



PENSION SUPPLEMENT ORDER 2018

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Statutory Document No. 2018/0179



Social Security Act 2000

PENSION SUPPLEMENT ORDER 2018

Approved by Tynwald: 18th July 2018

Coming into Operation in accordance with article 2

The Treasury makes the following Order under section 1A of the Social Security Act 2000.

PART 1 – INTRODUCTION

1 Title

This Order is the Pension Supplement Order 2018.

2 Commencement

If approved by Tynwald, this Order comes into operation on 6 April 2019¹.

3 General interpretation

(1) In this Order –

“**the 2014 Act**” means the Pensions Act 2014²;

“**the Claims and Payments Regulations**” means the Social Security (Claims and Payments) Regulations 1987³;

“**IOM SSCBA**” means the Social Security Contributions and Benefits Act 1992⁴;

“**IOM State Pension Regulations**” means the State Pension Regulations 2015⁵;

“**Manx state pension**” means a Manx state pension under Part 1 of the 2014 Act (Manx state pension);

¹ Under section 2(1) of the Social Security Act 2000 an order under section 1A(1) of that Act shall be laid before Tynwald as soon as may be after it is made and, unless it is approved by Tynwald at the sitting at which it is laid or the next following sitting, it ceases to have effect, but without prejudice to anything done under it or the making of a new order.

² 2014 c.19 (see SD 2018/0076).

³ S.I. 1987/1968 (see SD 360/98).

⁴ 1992 c.4 (see SD 505/94).

⁵ S.I. 2015/173 (see SD 2018/0124).

- “**P**” has the meaning given in article 5 (conditions of entitlement);
- “**pensionable age**” has the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995⁶;
- “**reduced rate election case**” and “**standard case**” have the meanings given in article 6 (circumstances in which the conditions of entitlement are satisfied);
- “**S**” has the meaning given in article 6;
- “**serving member of the forces**” has the meaning given in regulation 1(2) of the Social Security (Contributions) Regulations 2001⁷;
- “**SSAA**” means the Social Security Administration Act 1992⁸;
- “**supplement**” means a pension supplement under this Order;
- “**tax year**” means the period from 6 April in any year to 5 April in the following year, the expression “**1978-79**” meaning the tax year beginning with 6 April 1978, and any correspondingly framed reference to a pair of successive years being construed as a reference to the tax year beginning with 6 April in the earlier of them; and
- a person’s “**working life**” is the period between —
- (a) (inclusive) the tax year in which that person attained the age of 16; and
 - (b) (exclusive) the tax year in which that person attained pensionable age or died under that age.
- (2) Unless it is provided otherwise or the context otherwise requires, any reference in this Order to any provision of any legislation applied to the Island by an Order under section 1 of the Social Security Act 2000 or section 1 of the Pension Schemes Act 1995 shall be construed as a reference to that legislation as it has effect in the Island.
- (3) Unless the context otherwise requires, the Interpretation Act 2015⁹ applies to this Order as it applies to an Act of Tynwald.

4 Reference to “**pension supplement**” in other legislation

Unless it is provided or the context otherwise requires, reference to a pension supplement under the Pension Supplement Scheme 2001¹⁰ (directly or indirectly) in any legislation other than this Order is to be read as a reference to a supplement under this Order also.

⁶ 1995 c.26 (see SD 501/97).

⁷ S.I. 2001/1004 (see SD 374/02).

⁸ 1992 c.5 (see SD 506/94).

⁹ AT 11 of 2015.

¹⁰ GC 53/01.

PART 2 – CONDITIONS OF ENTITLEMENT

5 Conditions of entitlement

- (1) A person (in this Order called “P”) is entitled to a pension supplement if P satisfies —
 - (a) the state pension age condition;
 - (b) the ordinary residence condition;
 - (c) the qualifying benefit condition; and
 - (d) the qualifying contribution condition.
- (2) Article 6 (circumstances in which the conditions of entitlement are satisfied) specifies the circumstances in which P satisfies the conditions specified in paragraph (1).
- (3) Paragraph (1) is subject to the rest of this Order (see article 9 (claims) in particular).

6 Circumstances in which the conditions of entitlement are satisfied

- (1) This article specifies the circumstances in which P satisfies the conditions specified in article 5(1) (conditions of entitlement).

The state pension age condition

- (2) P satisfies the state pension age condition if P attains pensionable age on a day —
 - (a) on or after 6 April 2019; and
 - (b) before 6 April 2039.

The ordinary residence condition

- (3) P satisfies the ordinary residence condition if P is ordinarily resident in the Isle of Man.

The qualifying benefit condition

- (4) P satisfies the qualifying benefit condition if paragraph (5) or (10) applies to P.
- (5) This paragraph applies to P if any of paragraphs (6) to (8) applies to P.
- (6) This paragraph applies to P if P is entitled to a Manx state pension under section 2 of the 2014 Act (entitlement to Manx state pension at full or reduced rate).
- (7) This paragraph applies to P if P is entitled to a Manx state pension under section 4 of the 2014 Act (entitlement to Manx state pension at transitional rate) but not because subsection (1)(b) of that section does not apply to P under section 11 of that Act (reduced rate elections: effect on section 4 pensions).

- (8) This paragraph applies to P if –
- (a) P is entitled to a Manx state pension under section 4 of the 2014 Act because subsection (1)(b) of that section does not apply to P under section 11 of that Act; and
 - (b) the transitional rate of the Manx State pension for P is the rate specified in paragraph 2(2)(a) or 3(2)(a) of Schedule 6 (reduced rate elections: effect on rate of section 4 pensions) to the 2014 Act (including as recalculated under paragraph 4 or 5 of that Schedule).
- (9) If paragraph (5) applies to P, P is a “**standard case**”.
- (10) This paragraph applies to P if paragraph (11) or (12) applies to P.
- (11) This paragraph applies to P if –
- (a) P is entitled to a Manx state pension under section 4 of the 2014 Act because subsection (1)(b) of that section does not apply to P under section 11 of that Act; and
 - (b) the transitional rate of the Manx State pension for P is the rate specified in paragraph 2(2)(b) or 3(2)(b) of Schedule 6 to the 2014 Act (including as recalculated under paragraph 4 or 5 of that Schedule).
- (12) This paragraph applies to P if P is entitled to a Manx state pension under section 12 of the 2014 Act (reduced rate elections: pension for women with no section 4 pension).
- (13) If paragraph (10) applies to P, P is a “**reduced rate election case**”.
- (14) Paragraphs (6) to (8), (11) and (12) are subject to article 14 (suspension of Manx state pension during imprisonment).
- The qualifying contribution condition*
- (15) P satisfies the qualifying contribution condition if paragraph (16) or (17) applies to P.
- (16) This paragraph applies to P if –
- (a) P is a standard case; and
 - (b) P has at least 10 qualifying years of relevant contributions in P’s working life.
- (17) This paragraph applies to P if –
- (a) P is a reduced rate election case; and
 - (b) S has at least 10 qualifying years of relevant contributions in S’s working life.
- (18) In this Order “**S**” means the person to whom P is or was married, or is or was in a civil partnership with, referred to (directly or indirectly) in Schedule 6 (reduced rate elections: effect on rate of section 4 pension) or

Schedule 7 (reduced rate elections: basic amount of Manx State pension under section 12) to the 2014 Act.

Note:

See article 7 (qualifying years of relevant contributions, etc.) for more information about paragraphs (16) to (18).

7 “Qualifying years of relevant contributions”, etc.

- (1) For the purposes of this Order, a “**qualifying year of relevant contributions**” means —
 - (a) a tax year, during P’s or S’s working life, in which P’s or S’s earnings factor (or the sum of P’s or S’s earnings factors) is equal to or greater than the qualifying earnings factor for that year; or
 - (b) a reckonable year that would have been treated under regulation 13(1) of the Social Security (Widow’s Benefit, Retirement Pensions and Other Benefits) (Transitional) Regulations 1979¹¹ as a qualifying year for the purposes of determining P’s or S’s entitlement to an old state pension that is a Category A retirement pension.
- (2) Unless the context otherwise requires, sections 22 (earnings factors) and 23 (provisions supplemental to sections 21 and 22) of the IOM SSCBA have effect for the purposes of determining P’s or S’s earnings factors for the purposes of this article as they do for the purposes of sections 2 and 4 of the 2014 Act.

This paragraph is subject to paragraph (3).
- (3) In sections 22 and 23 of the IOM SSCBA any reference to —
 - (a) earnings upon which, or in respect of which, primary Class 1 contributions have been paid or treated as paid; and
 - (b) Class 1, Class 2 and Class 3 contributions,is a reference to relevant contributions.
- (4) The Schedule has effect to specify what constitutes relevant contributions.
- (5) In paragraph (1) “**qualifying earnings factor**” has the meaning given by section 122 of the IOM SSCBA (interpretation of Parts 1 to 6 of the IOM SSCBA and supplementary provisions) and “**old state pension**” and “**Category A retirement pension**” have the meanings given in sections 21 (“old state pension”) and 22 (general definitions etc) of the 2014 Act.

¹¹ S.I. 1979/643 (see GC 207/79).

PART 3 – RATE

8 Rate

(1) This article specifies the weekly rate of supplement payable to P if P satisfies the conditions specified in article 5(1) (conditions of entitlement) and, if the Treasury makes a direction under paragraph (3) of article 9 (claims), P satisfies sub-paragraph (a) or (b) of that paragraph.

(2) Subject to paragraph (15), the rate is calculated by following steps 1 to 3 in paragraphs (3) to (12).

Step 1 – calculate the initial rate

Standard case

(3) If P is a standard case, calculate the initial rate (IR) in P's case in accordance with the formula –

$$IR = £53.75 \times \frac{N}{30}.$$

Here “N” means the number of qualifying years of relevant contributions (see article 7) which P has in P's working life, but if N is more than 30, N is to be taken to be 30.

Reduced rate election case

(4) If P is a reduced rate election case, calculate the initial rate (IR) in P's case in accordance with the formula specified in –

- (a) if paragraph (5) or (6) applies to P, paragraph (7); or
- (b) if paragraph (8) or (9) applies to P, paragraph (10).

(5) This paragraph applies to P if the transitional rate of the Manx State pension for P is the rate specified in paragraph 2(2)(b) of Schedule 6 (reduced rate elections: effect on rate of section 4 pension) to the 2014 Act (including as recalculated under paragraph 5 of that Schedule).

(6) This paragraph applies to P if P is entitled to a basic amount for the purpose of section 12 of the 2014 Act under paragraph 2 of Schedule 7 (reduced rate elections: basic amount of Manx State pension under section 12) to that Act.

(7) The formula specified in this paragraph is –

$$IR = £32.25 \times \frac{N}{30}.$$

Here “N” means the number of qualifying years of relevant contributions which S has in S's working life, but if N is more than 30, N is to be taken to be 30.

(8) This paragraph applies to P if the transitional rate of the Manx State pension for P is the rate specified in paragraph 3(2)(b) of Schedule 6 to the 2014 Act (including as recalculated under paragraph 4 of that Schedule).

- (9) This paragraph applies to P if P is entitled to a basic amount for the purpose of section 12 of the 2014 Act under paragraph 3 of Schedule 7 to that Act.
- (10) The formula specified in this paragraph is –

$$IR = £53.75 \times \frac{N}{30}$$

Here “N” means the number of qualifying years of relevant contributions which S has in S’s working life, but if N is more than 30, N is to be taken to be 30.

Step 2 – calculate the reduction factor

- (11) Calculate the reduction factor (RF) in P’s case in accordance with the formula –

$$RF = IR \times (AR - QRA).$$

Here –

“AR” means the annual reduction in P’s case as determined in accordance with Table 1 in paragraph (13); and

“QRA” means the quarterly reduction adjustment in P’s case as determined in accordance with Table 2 in paragraph (14).

Step 3 – Deduct the reduction factor from the initial rate

- (12) Deduct RF from IR.
- (13) The annual reduction in P’s case is to be determined in accordance with Table 1.

Table 1

<i>Period within which P reaches pensionable age (inclusive)</i>	<i>Annual reduction in P’s case</i>
6 April 2019 to 5 April 2020	5%
6 April 2020 to 5 April 2021	10%
6 April 2021 to 5 April 2022	15%
6 April 2022 to 5 April 2023	20%
6 April 2023 to 5 April 2024	25%
6 April 2024 to 5 April 2025	30%
6 April 2025 to 5 April 2026	35%
6 April 2026 to 5 April 2027	40%
6 April 2027 to 5 April 2028	45%
6 April 2028 to 5 April 2029	50%
6 April 2029 to 5 April 2030	55%
6 April 2030 to 5 April 2031	60%
6 April 2031 to 5 April 2032	65%
6 April 2032 to 5 April 2033	70%
6 April 2033 to 5 April 2034	75%
6 April 2034 to 5 April 2035	80%
6 April 2035 to 5 April 2036	85%
6 April 2036 to 5 April 2037	90%

6 April 2037 to 5 April 2038	95%
6 April 2038 to 5 April 2039	100%

- (14) The quarterly reduction adjustment in P's case is to be determined in accordance with Table 2.

Table 2

<i>Period within which P reaches pensionable age (inclusive)</i>	<i>Quarterly reduction adjustment in P's case</i>
6 April in any year to 5 July in the same year	3.75%
6 July in any year to 5 October in the same year	2.5%
6 October in any year to 5 January in the next year	1.25%
6 January in any year to 5 April in the same year	0%

- (15) If the rate of supplement as calculated in accordance with paragraphs (2) to (12) is a fraction of a penny, round the rate of supplement to the nearest penny and take any $\frac{1}{2}p$ as nearest to the next whole penny above.

PART 4 – CLAIMS AND PAYMENTS

9 Claims

- (1) The Treasury must make arrangements for –
- (a) the identification of persons who, in its opinion, are likely to qualify for a supplement; and
 - (b) the determination and award of supplements in accordance with this Order.
- (2) It is not a condition of entitlement to a supplement that P makes a claim for a supplement.

This paragraph is subject to paragraph (3).

- (3) In such cases and in such manner as the Treasury specifies, the Treasury may direct that P is not entitled to a supplement unless, in addition to satisfying the other conditions of entitlement to a supplement specified in article 5(1) (conditions of entitlement) –
- (a) P makes a claim for a supplement in such manner, and within such time, as the Treasury may specify; or
 - (b) P is treated as making a claim for a supplement.
- (4) If –
- (a) the Treasury –
 - (i) has not made a direction under paragraph (3); or

- (ii) has made a direction under paragraph (3) but P has not satisfied sub-paragraph (a) or (b) of that paragraph; and
- (b) it is determined that P is, or is not, entitled to a supplement, P shall be taken to have made such a claim for the purposes of article 15 (decisions and appeals).

10 Payments

- (1) Except in such circumstances as the Treasury may direct, Part 3 (payments) of the Claims and Payments Regulations applies to a supplement as if it were a Manx state pension.

This paragraph is subject to paragraph (2) and article 11 (changes to be notified).
- (2) For the purposes of paragraph (1), the Social Security (Overlapping Benefits) Regulations 1979¹² shall be taken not to apply.

11 Changes to be notified

Unless the context otherwise requires, regulation 32(1B) of the Claims and Payments Regulations (changes to be notified) applies to a supplement as if a supplement were a benefit to which section 5 of SSAA applied.

12 Third parties

Part 4 (third parties) of the Claims and Payments Regulations applies to a supplement as if a supplement were a Manx state pension.

13 Extinguishment

Regulation 38 (extinguishment of right to payment of sums by way of benefit where payment is not obtained within the prescribed period) of the Claims and Payments Regulations applies to a supplement as if a supplement were a Manx state pension.

14 Suspension of Manx state pension during imprisonment

If, under Part 2 of the IOM State Pension Regulations (prisoners), P is not to be paid a Manx state pension for any period during which P is a prisoner in any of the circumstances set out in regulation 2(2) of those Regulations (prisoners who are not to be paid Manx state pension), P is to be treated as not being entitled to a Manx state pension for that period for the purposes of the qualifying benefit condition specified in article 6 (circumstances in which the conditions of entitlement are satisfied).

¹² S.I. 1979/597 (GC 207/79).

PART 5 – DECISIONS AND APPEALS

15 Decisions and appeals

- (1) Part I (decisions and appeals) of the Social Security Act 1998¹³ shall apply to a supplement as if a supplement were a “relevant benefit” within the meaning of section 8(3) of that Act (decisions by an adjudication officer) and as if this Order were a “relevant enactment” within the meaning of section 8(4) of that Act.
- (2) A decision made on a claim for, or on an award of, a supplement shall be taken not to fall within Schedule 2 (decisions against which no appeal lies) to that Act.

PART 6 – OVERPAYMENTS AND ADJUSTMENTS, ENFORCEMENT AND INFORMATION

16 Overpayments and adjustments, enforcement and information

Parts 3 (overpayments and adjustments), 6 (enforcement) and 7 (information) of SSAA applies to a supplement as if a supplement were a benefit which falls to be so treated under any of those provisions.

PART 7 – FINANCE

17 Financial provisions

Any supplement payable and any other expenses of the Treasury attributable to this Order shall be paid out of the Manx National Insurance Fund (see section 161 of SSAA).

PART 8 – REVOCATION AND SAVINGS

18 Revocation of the Pension Supplement Scheme 2001

- (1) The Pension Supplement Scheme 2001 is revoked.
- (2) Paragraph (1) is subject to articles 19 to 23 (savings).

19 Savings: general

Despite its revocation by article 18 (revocation of the Pension Supplement Scheme 2001), the Pension Supplement Scheme 2001 (“the 2001 Scheme”)

¹³ 1998 c.14 (see SD 92/00).

continues to have effect in the case of a person to whom any of articles 20 to 22 applies.

20 Savings: person entitled to pension supplement immediately before 6 April 2019

This article applies to a person if that person is entitled to a pension supplement under the 2001 Scheme immediately before 6 April 2019.

21 Savings: person not entitled to pension supplement immediately before 6 April 2019 because the person does not satisfy the ordinary residence condition

- (1) This article applies to a person if that person is not entitled to a pension supplement under the 2001 Scheme immediately before 6 April 2019 only for the reason given in paragraph (2).
- (2) That reason is that the person does not satisfy the ordinary residence condition specified in paragraph 1(a) of the 2001 Scheme.

22 Savings: person not entitled to pension supplement immediately before 6 April 2019 because the person does not satisfy the qualifying benefit condition because the person has not claimed a qualifying benefit

- (1) This article applies to a person if that person is not entitled to a pension supplement under the 2001 Scheme immediately before 6 April 2019 only because the person does not satisfy the qualifying benefit condition for the reason given in paragraph (2).
- (2) That reason is that the person is not entitled to a qualifying benefit only because that person does not satisfy the condition for making a claim for that qualifying benefit.

23 Interpretation of Part 8

In this Part the phrases “**ordinary residence condition**”, “**qualifying benefit**” and “**qualifying benefit condition**” have meanings given to them in the 2001 Scheme.

MADE 28TH JUNE 2018

A L CANNAN
Minister for the Treasury

SCHEDULE

[Article 7(4)]

RELEVANT CONTRIBUTIONS**PART 1 – INTRODUCTION****1 Introduction**

- (1) This Schedule specifies what constitutes “**relevant contributions**” for the purposes of this Order.
- (2) Parts 2 and 3 of this Schedule specify –
 - (a) those contributions paid by P or S (or treated as paid) and those earnings of P or S upon which such contributions were paid or treated as paid; and
 - (b) those contributions or earnings with which P or S is credited, in respect of any period of insurance or tax year which constitute “**relevant contributions**” in respect of that period of insurance or tax year.
- (3) Any contributions or earnings which constitute “**relevant contributions**” under Part 3 are in addition to those which do so under Part 2 of this Schedule in respect of the same period of insurance or tax year.
- (4) Part 4 of this Schedule provides for the interpretation of this Schedule.

PART 2 – “RELEVANT CONTRIBUTIONS”: GENERAL**2 Periods of insurance earlier than 6 April 1975 and tax years 1975-76 to 1977-78**

- (1) This paragraph applies in respect of –
 - (a) any period of insurance ending earlier than 6 April 1975; and
 - (b) any of the 1975-76, 1976-77 or 1977-78 tax years.
- (2) If the Treasury held P’s or S’s national insurance contribution record on 5 April 1978, any IOM contributions or UK contributions and any IOM credits or UK credits are relevant contributions in respect of that period of insurance or tax year.
- (3) If the Treasury did not hold P’s or S’s national insurance contribution record on 5 April 1978, any IOM contributions or IOM credits are relevant contributions in respect of that period of insurance or tax year.

3 Tax years 1978-79 to 1995-96

- (1) This paragraph applies in respect of any of the tax years from 1978-79 to 1995-96 (inclusive).
- (2) If the Treasury held P's or S's national insurance contribution record on the last day of such a tax year, any IOM contributions or UK contributions or IOM credits or UK credits are relevant contributions in respect of that tax year.
- (3) If the Treasury did not hold P's or S's national insurance contribution record on the last day of such a tax year, any IOM contributions or IOM credits are relevant contributions in respect of that tax year.

4 Tax years 1996-97 to 1998-99

- (1) This paragraph applies in respect of any of the tax years from 1996-97 to 1998-99 (inclusive).
- (2) Any IOM contributions or IOM credits are relevant contributions in respect of that tax year.

5 Tax year 1999-2000 and later tax years

- (1) This paragraph applies in respect of the tax year 1999-2000 and any later tax year.
- (2) Any IOM contributions or IOM credits are relevant contributions in respect of that tax year.
This is subject to sub-paragraphs (3) to (8).
- (3) Any IOM auto-credits or IOM starting credits are not relevant contributions in respect of that tax year.
- (4) No more than 13 IOM credits are relevant contributions in respect of that tax year.
This is subject to sub-paragraphs (5) to (8).
- (5) Sub-paragraph (4) does not apply if sub-paragraph (6) applies.
- (6) This sub-paragraph applies if —
 - (a) P or S is awarded incapacity benefit under Part 2 of the IOM SSCBA;
 - (b) that award is made for a period which began on a day in the tax year 1999-2000 or a later tax year; and
 - (c) each of the 5 tax years immediately preceding the tax year in which that award began is a tax year for which P or S has a qualifying year of relevant contributions (but see sub-paragraph (8)) in P's or S's working life.

- (7) If sub-paragraph (6) applies any IOM incapacity for work credits are relevant contributions in respect of any tax year in which P or S was awarded incapacity benefit under that award (excluding the tax year in which the last day of that period of award falls).
- (8) For the purposes of sub-paragraph (6)(c), the following are not relevant contributions in respect of a tax year —
 - (a) any IOM contributions which are Class 3 contributions paid by P or S (or treated as paid); or
 - (b) any IOM credits,in respect of that tax year.

PART 3 – RELEVANT CONTRIBUTIONS FOR MEMBERS OF THE FORCES

6 Periods of insurance and tax years ending earlier than 5 April 1978

- (1) This paragraph applies in respect of any period of insurance or tax year ending earlier than 5 April 1978.
- (2) This sub-paragraph applies if the Treasury —
 - (a) held P's or S's national insurance record on 5 April 1978; but
 - (b) did not hold P's or S's national insurance record on the last day of any period of insurance or tax year ending earlier than 5 April 1978.
- (3) If sub-paragraph (2) applies any UK contributions or UK credits in respect of any week falling within the period of P's or S's employment in that period of insurance or tax year as a serving member of the forces are relevant contributions in respect of that period of insurance or tax year.

7 Tax years 1996-97 to 1998-99

- (1) This paragraph applies in respect of any of the tax years from 1996-97 to 1998-99 (inclusive).
- (2) If the Treasury held P's or S's national insurance record on the last day of such a tax year, any UK contributions or UK credits in respect of any week falling within the period of P's or S's employment in that tax year as a serving member of the forces are relevant contributions in respect of that tax year.

8 Tax year 1999-2000 and later tax years

- (1) This paragraph applies in respect of the tax year 1999-2000 and any later tax year.

- (2) If the Treasury held P's or S's national insurance record on 5 April of such a tax year, any UK contributions or UK credits in respect of any week falling within the period of P's or S's employment in that tax year as a serving member of the forces are relevant contributions in respect of that tax year.

This is subject to sub-paragraph (3).

- (3) No more than 13 UK credits in respect of that tax year are relevant contributions.

PART 4 – INTERPRETATION OF PARTS 2 AND 3

9 Interpretation

- (1) In this Schedule –

“IOM auto-credits” means earnings credited under regulation 9A (credits for persons approaching pensionable age) of the IOM 1975 Credits Regulations;

“IOM contributions” means –

- (a) in respect of periods of insurance before 6 April 1975, flat-rate contributions as an employed insured person, a self-employed insured person or a non-employed insured person under Part I of the IOM 1971 Act; and
- (b) in respect of the 1975-76 tax year and later tax years, primary Class 1 contributions or Class 2 or Class 3 contributions under Part I of the IOM 1975 Act or Part 1 of the IOM SSCBA and earnings (not exceeding the upper earnings limit (see section 5 of the IOM SSCBA: earnings limits and thresholds for Class 1 contributions)) upon which primary Class 1 contributions were paid under Part 1 of the IOM SSCBA;

“IOM credits” means any contributions or earnings with which a person is to be credited under any of the following provisions of Part 8 of the IOM State Pension Regulations—

- (a) Chapter 1 (general);
- (b) in Chapter 2 (crediting earnings or contributions in respect of a pre-commencement qualifying year), regulation 26 (credits under the IOM 1975 Credits Regulations) other than under regulation 9F (credits for persons providing care for a child under age 12) of the IOM 1975 Credits Regulations pursuant to regulation 26; and
- (c) in Chapter 3 (crediting earnings or contributions in respect of a qualifying year or a post-commencement qualifying year), regulations 29 (credits under specified provisions of the IOM 1975

Credits Regulations) and 30 (credits for persons in receipt of employed person's allowance);

“IOM incapacity for work credits” means earnings credited under regulation 8B of the IOM 1975 Credits Regulations (credits for incapacity for work) under Part 8 of the IOM State Pension Regulations;

“IOM starting credits” means any Class 3 contributions credited under regulation 4 (starting credits for the purposes of a retirement pension, a widowed mother's allowance, a bereavement allowance and a widow's pension) of the IOM 1975 Credits Regulations under Part 8 of the IOM State Pension Regulations;

“period of insurance” means, in respect of any period before 6 April 1975, a period of 52 or 53 weeks commencing on the first Monday in March, June, September and December of a calendar year;

“UK contributions” means —

- (a) in respect of periods of insurance before 6 April 1975, flat-rate contributions as an employed insured person, a self-employed insured person or a non-employed insured person under Part I of the UK 1965 Act; and
- (b) in respect of the 1975-76 tax year and later tax years, primary Class 1 contributions or Class 2 or Class 3 contributions under Part I of the UK 1975 Act or Part 1 of the UK SSCBA and earnings upon which primary Class 1 contributions were paid (not exceeding the upper earnings limit (see section 5 of the UK SSCBA)) under Part 1 of the UK SSCBA;

“UK credits” means any contributions or earnings with which a person is to be credited under any of the following provisions of Part 8 of the UK State Pension Regulations —

- (a) Chapter 1 (general);
- (b) in Chapter 2 (crediting earnings or contributions in respect of a pre-commencement qualifying year), regulation 26 (credits under UK 1975 Credits Regulations) other than under regulation 9F (credits for persons providing care for a child under age 12) of the UK 1975 Credits Regulations pursuant to regulation 26; and
- (c) in Chapter 3 (crediting earnings or contributions in respect of a qualifying year or a post-commencement qualifying year), regulations 29 (credits under specified provisions of the UK 1975 Credits Regulations) and 30 (credits for persons in receipt of working tax credit).

(2) In this Schedule —

- “**IOM 1971 Act**” means the National Insurance (Isle of Man) Act 1971¹⁴ and any analogous preceding legislation which had effect in the Island;
- “**IOM 1975 Act**” means the Social Security Act 1975¹⁵;
- “**IOM 1975 Credits Regulations**” means the Social Security (Credits) Regulations 1975¹⁶;
- “**UK 1965 Act**” means the National Insurance Act 1965¹⁷ (as it had effect in Great Britain) and any analogous preceding legislation which had effect in Great Britain;
- “**UK 1975 Act**” means the Social Security Act 1975¹⁸ (as it had effect in Great Britain);
- “**UK 1975 Credits Regulations**” means the Social Security (Credits) Regulations 1975¹⁹ (as they have effect in Great Britain);
- “**UK SSCBA**” means the Social Security Contributions and Benefits Act 1992²⁰ (as it has effect in Great Britain); and
- “**UK State Pension Regulations**” means the State Pension Regulations 2015²¹ (as they have effect in Great Britain).
- (3) Reference in sub-paragraph (2) to any legislation which had or has effect in Great Britain includes reference to any analogous legislation which had or has effect in Northern Ireland at the same time.

¹⁴ 1971 c.29.

¹⁵ 1975 c.14 (see GC 154/75).

¹⁶ S.I. 1975/556 (see GC 156/75).

¹⁷ 1965 c.51.

¹⁸ 1975 c.14

¹⁹ S.I. 1975/556.

²⁰ 1992 c.4.

²¹ S.I. 2015/173.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the payment of a pension supplement to persons who satisfy the conditions of entitlement to a supplement. It has 8 Parts.

Part 1 is introductory and provides the Order's title, for it to come into operation on 6 April 2019 and its general interpretation provisions.

Part 2 sets out the conditions of entitlement to a supplement. Those conditions are: (a) the state pension age condition; (b) the ordinary residence condition; (c) the qualifying benefit condition; and (d) the qualifying contribution condition. In addition a person may also be directed under article 9 to make a claim for a supplement to be entitled to it.

Persons reaching pensionable age on or after 6 April 2019 but before 6 April 2039 satisfy the state pension age condition. Persons who are ordinarily resident in the Isle of Man satisfy the ordinary residence condition. Persons who are entitled to the full or reduced rate of Manx state pension under section 2 of the Pensions Act 2014 (as it has effect in the Island) or at the transitional rate under section 4 of that Act satisfy the qualifying benefit condition. Persons satisfy the qualifying contribution condition if they have at least 10 qualifying years of relevant contributions (see article 7 and the Schedule to the Order) in their working life. Certain women who had elected to pay a reduced rate of primary Class 1 contributions (if they worked for an employer) and to pay no Class 2 contributions (if they were self-employed) can satisfy the qualifying benefit condition and the qualifying contribution condition in different circumstances to other persons.

Part 3 explains how the rate of supplement payable to a person is to be calculated. The rate is calculated by following 3 steps: calculate the initial rate and the reduction factor and then deduct the reduction factor from the initial rate. Deducting the reduction factor from the initial rate has the effect of reducing the rate of supplement otherwise payable by 1.25% for every 3-month period between 6 April 2019 and the date on which the person reaches pensionable age.

Part 4 relates to claims for, and payments of, a supplement.

Part 5 relates to decisions and appeals in relation to a supplement.

Part 6 relates to overpayments and adjustments, enforcement and information in relation to a supplement.

Part 7 provides that any supplement and any other related expenses of the Treasury are to be paid out of the Manx National Insurance Fund.

Part 8 provides for the revocation of the Pension Supplement Scheme 2001 with savings.