



Statutory Document No. 0117 /11

## THE SOCIAL SECURITY PENSIONS ACT 1975

### THE PENSIONS INCREASE (ANNUAL REVIEW) ORDER 2011

*Coming into operation*

*11 April 2011*

Under section 150 of the Social Security Administration Act 1992 (an Act of Parliament) the Secretary of State for Work and Pensions has conducted a review and concluded that the general level of prices is greater at the end of the period under review than it was at the beginning of that period, and has laid before Parliament the draft of an up-rating order as required by that section.

The Secretary of State for Work and Pension has given a direction under section 151(1) of that Act that the sums mentioned in section 150(1)(c) of that Act are to be increased;

Accordingly the Treasury makes this Order under section 59 of the Social Security Pensions Act 1975 (an Act of Parliament)<sup>1</sup> as it has effect in the Isle of Man<sup>2</sup>;—

#### **1. Citation**

This Order is the Pensions Increase (Annual Review) Order 2011

#### **2. Commencement**

This Order comes into operation on 11<sup>th</sup> April 2011.

#### **3. Interpretation**

(1) In this Order —

"the 1974 Act" means the Pensions (Increase) Act 1974<sup>3</sup>;

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<sup>1</sup> 1975 c.60

<sup>2</sup> GC 137/77

<sup>3</sup> 1974 c.27

"the 1975 Act" means the Social Security Pensions Act 1975 (an Act of Parliament), as it has effect in the Isle of Man;

"basic rate" and "derivative pension" have the meanings given by section 11 of the 1974 Act;

"an existing order" means an order made earlier than this Order made (or treated as made) under the same enabling powers as this Order and which makes provision corresponding to that made by this Order ;

"official pension" has the meaning given by section 5(1) of the 1974 Act;

"pension authority" has the meaning given by section 11 of the 1974 Act;

"qualifying condition" has the meaning given by section 3 of the 1974 Act;

"relevant injury pension", "substituted pension" and "widow's pension" have the meanings given by section 11 of the 1974 Act.

(2) For the purposes of this Order the time when a pension begins is that stated in section 7(2) of the 1974 Act, and "beginning date" shall be construed accordingly.

(3) Where for the purposes of this Order it is necessary to calculate the number of complete months in any period, an incomplete month shall be treated as a complete month if it consists of at least 16 days.

#### **4. Pensions increase**

The annual rate of an official pension may, if a qualifying condition is satisfied or the pension is a derivative or substituted pension or a relevant injury pension, be increased by the pension authority in respect of any period beginning on or after 11th April 2011 as follows —

- (a) a pension beginning before 12th April 2010 may be increased by 3.1 per cent of the basic rate as increased under section 1 of the 1974 Act or under an existing Order;
- (b) a pension beginning on or after 12th April 2010 and before 11th April 2011 may be increased by 3.1 per cent, multiplied by the number of complete months in the period between the beginning date of the pension and 11th April 2011, divided by 12.

#### **5. Increase in certain lump sums**

In respect of any lump sum or instalment of a lump sum which became payable before 11th April 2011 but on or after 12th April 2010 there may be

paid an increase of 3.1 per cent of the amount of the lump sum or instalment (as increased under section 1 of the 1974 Act or under the existing Orders), multiplied by the number of complete months in the period between the beginning date for the lump sum or, if later, 12th April 2010 and the date on which it became payable, divided by 12.

**6. Reduction in respect of guaranteed minimum pensions**

(1) The amount by reference to which any increase in the rate of an official pension provided for by this Order is to be calculated shall, in the case of a person —

- (a) who is entitled to a guaranteed minimum pension on 11th April 2011, and
- (b) whose entitlement to that guaranteed minimum pension arises from an employment from which (either directly or by virtue of the payment of a transfer credit under section 38 of the 1975 Act) entitlement to the official pension also arises,

be reduced by an amount equal to the rate of the guaranteed minimum pension unless the Civil Service Commission otherwise directs in accordance with section 59A of the 1975 Act.

(2) The amount by reference to which any increase in the rate of a widow's or widower's pension provided for by this Order is to be calculated shall, where the pensioner becomes entitled on the death of the deceased spouse to a guaranteed minimum pension, be reduced in accordance with section 59(5ZA) of the 1975 Act.

MADE

*24 February*

2011

*June Craig*

Authorised by the Minister for the Treasury

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## EXPLANATORY NOTE

*(This note is not part of the Order.)*

This Order is made under provisions of the Social Security Pensions Act 1975 (an Act of Parliament applied to the Isle of Man), which requires the Treasury to increase public service pensions in line with increases in the cost of living. For pensions which began before 12<sup>th</sup> April 2010 the increase is 3.1 per cent. For pensions which began on or after 12<sup>th</sup> April 2010 the increases are as follows:-

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| <i>Pensions Beginning</i>  | <i>Pensions Increase</i> |
|--|--------------------------|
| 12 <sup>th</sup> April 2010 to 26 <sup>th</sup> April 2010       | 3.10                     |
| 27 <sup>th</sup> April 2010 to 26 <sup>th</sup> May 2010         | 2.84                     |
| 27 <sup>th</sup> May 2010 to 26 <sup>th</sup> June 2010          | 2.58                     |
| 27 <sup>th</sup> June 2010 to 26 <sup>th</sup> July 2010         | 2.33                     |
| 27 <sup>th</sup> July 2010 to 26 <sup>th</sup> August 2010       | 2.07                     |
| 27 <sup>th</sup> August 2010 to 26 <sup>th</sup> September 2010  | 1.81                     |
| 27 <sup>th</sup> September 2010 to 26 <sup>th</sup> October 2010 | 1.55                     |
| 27 <sup>th</sup> October 2010 to 26 <sup>th</sup> November 2010  | 1.29                     |
| 27 <sup>th</sup> November 2010 to 26 <sup>th</sup> December 2010 | 1.03                     |
| 27 <sup>th</sup> December 2010 to 26 <sup>th</sup> January 2011  | 0.78                     |
| 27 <sup>th</sup> January 2011 to 26 <sup>th</sup> February 2011  | 0.52                     |
| 27 <sup>th</sup> February 2011 to 26 <sup>th</sup> March 2011    | 0.26                     |

Article 4 of the Order provides for increases on certain deferred lump sums which became payable on or after 12<sup>th</sup> April 2010 and before 11<sup>th</sup> April 2011.