

Social Security News

Issue 159 December 2017

This News Bulletin is intended to brief those with a special interest in social security matters of the changes in the law following each sitting of Tynwald at which the changes are approved.

Copies of the Orders referred to in this bulletin may be obtained from:

Tynwald Library, Legislative Buildings, Douglas, IM1 3PW.

Tel: 01624 685520

Email: library@tyrwald.org.im

Website: www.tyrwald.org.im/links/tls

The relevant document number is shown against the item.

For more details on the Orders described in this newsletter

Tel: 01624 685223

Email: nick.gough@gov.im

In this issue:

S.D. 2017/0277 amends Schedule 1 to the Social Security Act 2000, by deleting the **qualified** entry relating to the UK Pensions Act 2014 and adding in its place an **unqualified** entry relating to that Act. This will allow any of the appropriate provisions of the Pensions Act 2014, and any legislation made under it, to be applied to the Island by separate order in the future.

S.D. 2017/0278 will allow any appropriate provision of the Pensions Act 2014 (as well as legislation made under it) relating to pension schemes to be applied to the Island by separate order in the future.

S.D. 2017/0330 amends the Social Security Administration Act 1992, as that Act of the United Kingdom Parliament has effect in the Island, by substituting Part X. Part X relates to the review and alteration of social security benefits. This will allow Treasury to make a single order each year, to be submitted to Tynwald at Budget time, uprating all social security benefits and pensions, as well as making related provision, rather than making two separate orders to be submitted to separate sittings of Tynwald, as is currently the case.

S.D. 2017/0331 makes two sets of amendments to the Social Security Contributions and Benefits Act 1992 as that Act of the United Kingdom Parliament has effect in the Island, both relating to the rates of social security benefits payable. New provision is made for reasons of clarity and consistency as to the rates of certain benefits payable under that act and as to how those benefits are to be updated.



Isle of Man
Government
Reilrys Ellan Vannin

The Treasury

Yn Tashtey

Social Security Act 2000 (Amendment) Order 2017

S.D. 2017/0277

This Order amends Schedule 1 to the Social Security Act 2000, by deleting the existing entry relating to the UK Pensions Act 2014. That entry is qualified, in that it only relates to the provisions of the 2014 Act relating to the new bereavement support payment.

This Order then adds in place of the qualified entry to the 2014 Act in Schedule 1 an unqualified entry relating to that Act.

This Order also contains a saving provision in relation to the deletion of the qualified entry relating to the 2014 Act. It provides that the deletion by this Order of the qualified entry relating to the 2014 Act does not affect the continuing operation of the provisions of the 2014 Act (and legislation made under it) relating to the bereavement support payment, which had been applied to the Island earlier this year under an order made under section 1 of the 2000 Act.

Reasons for the measure

This Order will allow any of the appropriate provisions of the 2014 Act, and any legislation made under it, to be applied to the Island by separate order in the future.

The application to the Island of the 2014 Act (in a modified form) will, among other things, introduce the new single-tier, Manx state pension, in place of the current state retirement pension arrangements, for new pensioners. Existing pensioners at the time of its introduction (which is planned for April 2019) will be unaffected.

The main features of the new Manx state pension will be—

- A single-component, flat-rate pension in place of the current two-component system (i.e., basic pension and additional state pension (SERPS and the State Second Pension));
- Full entitlement to the new pension for people with at least 35 qualifying years of National Insurance (NI) contributions in the IOM;
- Reduced entitlement for people with at least the minimum number of qualifying years of NI contributions, but less than 35 qualifying years in the IOM;
- Transitional rates of pension for people who have qualifying years of NI contributions in the IOM before the introduction of the new Manx state pension; and
- Entitlement to the new pension based on the NI contributions paid in the IOM by a deceased spouse or civil partner before the introduction of the new Manx state pension.

The 2014 Act also makes provision to bring forward the increase in state pension age to 67 by 8 years.

The saving provision ensures that the provisions of the 2014 Act relating to the bereavement support payment which were applied to the Island from April 2017 continue to operate unaffected by this Order.

Pension Schemes Order 2017

S.D. 2017/0278

The Pension Schemes Act 1995 (of Tynwald) provides for the application to the Island of certain Acts of the United Kingdom Parliament relating to occupational and personal pension schemes, as well as statutory instruments made under them, subject to such exceptions, adaptations and modifications as are deemed necessary.

Section 1 of the 1995 Act allows the Treasury by order to apply to the Island - as part of the law of the Island - any legislation of the United Kingdom to which section 1 of that Act applies.

Section 1 of the 1995 Act applies to any Act of the UK Parliament specified in an order made under section 1(3) of that Act, and to any statutory instrument made under such an Act.

This Order specifies the Pensions Act 2014 as being an Act to which section 1 of the 1995 Act applies.

Reasons for the measure

This Order will allow any appropriate provision of the Pensions Act 2014 (as well as legislation made under it) relating to pension schemes to be applied to the Island by separate order in the future.

In particular, it will enable the provisions of the 2014 Act providing for the abolition of contracting-out for salary-related occupational pension schemes to be applied to the Island. Ending contracting-out will be consequential on the introduction of the single-tier, Manx state pension in April 2019.

Social Security Administration Act 1992 (Application) (Amendment) (No. 3) Order 2017

S.D. 2017/0330

This Order amends the Social Security Administration Act 1992 as that Act of the United Kingdom Parliament has effect in the Island) by substituting existing Part X with a new version of Part X and inserting new Schedule 4E to that Act.

Currently Part X relates to the review and alteration of only certain social security benefits payable in the IOM, generally those which are not subject to reciprocal arrangements with the UK. Part X allows for the making of annual uprating orders in the Island relating to those benefits.

The uprating of other benefits (including state pensions) payable in the IOM, i.e. those which fall within reciprocal arrangements, is achieved by the application to the Island of the relevant provisions of annual up-rating orders made in the UK.

The substantive provisions of former Part X now appear in Schedule 4E to the Administration Act. However, Schedule 4E will allow Treasury to make annual uprating orders in relation to all social security benefits payable in the IOM, whether they are within the scope of reciprocal arrangements or not. This removes the need for Treasury to make orders applying to the IOM the relevant provisions of UK annual up-rating orders.

Paragraphs 1 and 2 of new Schedule 4E allow the Treasury to make an order increasing the rates of benefits to which those paragraphs apply by such percentage(s) as it thinks fit. Paragraph 1 applies to most of the benefits payable in the IOM and paragraph 2 applies to the basic state retirement pension and certain other state pensions.

The making of an order under those paragraphs would have regard to a range of issues, viz. any increases in earnings or prices in the IOM or Great Britain during the review period; the national economic situation; the likely effect on the Manx National Insurance Fund (where appropriate); and any other matter which the Treasury considers relevant. Benefits do not have to be increased if the amount of the increase would otherwise be inconsiderable and any amount as increased under the uprating order may be rounded up or down.

Consequential amendments are also made to sections 155, 156, 159 and 159A of the Administration Act by the Order. Those sections relate to the computation of benefits under or in consequence of an uprating order, etc.

Social Security Contributions and Benefits Act 1992 (Application) (Amendment) (No. 2) Order 2017

S.D. 2017/0331

This Order makes two sets of amendments to the Social Security Contributions and Benefits Act 1992 as that Act of the United Kingdom Parliament has effect in the Island, both relating to the rates of social security benefits payable.

The first set of changes makes new provision in the Contributions and Benefits Act for clarity and consistency as to the rates of certain benefits payable under that Act and as to how they are to be uprated. Those benefits are: Category D retirement pension, the over 80's age addition and the Christmas and Winter Bonuses.

The second set of changes further amends the Contributions and Benefits Act consequentially on the introduction of new powers to make social security benefit uprating orders under Part X of the Social Security Administration Act 1992 as that Act of the United Kingdom Parliament has effect in the Island (see new Schedule 4E to that Act in particular).