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## EXPLANATORY NOTE

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

Part 1 of the Pensions Act 2014 creates a new benefit called state pension to which people in Great Britain reaching pensionable age on or after 6th April 2016 may be entitled.

This Order provides that the Social Security Administration Act 1992, the Social Security Contributions and Benefits Act 1992, Part 1 of the Pensions Act 2014 and regulations made under those Acts or that Part, are to be modified to give effect to the provisions of the Agreement made with the Government of the Isle of Man set out in the Schedule to this Order.

This Agreement provides for a degree of reciprocity between the United Kingdom and the Isle of Man in regard to state pension matters. The Agreement is necessary because the Isle of Man will not be applying in its territory the state pension provided for in Part 1 of the Pensions Act 2014 and Part 1 of the Pensions Act (Northern Ireland) 2015.

The Agreement provides, amongst other things, that the territory on whose National Insurance system a person's contributions were last recorded in a tax year shall be the territory where all the contributions of that person shall be treated as paid or credited in that tax year. However for the purposes of entitlement to a state pension under Part 1 of the Pensions Act 2014 and Part 1 of the Pensions Act (Northern Ireland) 2015, any tax year in which a person's earnings factor in the Isle of Man is sufficient, will be taken into account for the purpose of helping that person to meet the requirement to have at least the minimum number of qualifying years for entitlement to a new state pension. Finally the rate of a person's state pension shall not be affected if they move between the United Kingdom and the Isle of Man.

An impact assessment has not been produced for this Order as it has no impact on business or civil society organisations. An impact assessment for the changes made by the Pensions Act 2014 is available from the Better Regulation Unit, Department for Work and Pensions, Caxton House, 6 – 12 Tothill Street, London SW1H 9NA or

<https://www.gov.uk/government/publications/pensions-act-2014-impact-assessments-may-2014>