteed minimum pensions applies for members of occupational pension schemes leaving pensionable service on or after 6 April 2018. The new rate is 3.5% compounded year-on-year.

The rate is 4.75% for members leaving pensionable service on or after 6 April 2012 but before 6 April 2018.

You can find the Order making these changes [here](#) and more about it [here](#).

### **Introduction of the new Manx State pension**

People reaching state pension age on or after 6 April 2019 will qualify for a new Manx state pension if they meet the qualifying conditions.

The Manx state pension is a flat-rate pension in place of the current arrangements (basic and additional state pension (SERPS and State Second Pension)).

[Manx State pension for people who have no qualifying years of IOM National Insurance contributions before 6 April 2019](#)

To qualify for any Manx state pension a person must have at least a minimum number of qualifying years of IOM National Insurance contributions (expected to be 10). It is expected that any qualifying years of UK National Insurance contributions will count towards that minimum.

People will qualify for a full rate Manx state pension if they have at least 35 qualifying years of IOM National Insurance contributions. People with at least 10 but less than 35 qualifying years of IOM National Insurance contributions will qualify for a reduced rate Manx state pension (1/35<sup>th</sup> of the full rate for every qualifying year of IOM National Insurance contributions they have).



The Treasury

*Yn Tashtey*

## Manx State pension for people who have at least 1 qualifying year of IOM National Insurance contributions before 6 April 2019

People who have at least 1 qualifying year of IOM National Insurance contributions before 6 April 2019 will have their Manx State pension calculated differently.

In most cases, the rate of Manx State pension for them will be the higher of the amount they would have qualified for under the old state pension system (taking into account any contracted-out employment they had) and under the new state pension system as if it had been in place at the start of their working life.

Generally a person's entitlement to Manx State pension will depend on their own National Insurance contributions only. However, a person may inherit a Manx state pension based on their late spouse's or civil partner's National Insurance contributions in certain circumstances. They will not need to have a minimum number of qualifying years of IOM National Insurance contributions either.

### **Abolition of contracting-out**

Employees who are members of their employer's contracted-out occupational pension scheme do not build up additional state pension rights.

From 6 April 2019 those employers will no longer be able to contract their employees out of the additional state pension, as it will no longer exist. So they and their employees will pay higher rates of National Insurance contributions from that date.

### **Bringing forward the planned increase in state pension age to age 67**

The increase in state pension age to 67 will now happen 8 years earlier than planned. The increase will now begin in 2026 and end in 2028, rather than between 2034 and 2036. This will bring state pension age in the IoM fully back into line with state pension age in the UK.

You can find out what your state pension age is from our Retirement Pension [webpage](#).

You can find the Order making these 3 changes [here](#) and more about it [here](#).

### **More information**

We hope that you have found this information useful. If you have any comments or queries about any of it please contact Nick Gough @ [Nick.gough@gov.im](mailto:Nick.gough@gov.im)

[Social security legislation volumes](#) will be updated to reflect these changes in due course. You can find out more about state pensions from our Retirement Pension [webpage](#).