



Foreign and Commonwealth Office

London SW1A 2AH

Telephone 01- 233 4665

(28)

AMU 234/1		
RECEIVED IN REGISTRY NO. 72		
23 NOV 1983		
DESK OFFICER	PA	REGISTRY
INDEX		Letter Taken

Your reference

Mr Carl Montoya
American Embassy

Our reference

Date 22 November 1983

**LAST
PAPER**

UK/US SOCIAL SECURITY AGREEMENT

When we last spoke on the telephone a few days ago, I promised to send you a copy of our version of the draft agreement.

I understand that you have now received approval from the State Department and I should be grateful if you would confirm that the enclosed text agrees with yours. I can then arrange for the signature copies to be prepared.

I shall be in touch again as soon as I have any more information on possible dates for the signing ceremony.

Yours sincerely,

C Parish

C Parish
North America Department



Department of Health and Social Security
151 Great Titchfield Street London W1P 8AD

(27)

Telex 22100

Telephone 01-636 1696 ext 11

LP2

AMU 234/11
RECEIVED IN REGISTRY NO. 72

13 OCT 1983

Mr C Parrish
North America Department
Foreign and Commonwealth Office

DESK OFFICER		REGISTRY
INDEX	PA	Action Taken
		Date

Your reference

Our reference 11R3

Date 12.10.83.

Dear Colin,

I promised to let you have some material which you might use in briefing FCO Ministers. I hope the attached memo is of use to you. If you have any questions on this or need additional information on points not covered you will no doubt let me know.

ATTACHED

Yours sincerely

Peter

PETER BURNS
International Relations Division

USA - RECIPROCAL SOCIAL SECURITY CONVENTION

HISTORY

1. An Exchange of Letters concluded between ourselves and the USA in 1969 at present enables our widow and retirement pensioners in the US to receive all pension increased awarded since 1969. In turn the US pays its pensions in this country. The US social security system has a somewhat similar structure to that of the UK with a backbone of contributory pensions and in 1977 the USA Department concerned (now called the Department of Health and Human Services) asked us to consider concluding a wider-ranging agreement, allowing for the payment of pension by both countries (pro-rata with contribution records) to persons who do not qualify for pensions in one or both countries without an agreement because they do not satisfy minimum contribution conditions for pension. It was also envisaged that such an agreement would contain contribution provisions preventing the duplication of contributions in the two countries in the case of workers from one country working temporarily in the other ("detached workers"). More or less simultaneously a great deal of concern was expressed by British firms employing detached workers in the USA because the US Internal Revenue Service started to enforce liability for US social security and unemployment taxes for all periods of work in the USA, however short.

The Minister for Social Security gave authority in 1979 for negotiation of an agreement to include the elimination of double contribution liability, and on the understanding that negotiations were pending the US authorities agreed to an unofficial moratorium on tax demands. Following several meetings of officials both in London and Washington a final text of a Convention has now been agreed.

Content of the Convention

2. The agreement now proposed will enable persons who would not otherwise be able to satisfy the minimum contribution conditions for pension to qualify for a pro-rata pension by combining their contribution records in the two countries. The agreement also provides for modified UK invalidity pension, based on past UK contributions, to be paid in the US to persons who do not satisfy the contribution conditions for US disability pension, provided they have not been absent from the UK for more than five years. To offset the cost of this provision a person in the UK receiving US disability benefit will not receive our invalidity pension unless he has been in this country for five years. Finally, but importantly for the UK, the Convention is intended to solve the problem of double liability for social security contributions by providing that people working temporarily in the US for UK companies will remain insured in the UK scheme for up to five years and that there will, in those cases, be no liability for US social security tax.

Reasons for concluding the Convention as urgently as possible

3. The informal agreement under which US social security taxes are not at present being collected in respect of UK workers temporarily in the US was reached on the understanding that a comprehensive social security convention would be concluded as quickly as possible. The CBI are particularly anxious that action should proceed urgently in case fresh difficulties arise for UK exporters. A further reason for urgency is that the US are at present, as part of their economy programme, in the process of amending their law to impose severe restrictions on payment of social security benefits to non-resident aliens, unless the latter are in a country with which the US has concluded a "totalisation agreement", ie a comprehensive social security convention. We understand that the 1969 Exchange of Letters does not qualify as a "totalisation agreement" for this purpose and that, in the absence of a convention of the kind now proposed, the US would, after January 1985, no longer be able to pay their pensions here as they do at present.

(21)

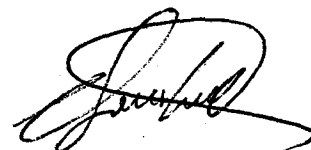
AMU 234/1		
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Mr Parrish

UK/USA SOCIAL SECURITY AGREEMENT

(17)

With reference to my minute of 3 August, I have now received the final versions and we are thus in a position to proceed to signature. We still need to know the answers to the questions posed in my minute about binders, ribbons and seals. I attach a copy of our notes for desk officers for your guidance, and I shall of course be happy to answer any queries you may have.



13 September 1983

E Bousfield
Treaty Section
NTD

US Emb. still awaiting final note. Copy of signature copy rec'd from NTD to-day & sent to Burns & SSS A clerk.

*Per
6/14/9*

CODE
18-78
SS 11/78

JJ/11



Department of Health and Social Security

151 Great Titchfield Street London W1P 8AD

Telex 22106 U 234/1
Telephone 01-636 1696 ext 11

REC-1
19 AUG 1983

20
BU to Mr. Pansh
30/8. @ 15/2.

LP2

Mr C J Campbell
North America Department
Foreign and Commonwealth Office
LONDON
SW1

REGISTRY
Our reference
IIR3.
Date

18 August 1983

Dear Mr Campbell

R+Pa @ m/s.

UK/USA SOCIAL SECURITY AGREEMENT

19

Thank you for your letter of 12 August concerning the above Agreement. As I mentioned when you telephoned on 11 August references to the Continental Shelf areas of the two countries were consciously left out when the Agreement was drafted. Any situations arising will consequently have to be dealt with according to the provisions of US or UK national legislation as appropriate.

Thank you for bringing this point to our attention.

Yours sincerely

F Burns
International Relations
Division

File Note

Care Montoya US and

telephonous A-day. Some have-

up on the US side but

never be looking a over the

agreement from the weeks of

October.

of 30/8

Chris

UK/US Social Security Agreement.

- 1) Please submit draft for typing & despatch to legal advisers.
- 2) If legal advisers have no objections please ask Ted Bousfield NTIS to prepare signature copies.
(If there are suggested changes we shall have to inform Mr Burns, International Relations Division & HSS).
- 3) Check points at X of Bousfield's minute of 3/8 with Mr MONTROYA US Embassy (ext 2517), and say that we will be aiming for a signing in week of 26 Sept if that's OK with them.
- 4) The rest can wait till I come back I think.

See
file note
of 6/8

Reference.....Amu 234/1.....

Note for the file:

Ref folios
(19) (20)

Have checked with D.H.S.S.
and legal advisers about query on
Continental shelf. I have received
clearance from both and Mr Bousfield
will commence signature copies next
week.

Ch. E. G. Hall

19.2.83.

Reference.....

Note for the file:

Blu 19/8/80
to chase up.

UK/USA Social Security agreement:

1. Both Mr. Montoya + Roger Schrader (us Embassy) are on leave until 20 August (approx.) Therefore arrangements regarding their copy will have to wait until their return. — I have spoken to Mr. Montoya and passed on the message as regards Mr. Schrader.
2. The text has been sent to the legal advisers for approval and we are now awaiting their replies.
3. All relevant pps. sent to Miss Withneshurst.

Ch. G. Bell

6/8.



Foreign and Commonwealth Office
London SW1A 2AH

AMU 234/1	
RECEIVED REGISTRY NO. 72	
16 AUG 1983	
TELEPHONE 01-2300 5400	REGISTRY

17/15
19

Mr P Burns
International Relations Department
Room 504
Department of Health and Social Security
157 Great Pichfield Street
London W1P 8AD

Your reference

Our reference

Date 12 August 1983

Dear Mr Burns,

UK/USA SOCIAL SECURITY AGREEMENT

I am writing to say that FCO Legal advisers have noticed that the agreement in question does not cover the situation where work is carried out on either the US or UK continental shelf.

It is perhaps too late now to change the agreement but the legal advisers wanted to bring this point to your attention, in case a situation arose, in the future, which the agreement did not cover.

I would be grateful for your comments as our Nationality and Treaty Department cannot draw up signature copies until this point has been settled.

Yours Sincerely,
C J Campbell

C J Campbell
North America Department

Miss Wilmshurst
Legal Advisers

Mr Parish informed me.
AMU 234/1
It is too late for a meeting have consent
on the text, on 16 AUG 1983 already been agreed
But as a matter of interest could you
ask the DfSS what they consider the situation
to be where work is carried out on the certificate
sheet of the UK or the US. It does not appear to be
covered by the Agreement. (Wilmshurst)

cc: Mr Bousfield
INTD

UK/USA SOCIAL SECURITY AGREEMENT

10/8

(W 16)

1. I enclose a copy of the above agreement as agreed by both sides.
2. I should be grateful to know if you have any comments on the text before I ask Nationality and Treaty Department to prepare the signature copies.

Chris Campbell

8 August 1983

PP. C P Parish
North America Department

Mr Parish
Has this not been the subject
of extreme comment already by
legal advisers (ie Miss Brooks in
my absence)? If so, please attach
papers, with your comments.

Chris Campbell
Legal Advisers
8 August 1983

Miss Wilmshurst.

In Mr. Parish's absence I am sending
all the relevant papers on the subject including
correspondence from Miss Brooks.

Chris Campbell.

N.A.D.
4.8.83

(17) (14)


Mr Parrish - NAD

UK/USA SOCIAL SECURITY AGREEMENT

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BY OFFICER	PA	REGISTRY
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Please refer to Miss Richards' (DHSS) letter of 1 August. If you and your Departmental Legal Adviser are happy with the proposed/agreed changes to the text, I shall arrange for signature printing.

Would you please ask the US Embassy whether they wish to house their copy of the Agreement in their own binder, whether they wish to use their own ribbon and whether they will wish to affix their seal (metal into wax). If so, appropriate arrangements can be made nearer the time for them to be brought to this office. Would you please also remind them that, if as I suspect, this Agreement is to be signed by the US Ambassador, he will be required to produce a Full Power (which we shall retain with our copy of the Agreement) from his Government empowering him to sign on their behalf.



3 August 1983

E Bousfield
Treaty Section - NTD

CMc/18



Department of Health and Social Security 16

151 Great Titchfield Street London W1P 6AD

Telex 22106

Telephone 01-636 1696 ext

AMU 234/1	
RECEIVED	TRY NO. 72
16 AUG 1983	
DEPT. SECRETARY	REGISTRY
INDEX	PA
Our reference DIR3	

LP2

Date

1 August 1983

Dear Mr Bousfield

UK/USA SOCIAL SECURITY AGREEMENT

I am enclosing a copy of the text of the above agreement as finally agreed by both sides. We are not yet in a position to make any arrangements about signature because our opposite numbers in the United States are still awaiting formal approval by the State Department, *but* ~~which~~ I understand this should be forthcoming in the near future. In the meantime you may like to take any steps you can towards getting the agreement ready for signature. We will let you know as soon as we have any more news.

Yours sincerely

Tom Richards

Miss J M Richards
International Relations
Division

Copy to Mr C. Parrish, NAD.

ENC

W 16

**AGREEMENT
ON SOCIAL SECURITY BETWEEN THE GOVERNMENT OF THE
UNITED STATES OF AMERICA AND THE GOVERNMENT OF
THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND**

The Government of the United States of America and

The Government of the United Kingdom of Great Britain and Northern Ireland,

Being desirous of regulating the relationship between their two countries in the field of Social Security, have agreed as follows:

PART I

General Provisions

ARTICLE 1

For the purpose of this Agreement:

1. "Territory" means,

as regards the United States, the States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam and American Samoa, and

and also
as regards the United Kingdom, England, Scotland, Wales, Northern Ireland, the Isle of Man and ~~also~~ the Islands of Jersey, Guernsey, Alderney, Herm and Jethou; and references to the "United Kingdom" or to "territory" in relation to the United Kingdom shall include the Isle of Man, Jersey, Guernsey, Alderney, Herm and Jethou where appropriate;

2. "Laws" means,

the laws specified in Article 2 of this Agreement, or regulations or Orders emanating from those laws, which are applicable in the territory of a Party or in any part thereof;

3. "Competent Authority" means,

as regards the United States, the Secretary of Health and Human Services, and

as regards the United Kingdom, the Secretary of State for Social Services, the Department of Health and Social Services of Northern Ireland, the Isle of Man Board of Social Security, the Social Security Committee of the States of Jersey or the States of Guernsey Insurance Authority, as the case may require;

4. "Agency" means,

as regards the United States, the Social Security Administration, and
as regards the United Kingdom, the Departmental and independent
authorities duly appointed to decide the matter in question;

5. "Period of coverage" means,

as regards the United States, a period of payment of contributions or
a period of earnings from employment or self-employment, as defined or
recognized as a period of coverage under the laws of the United States,
or any similar period insofar as it is recognized by such laws as equivalent
to a period of coverage, and

as regards the United Kingdom, it means an insurance period;

6. "Benefit" means,

any benefit, pension or allowance provided for in the laws of either
Party, including any increase of, or any additional amount payable with a
benefit, pension or allowance;

7. As regards the United Kingdom:

(a) "insurance period" means,

a contribution period or an equivalent period;

(b) "contribution period" means,

a period in respect of which contributions appropriate to the benefit in
question are payable, have been paid or treated as paid;

(c) "equivalent period" means,

a period for which contributions appropriate to the benefit in question
have been credited;

(d) "survivor's benefit" means,

widow's allowance, widowed mother's allowance and widow's pension;

(e) "child's survivor benefit" means,

guardian's allowance and child's special allowance;

(f) "laws on coverage" means,

the laws and regulations relating to the imposition of liability for the
payment of social security contributions.

ARTICLE 2

1. For the purpose of this Agreement, the applicable laws are:

- (a) As regards the United States, the laws governing the Federal Old-Age,
Survivors and Disability Insurance Program:

- (i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A and 228 of that title and regulations pertaining to those sections; and
- (ii) Chapter 2 and Chapter 21 of the Internal Revenue Code of 1954 and regulations pertaining to those chapters;

(b) As regards the United Kingdom,

- (i) the Social Security Acts 1975 to 1982 and the Social Security (Northern Ireland) Acts 1975 to 1982;
- (ii) The Social Security Acts 1975 to 1982 (Acts of Parliament) as applied to the Isle of Man by Orders made under the provisions of the Social Security Act 1982 (an Act of Tynwald);
- (iii) the Social Security (Jersey) Law 1974;
- (iv) the Social Insurance (Guernsey) Law 1978;

and the laws which were consolidated by those Acts, Laws or Orders or repealed by legislation consolidated by them.

2. The Agreement shall apply also to any law which supersedes, replaces, amends, supplements or consolidates the laws specified in paragraph 1 of this Article.

3. Unless the Parties agree otherwise, as regards the United Kingdom, this Agreement:

- (a) shall apply only to benefits described in the laws specified in paragraph 1(b) of this Article at the date of entry into force of this Agreement and for which specific provision is made in this Agreement; and
- (b) shall not apply to any laws which relate to a branch of Social Security not covered by the laws specified in paragraph 1(b) of this Article unless the two Parties make an agreement to that effect.

4. This Agreement shall not apply to Regulations on Social Security of the institutions of the European Communities or to any convention or other international agreement on social security which either Party has concluded with a third party or to any laws or regulations which amend the laws specified in paragraph 1 of this Article for the purpose of giving effect to such a convention or agreement but shall not prevent either Party from taking into account under its laws the provisions of any other convention or agreement which that Party has concluded with a third Party.

ARTICLE 3

A person who is or has been subject to the laws of one Party and who resides within the territory of the other Party shall, together with his dependants, receive equal treatment with nationals of the other Party in the application of the laws of the other Party regarding the payment of benefits.

PART II

Provisions on Coverage

ARTICLE 4

1. Except as otherwise provided in this Part, a person employed within the territory of one of the Parties shall, with respect to that employment, be subject to the laws on coverage of only that Party. Where a person is subject only to the laws on coverage of the United Kingdom in accordance with this paragraph, those laws shall apply to him as if he were ordinarily resident in the territory of the United Kingdom.

2. Where a person who is covered under the laws on coverage of one Party and is employed by an employer in the territory of that Party is sent by that employer to work in the territory of the other Party, the person shall be subject only to the laws on coverage of the former Party, as if he were employed in the territory of the former Party, provided that the period of work in the territory of the latter Party is not expected to exceed 5 years, or such longer period as may be agreed upon by the Competent Authorities in a particular case. This paragraph does not apply to employment as an officer or member of a crew on a ship or aircraft.

3. A person who would otherwise be covered under the laws on coverage of both Parties with respect to self-employment performed in the territory of either Party shall be subject only to the laws on coverage of the Party in whose territory he ordinarily resides.

4. Where a person is employed under the laws on coverage of one Party and self-employed under the laws on coverage of the other Party for the same activity, he shall be subject only to the laws on coverage of the Party in whose territory he ordinarily resides.

5. A person who would otherwise be covered under the laws on coverage of both Parties with respect to employment as an officer or member of a crew on a ship or aircraft shall, in respect of that employment, be subject only to the laws on coverage of the United Kingdom if he ordinarily resides in the United Kingdom, and only to United States laws on coverage if he ordinarily resides in the United States.

6. A person who ordinarily resides in the territory of the United Kingdom and who is not employed or self-employed shall be subject to the laws on coverage of only the United Kingdom with respect to Social Security contributions.

ARTICLE 5

1. This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

territory of
territory of

2. Notwithstanding Article 4, nationals of one of the Parties who are employed by the National Government of that Party in the territory of the other Party and to whom the provisions mentioned in paragraph 1 of this Article do not apply, shall be subject to the laws on coverage of only the first Party, as if they were employed in the territory of that Party. For the purposes of the United States, employment by the National Government shall include employment by an instrumentality of the United States Government.

ARTICLE 6

the The Competent Authorities of the two Parties may grant an exception to ~~this~~ provisions in this Part, in respect of particular persons or categories of persons, provided that the affected persons will be subject to the laws on coverage of one of the Parties.

PART III

Benefit Provisions

ARTICLE 7

1. Except as otherwise provided in this Agreement, any provision of United States laws which restricts entitlement to or payment of cash benefits for persons who are not nationals of the United States solely because such persons reside outside or are absent from the territory of the United States shall not be applicable to persons who reside in the territory of the United Kingdom.

2. Subject to the provisions of paragraph 3 of this Article, a person who would be entitled to receive an old age pension, a retirement pension or a survivor's benefit under the laws of the United Kingdom if he were in the United Kingdom shall be entitled to receive that pension or benefit while he ordinarily resides in the territory of the United States, as if he were in the United Kingdom.

3. A person who is entitled to receive an old age pension, a retirement pension or a survivor's benefit under the laws of the United Kingdom and who would be entitled to receive an increase in the rate of that pension or benefit if he were in the United Kingdom shall, after the date of entry into force of Part III of this Agreement, be entitled to receive any such increase prescribed after that date by those laws if he ordinarily resides in the territory of the United States; but nothing in this paragraph shall confer entitlement to receive any such increases prescribed before that date by those laws.

4. Where under the laws of the United Kingdom, an increase of any of the benefits for which provision is made in this Agreement would be payable for a dependant if the dependant were in the United Kingdom, it shall be payable while the dependant is in the territory of the United States.

CHAPTER A

Provisions Applicable to the United States

ARTICLE 8

1. Where a person has completed at least six quarters of coverage under United States laws, but does not have sufficient periods of coverage to satisfy the requirements for entitlement to benefits under United States laws, the Agency of the United States shall take into account periods of coverage which are creditable under the laws of the United Kingdom and which do not coincide with periods of coverage already credited under United States laws for the purpose of establishing entitlement to benefits under this Article.

2. In determining eligibility for benefits under paragraph 1, the Agency of the United States shall credit:

- (a) one quarter of coverage for every thirteen contributions or fraction thereof paid or credited in any contribution year before April 6, 1975 under the laws specified in Article 2.1(b)(i) and (ii); and
- (b) one quarter of coverage for every thirteen contributions calculated in accordance with Article 9.5, or fraction thereof, paid or credited in any United Kingdom tax year beginning after April 5, 1975 under the laws specified in Article 2.1(b)(i) and (ii); and
- (c) one quarter of coverage for each annual contribution factor of 0.25 or any part thereof which has been derived under the laws specified in Article 2.1(b)(iii); and
- (d) one quarter of coverage for every thirteen contributions or fraction thereof paid or credited in any contribution year under the laws specified in Article 2.1(b)(iv);

provided, however, that periods of coverage credited under United States laws shall not exceed four quarters of coverage in any calendar year.

3. Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1, the Agency of the United States shall compute a pro rata Primary Insurance Amount in accordance with United States laws based on the duration of a worker's periods of coverage completed under United States laws. Benefits payable under United States laws shall be based on the pro rata Primary Insurance Amount.

4. Entitlement to a benefit from the United States which results from paragraph 1 shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provisions of paragraph 1.

CHAPTER B

Provisions Applicable to the United Kingdom

ARTICLE 9

1. For the purpose of calculating entitlement to a retirement pension or a survivor's benefit under the laws specified in Article 2.1(b)(i) and (ii) of this Agreement, for each quarter of coverage credited to a person under the laws of the United States before 6 April 1975 the person shall be treated as having paid thirteen contributions under the laws specified in Article 2.1(b)(i) and (ii).

2. For the purpose of calculating entitlement to a basic retirement pension or a basic survivor's benefit provided under the laws specified in Article 2.1(b)(i) and (ii) of this Agreement, for each quarter of coverage credited under the laws of the United States after 5 April 1975 a person shall be treated as having paid thirteen contributions on earnings equivalent to the lower earnings level under the laws specified in Article 2.1(b)(i) and (ii).

3. For the purpose of calculating the appropriate contribution factor to establish entitlement to old age pension or survivor's benefit under the laws specified in Article 2.1(b)(iii) of this Agreement, a person shall be treated for each quarter of coverage credited under the laws of the United States as having paid contributions which derive an annual contribution factor of 0.25.

4. For the purpose of calculating entitlement to old age pension or survivor's benefit under the laws specified in Article 2.1(b)(iv) of this Agreement, each quarter of coverage credited under the laws of the United States shall be treated as if it had been a contribution period of thirteen weeks completed as an employed or self-employed person under the laws specified in Article 2.1(b)(iv).

5. For the purpose of converting into periods of coverage any earnings-factor achieved in any tax year commencing on or after 6 April 1975 under the laws specified in Article 2.1(b)(i) and (ii) of this Agreement, the Competent Authority of the United Kingdom shall divide the earnings-factor by that tax year's lower earnings limit. The result shall be expressed as a whole number, any remaining fraction being ignored. The figure so calculated shall be treated as representing the number of weeks in the insurance period completed in that tax year under those laws.

ARTICLE 10

1. Subject to the provisions of paragraph 2 of this Article, where a person is entitled to an old age pension or a basic retirement pension, as the case may be, under the laws of the United Kingdom, otherwise than by virtue of the provisions of this Agreement, that pension shall be payable and the provisions of Article 11, except for Article 11.3, of this Agreement shall not apply under these laws.

2. For the purpose of paragraph 1 of this Article, a lower-rate Category B retirement pension payable to a married woman by virtue of the contributions of her husband shall be treated as if it were not a retirement pension and the words "old age pension or a retirement pension" should be construed as referring only to a contributory pension.

ARTICLE 11

1. The provisions of this Article shall apply for the purpose of determining entitlement to old age pension, or basic retirement pension, as the case may be, under the laws of the United Kingdom or under the laws of any one part of the territory of the United Kingdom, under which there is no entitlement in respect of ~~that~~² person in accordance with the provisions of Article 10 of this Agreement.

2. In accordance with Article 9 of this Agreement, the relevant Agency of the United Kingdom shall determine:

- (a) the amount of the theoretical pension which would be payable if all the periods of coverage completed by that person under the laws of both Parties had been completed under its own laws;
- (b) the proportion of that theoretical pension which bears the same relation to the whole as the total of the periods of coverage completed by him under its laws bears to the total of all the periods of coverage which he has completed under the laws of both Parties.

The proportionate amount thus calculated shall be the pension actually payable to the person by the Agency of the United Kingdom.

3. Where a person's periods of coverage completed under the Laws of Jersey total less than an annual contribution factor of 1.00; or, under the Laws of Guernsey total less than 50 weeks; or, in all other cases, total less than one qualifying year (or total less than 50 weeks if the periods all were before 6 April 1975), then:

- (a) these periods shall be aggregated as if they had all been completed under the laws of any part of the territory of the United Kingdom under which a pension is payable or would be payable if the periods were aggregated; and
- (b) where two such pensions are or would be payable, the periods shall be aggregated under the laws of ~~of~~ part of the territory of the United Kingdom under which the pension is first payable or, if they are both first payable on the same date, under the laws of that part which pays the greater amount on that date.

4. For the purpose of applying the provisions of paragraph 2 of this Article, the Agency of the United Kingdom shall take account only of periods of coverage, completed under the laws of either Party, which would be taken into account for the determination of pensions under its laws if they were completed under its laws and, in relation to a woman, shall, where appropriate, take into account in accordance with those laws periods of coverage completed by her husband.

5. Where a period of coverage credited to a person under the laws of the United States after 5 April 1975 falls within a relevant United Kingdom tax year which is not a qualifying year, those periods of coverage may be reallocated to any other tax year commencing on or after 6 April 1975 if this would be to the advantage of that person.

6. The provisions of paragraph 2 of this Article shall not apply to any graduated pension payable under the laws of the United Kingdom, or to any increase of pension payable in respect of deferred retirement, or to any increase of benefit payable in respect of a dependent child, but any such pension or increase, or increases, shall be added to the amount of pension which has been calculated and has become payable in accordance with paragraph 2.

7. Where a period of coverage completed under the laws of the United Kingdom overlaps with a period of coverage credited under the laws of the United States, the United Kingdom shall take account only of the period of coverage completed under its laws.

ARTICLE 12

The provisions of Articles 10 and 11 of this Agreement shall apply also in a claim for basic survivor's benefit under the laws of the United Kingdom, with such modifications as the differing nature of the benefits may require.

ARTICLE 13

Where a person in the United Kingdom is entitled to a child's survivor benefit in respect of a child in the United Kingdom, that benefit shall not cease to be payable solely because that person and, or, the child is in the territory of the United States.

ARTICLE 14

1. The provisions of paragraphs 2 to 5 of this Article shall apply to claims for invalidity benefit under the laws of the United Kingdom other than under the laws of Jersey.

2. Subject to the provisions of paragraph 4 of this Article, a person in the territory of the United States, other than a person who is entitled to disability insurance benefits under the laws of the United States solely by virtue of his United States coverage, shall be entitled to receive invalidity benefit under the laws of the United Kingdom as if he had received sickness benefit for 168 days under those laws, provided that:

- (a) he has been credited with at least four quarters of coverage under the laws of the United States during the two years preceding the onset of his incapacity and he has been credited with a period of coverage under those laws since his last arrival in the territory of the United States; and

- (b) he has completed a period of coverage in any one tax year under the laws of the United Kingdom which amounts to at least fifty times the lower earnings level for that year and, at the date on which he last left the United Kingdom, he satisfied the minimum contribution conditions applicable to sickness benefit under the laws of the United Kingdom, or, in a case where the claim for benefit is made under the laws of Guernsey, he has completed a period, or periods, of coverage which amount to at least fifty weeks under the laws of Guernsey and, at the date on which he left Guernsey, he satisfied the minimum contribution conditions applicable to sickness benefit under those laws; and
- (c) at the date on which his incapacity commenced he had not been absent from the territory of the United Kingdom for a period of five years from the end of the United Kingdom tax year in which he last completed a compulsory period of coverage under the laws of the United Kingdom; and
- (d) he is incapacitated for work and has been so incapacitated for a continuous period of 168 days, excluding Sundays.

The rate of invalidity benefit payable by virtue of this paragraph shall be ascertained in accordance with the provisions of paragraph 3 of this Article.

3. Taking account of sub-paragraphs (a) and (b) of this paragraph, the relevant Agency of the United Kingdom shall ascertain the proportion of the standard rate of invalidity benefit provided under the laws of the United Kingdom ~~which bears the same relation~~ ^{in the same ratio} as the total of the periods of coverage completed under its laws bears to the total periods of coverage completed under the laws of both Parties. For the purpose of this paragraph, "standard rate of invalidity benefit" means the standard rate of benefit including any age allowance and any additional amount or amounts payable in respect of a dependant or dependants, but does not include the amount of any additional component or graduated pension which shall be payable, where appropriate, in addition to any invalidity benefit calculated in accordance with this paragraph:

- (a) the provisions of paragraphs 4, 5, 6 and 7 of Article 11 and the provisions of Article 9 of this Agreement shall apply to periods of coverage credited under the laws of the United States as if the references in those Articles to an old age pension, a retirement pension or a pension were references to invalidity benefit;
- (b) for the purposes of calculating the proportion of benefit referred to above, no account shall be taken of any period of coverage completed after the day on which his incapacity commenced.

The amount of benefit calculated in accordance with the above provisions of this paragraph shall be the amount of invalidity benefit actually payable to that person.

4. Invalidity benefit under the laws of the United Kingdom shall not be payable to a person in the territory of the United States by more than one part of the territory of the United Kingdom for the same period. Where such benefit would otherwise be payable by more than one such part, that

benefit shall be payable only under the laws of the territory under which that person last completed a period of coverage, or, where two such periods have been completed simultaneously, under the laws of the territory in which he is, or last was, resident.

5. Subject to the provisions of paragraph 11 of this Article, invalidity benefit shall not be payable under the laws of the United Kingdom to a person in the United Kingdom if he is entitled to receive disability insurance benefits under the laws of the United States solely by virtue of his coverage under those laws.

6. The provisions of paragraphs 7 to 9 of this Article shall apply to claims for sickness benefit or invalidity benefit, as the case may be, under the laws of Jersey.

7. Subject to the provisions of paragraph 4 of this Article, a person in the territory of the United States, other than a person who is entitled to disability insurance benefits under the laws of the United States solely by virtue of his United States coverage, shall be deemed to have received sickness benefit for 168 days under the laws of Jersey and shall be entitled to receive sickness benefit for a further 144 days provided that:

- (a) he has been credited with at least four quarters of coverage under the laws of the United States during the two years preceding the onset of his incapacity and he has been credited with a period of coverage under those laws since his last arrival in the territory of the United States; and
- (b) he has completed a period of coverage under the laws of Jersey which amounts to at least an annual contribution factor of 1.00 and, at the date on which he last left Jersey he satisfied the minimum contribution conditions applicable to sickness benefit under the laws of Jersey; and
- (c) at the date on which his incapacity commenced he had not been absent from Jersey for a period of five years from the end of the quarter in which he last was liable to complete a period of coverage under the laws of Jersey; and
- (d) he is incapacitated for work and has been so incapacitated for a continuous period of 168 days, excluding Sundays.

The rate of sickness benefit payable by virtue of this paragraph shall be ascertained in accordance with the provisions of paragraph 8 of this Article.

8. Taking account of sub-paragraphs (a) and (b) of this paragraph, the Agency of Jersey shall ascertain the proportion of the standard rate of sickness benefit provided under the laws of Jersey ~~which bears the same relation as the total of the periods of coverage completed under its laws bears to the total of the periods of coverage completed under both its laws~~ in the same ratio

benefit -
and the laws of the United States. For the purpose of this paragraph, "standard rate of sickness benefit" means the standard rate of benefit including any additional amount payable therewith in respect of a dependant:

- (a) the provisions of paragraphs 4 and 7 of Article 11 and the provisions of Article 9 of this Agreement shall apply to periods of coverage credited under the laws of the United States as if the references in those Articles to an old age pension, a retirement pension or a pension were references to sickness benefit;
- (b) for the purpose of calculating the proportion of benefit referred to above, no account shall be taken of any period of coverage completed after the day on which his incapacity commenced.

The amount of benefit calculated in accordance with the above provisions of this paragraph shall be the amount of sickness benefit actually payable to that person.

9. A person entitled to sickness benefit under the laws of Jersey by virtue of the provisions of paragraphs 7 and 8 of this Article, shall, if still incapacitated for work after he has received sickness benefit for 144 days, be deemed to have received sickness benefit for 312 days under the laws of Jersey and shall be entitled to receive invalidity benefit under those laws while he is in the territory of the United States, provided that he remains incapacitated for work. The rate of invalidity benefit payable by virtue of this paragraph shall be ascertained by applying the provisions of paragraph 8 of this Article as if the references therein to sickness benefit were references to invalidity benefit.

10. Subject to the provisions of paragraph 11 of this Article, a person in the territory of Jersey shall not be entitled to receive invalidity benefit or sickness benefit under the laws of Jersey if he is entitled to receive disability insurance benefits under the laws of the United States solely by virtue of his coverage under those laws.

11. A person in the territory of the United Kingdom shall be entitled to receive invalidity benefit under its laws, or sickness benefit under the laws of Jersey, without regard to paragraph 5 or paragraph 10 of this Article, provided that he satisfies the conditions applicable to that benefit under those laws and he was resident in the territory of the United Kingdom for a period of five years prior to the onset of the incapacity which gives rise to the invalidity benefit entitlement, or, as the case may be, sickness benefit entitlement.

12. Notwithstanding any other provision of this Article, a person in the territory of the United States who is subject to the laws on coverage of the United Kingdom by virtue of any of the Articles 4 to 6 of this Agreement and who satisfies the contribution conditions applicable to sickness benefit under those laws shall, for the purpose of determining his entitlement to invalidity benefit under those laws:

- (a) be treated as if he were in the territory of the United Kingdom; and

- (b) each day of incapacity for work while in the territory of the United States may, where appropriate, be treated as if it were a day for which he had received sickness benefit under the laws of the United Kingdom.

13. Any restriction which would otherwise be applicable under the laws of the United Kingdom in the rate of benefit payable to persons who are not ordinarily resident in the territory of the United Kingdom shall not apply to persons in the territory of the United States who are in receipt of invalidity benefit under the laws of the United Kingdom by virtue of the provisions of this Agreement.

PART IV

Miscellaneous Provisions

ARTICLE 15

The Competent Authorities of the two Parties shall:

- (a) Make such administrative arrangements as may be necessary for the application of this Agreement;
- (b) Designate liaison agencies for the implementation of this Agreement;
- (c) Communicate to each other information concerning the measures taken by them for the application of this Agreement; and
- (d) Communicate to each other, as soon as possible, all information concerning changes in their respective laws insofar as these changes affect the application of this Agreement.

ARTICLE 16

The Competent Authorities and Agencies of the Parties, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge subject to any exceptions to be agreed upon in an administrative ~~arrangement~~
agreement.

ARTICLE 17

1. Where the laws of one Party provide that any certificate or other document which is submitted under the laws of that Party shall be exempt, wholly or partly, from taxes, fees or charges, including consular and administrative fees, the exemption shall also apply to any certificate or document which is submitted under the laws of the other Party or under the provisions of this Agreement.

2. Copies of documents which are certified as true and exact copies by the Agency of one Party shall be accepted as true and exact copies by the Agency of the other Party, without further certification. The Agency of each Party shall be the final judge of the probative value of the evidence submitted to it from whatever source.

ARTICLE 18

1. A written application for benefits filed with an Agency of one Party shall protect the rights of the claimants under the laws of the other Party if the applicant (a) requests that it be considered an application under the laws of the other Party, or (b) in the absence of a request that it not be so considered, provides information at the time of application indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Party.

2. An applicant may request that an application filed with an Agency of one Party be effective on a different date under the laws of the other Party within the limitations of and in conformity with the laws of the other Party.

3. For the purposes of United States laws, the provisions of Part III of this Agreement shall apply only to an application for benefits which is filed on or after the date on which Part III enters into force.

ARTICLE 19

1. A written appeal to, or against, a determination made by the Agency of one Party may be validly filed with an Agency of the other Party. The appeal shall be dealt with according to the appeal procedure of the laws of the Party which has jurisdiction.

2. Any claim, notice or written appeal which, under the laws of one Party, must have been filed within a prescribed period with the Agency of that Party, but which is instead filed within the same period with the Agency of the other Party, shall be considered to have been filed on time.

ARTICLE 20

In any case to which the provisions of Article 18 or Article 19 apply, the Agency to which the claim, notice or written appeal has been submitted shall transmit it without delay to the Agency of the other Party.

ARTICLE 21

1. Disagreements between the two Parties regarding the interpretation or application of this Agreement shall, as far as possible, be resolved through agreement of the Competent Authorities.

2. If a disagreement cannot be resolved by the Competent Authorities, it shall be submitted, at the request of either Party, for arbitration in accordance with procedures to be agreed upon by the Competent Authorities.

ARTICLE 22

This Agreement may be amended in the future by supplementary agreements which, from their entry into force, shall be considered an integral part of this Agreement.

Notwithstanding the provisions of Article 21 concerning the effective date of Part III of this Agreement, Article 7(1) shall enter into force on the date on which Parts I, II, IV and V of this Agreement enter into force.

PART V

Transitional and Final Provisions

ARTICLE 23

Upon the entry into force of Part III of this Agreement, the Notes exchanged between the Ambassador of the United States of America and the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom on 23 and 25 September 1969 shall cease to have effect and shall be replaced by this Agreement; provided, however, that any right to benefit outside the territory of the United Kingdom acquired by a person in accordance with the provisions of the Notes exchanged shall be maintained; and provided that no person shall suffer any loss of rights outside the territory of the United Kingdom which he had under the Notes exchanged or any such rights he would have had if those Notes exchanged had not been replaced by this Agreement.

ARTICLE 24

1. In the application of Part III of this Agreement, consideration shall be given to periods of coverage and other events which occurred prior to the entry into force of Part III, insofar as they are relevant to rights under the laws specified in Article 2.1. However, neither Party shall take into account periods of coverage occurring prior to the earliest date for which periods of coverage may be taken into account under its laws.

2. No provision of this Agreement shall confer any right:

- (a) to receive a benefit for any period before the date of entry into force of Part III of the Agreement, or
- (b) to receive a lump-sum death benefit under the laws of the United States if the person died before the date of entry into force of Part III of the Agreement.

3. Determinations made before the entry into force of Part III of this Agreement concerning entitlement to benefits shall not affect rights arising under Part III.

4. The period of work referred to in Article 4.2 shall be measured beginning on the date on which Part II of this Agreement enters into force.

ARTICLE 25

The application of this Agreement shall not result in any reduction in the amount of a benefit to which entitlement was established prior to its entry into force.

ARTICLE 26

1. This Agreement shall remain in force and effect until the expiration of one calendar year following the year in which written notice of its denunciation is given by one Party to the other Party.

2. If this Agreement is terminated by denunciation, rights regarding entitlement to or payment of benefits acquired under it shall be retained; the Parties shall make arrangements dealing with rights in the process of being acquired.

ARTICLE 27

1. This Agreement, except for Part III, shall enter into force on the first day of the second month following the month in which each Government has received from the other Government written notification that all statutory and constitutional requirements have been complied with for the entry into force of this Agreement.

2. Part III of this Agreement shall enter into force on the first day of the thirty-sixth month following the month in which Parts I, II, IV and V of this Agreement enter into force.

In witness whereof, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at London this day of

For the Government of the United
States of America:

For the Government of the United
Kingdom of Great Britain and
Northern Ireland:

~~ADMINISTRATIVE ARRANGEMENT~~
AGREEMENT
ADMINISTRATIVE ARRANGEMENT FOR THE IMPLEMENTATION
OF THE AGREEMENT ON SOCIAL SECURITY BETWEEN THE
UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND OF (Date to be inserted)

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland,

In accordance with the provision of Article 15 of the Agreement on Social Security between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland of , hereinafter referred to as the "Agreement", have agreed as follows:

CHAPTER A

General Provisions

ARTICLE 1

Terms used in this Administrative ~~Arrangement~~ ^{Agreement} shall have the same meaning as in the Agreement.

ARTICLE 2

1. The liaison agencies referred to in Article 15 of the Agreement shall be:
 - (a) for the United States,
the Social Security Administration,
 - (b) for the United Kingdom,
 - (i) In Great Britain, the Department of Health and Social Security, Overseas Branch, Newcastle upon Tyne NE98 1YX;
 - (ii) in Northern Ireland, the Department of Health and Social Services, Overseas Branch, Castle Buildings: Stormont, Belfast, Northern Ireland BT4 3HH;
 - (iii) in the Isle of Man, the Isle of Man Board of Social Security, Hill Street, Douglas, Isle of Man;
 - (iv) in Jersey, the States of Jersey Social Security Department, Philip Le Feuvre House, La Motte Street, St. Helier, Jersey, Channel Islands;
 - (v) in Guernsey, the States Insurance Authority, Bordage House, 7-9 The Bordage, St. Peter Port, Guernsey, Channel Islands.

2. The liaison agencies designated in paragraph 1 shall agree upon joint procedures and forms necessary for the implementation of the Agreement and this Administrative Arrangement.

Agreement

CHAPTER B

Provisions on Coverage

ARTICLE 3

1. Where the laws of a Party are applicable in accordance with Articles 4, 5 or 6 of the Agreement, the Agency of that Party, upon request of the employer, employee or self-employed person, shall issue a certificate stating that the concerned employee or self-employed person is covered by those laws. The certificate shall be proof that the employee or self-employed person is exempt from the laws on compulsory coverage of the other Party. The liaison agencies of the Parties shall co-operate and assist one another as appropriate in ensuring that persons are covered under the laws of one or the other Party.

2. The certificate referred to in paragraph 1 shall be issued by the appropriate liaison agency of either Party.

CHAPTER C

Provisions on Benefits

ARTICLE 4

1. The liaison agency of the Party with which an application for benefits is first filed in accordance with Article 18 of the Agreement shall inform the liaison agency of the other Party of this fact without delay, using forms established for this purpose. It shall also transmit documents and such other available information as may be necessary for the Agency of the other Party to establish the right of the applicant to benefits according to the provisions of Part III of the Agreement. In the case of an application for disability benefits it shall, in particular, transmit all relevant medical evidence in its possession concerning the disability of the applicant.

2. The liaison agency of a Party which receives an application filed with an agency of the other Party shall without delay provide the liaison agency of the other Party with such evidence and other available information as may be required to complete action on the claim.

3. The Agency of the Party with which an application for benefits has been filed shall verify the accuracy of the information pertaining to the applicant and his family members. The types of information to be verified shall be agreed upon by the liaison agencies.

Cap A

ARTICLE 5

In the application of Article 8 of the Agreement, the liaison agency of the United Kingdom shall notify the United States liaison agency of the weeks or years in which a person is credited with periods of coverage under the laws of the United Kingdom, along with such other information as may be necessary to determine the amount of the person's benefit.

ARTICLE 6

In the application of Article 9 of the Agreement, the United States liaison agency shall notify the appropriate liaison agency of the United Kingdom of the periods of coverage completed under United States laws, along with such other information as may be necessary to determine the amount of the person's benefit.

CHAPTER D

Miscellaneous Provisions

ARTICLE 7

Agreement
A In accordance with the measures to be agreed upon pursuant to Article 2 of this Administrative Arrangement, the Agency of one Party shall, upon request of the Agency of the other Party, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement.

ARTICLE 8

The liaison agencies of the two Parties shall assist each other as far as possible in the compilation and exchange of statistics on the administration of the Agreement.

ARTICLE 9

1. Where the Agency of a Party requires that a claimant or beneficiary submit to a medical examination, such examination, if requested by that Agency, shall be arranged by the Agency of the other Party in ~~which~~ the claimant or beneficiary is present, in accordance with the rules of the Agency making the arrangements and at the expense of the Agency which requests the examination.

whose territory
A

2. Upon request, the agency of either Party shall furnish without expense to the Agency of the other Party any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

3. Amounts owed under Article 16 of the Agreement and paragraph 1 of this Article shall be reimbursed upon presentation of a statement of expenses.

ARTICLE 10

Unless authorized by the national statutes of a Party, information about an individual which is transmitted in accordance with the Agreement to that Party by the other Party shall be used exclusively for purposes of implementing the Agreement. Such information received by a Party shall be governed by the national statutes of the Party for the protection of privacy and confidentiality of personal data.

ARTICLE 11

This Administrative ^{Agreement}~~Arrangement~~ shall enter into force on the date of entry into force of the Agreement and shall have the same period of validity.

Done in duplicate at London on

For the Government of the United
States of America:

For the Government of the United
Kingdom of Great Britain and
Northern Ireland:

Unless authorized by the national statutes of the United States or the national legislation of the United Kingdom, as the case may be, information about an individual which is transmitted in accordance with the Agreement to one Party by the other Party shall be used exclusively for purposes of implementing the Agreement. Such information received by a Party shall be governed, ^{as the case may be,} by the national statutes of the United States, or the national legislation of the United Kingdom, for the protection of privacy and confidentiality of personal data.



Foreign and Commonwealth Office
London SW1A 2AH

AMU 234/1	
RECEIVED NO. 72	
16 AUG 1983	
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REGISTRY	NOT TAKEN

AMU
15

Telephone 01-233-4018
Exchange 233-3000

P Burns Esq
Department of Health & Social Security
151 Great Titchfield Street
London WIP 8AD

Your reference

Our reference

Date

23 June 1983

Dear Mr Burns,

RECIPROCAL AGREEMENT ON SOCIAL SECURITY, WITH THE USA

1. During our telephone conversation yesterday, you explained that you had tried the various amendments which I had previously suggested on the Americans and that, feeling as they did that the time was too late for amendments, they did not wish to accept any of them with the exception of one. Clearly if this is how the Americans feel, it is useless to persist with our suggested amendments. I still feel that they would have helped to clarify a text which is sometimes obscure in its meaning and in the case of the re-draft Article 10.1., I think there is a problem of substance as I explained in my letter of 20 June, but perhaps the re-draft has been dropped. There was also a problem of substance with Article 14.3 (see (f) of your letter of 15 June) and with Article 6.1. I do not know whether Article 6.1 has now been retained or deleted; in your letter of 15 June to me you accepted that it should be deleted.

2. I am grateful to you, however, for securing the Americans' agreement to 'Administrative Agreement' rather than 'Administrative Arrangement' which, as I explained previously, would be unsuitable for a text which is in fact an agreement, not an understanding. You also suggested yesterday that the Americans had noted the problem with 'national statutes' in Article 10 which I pointed out; I would be happy if they adopted the term 'legislation'. Finally, you also mentioned that 'that person' in Article 11.1, which I previously indicated was confusing, might be replaced by 'a person'. This would indeed be an improvement and such an amendment could also usefully be inserted into paragraph 2 of Article 11

3. As your Department is ultimately responsible for the Agreement, it is for your Department to decide how far now to continue to press the Americans. I am grateful to you, however, for securing the amendment, 'Administrative Agreement', which was an amendment in which the FCO had a proper interest.

Yours sincerely,

Shelagh Brooks.



Foreign and Commonwealth Office
London SW1A 2AH

AMU 234/1	
RECEIVED IN REGISTRY NO. 72	
16 AUG 1983	
DESK OFFICER	SECRETARY
INDEX	PA
Telephone 01- 233 4018	

14

P Burns Esq
International Division
Department of Health and Social
Security
151 Great Titchfield Street
LONDON W1P 3AD

Your reference

Our reference

Date 20 June 1983

Dear Mr Burns,

RECIPROCAL AGREEMENT ON SOCIAL SECURITY WITH THE USA

1. Thank you for your letter of 15 June 1983. As agreed just now, I am sending you details of the amendments I proposed in our telephone conversation and to which you agreed, subject to the comments of the Americans.

(a) You kindly explained the intention behind Article 11.1 and I accept that my previous re-draft did not reflect this. However, I have a problem with your counter-draft of Article 11.1 for the following reason:-

Article 10.1 is intended as we agreed, to state that a person who is entitled to an old age or a basic retirement pension under English law shall receive no pension by virtue of Article 11 of the Agreement. On the other hand, Article 11.1 is intended to state that a person who does not receive an old age or basic retirement pension under English law shall receive a pension by virtue of the provisions of Article 11. However, your redraft of Article 11.1 states, in effect that a person shall benefit from the provisions of Article 11 where he is not entitled to a pension in accordance with Article 10 of the Agreement; yet, a person covered by Article 10.1 is entitled to a pension under the law of the United Kingdom. My suggestion put to you on the phone was to re-draft Article 11.1 anew to read:

'Where a person is not entitled under the laws of the United Kingdom to an old age pension or a basic retirement pension, as the case may be, the provisions of this Article shall apply to determine what pension entitlement, if any, he may have by virtue of the Agreement.'

(b) You were kind enough to accept my proposed re-draft of Article 10.1 but since then and in the light of my new re-draft (above) of Article 11.1, I think Article 10.1 would read more clearly as follows:-



'Subject to the provisions of paragraph 2 of this Article, where a person is entitled under the laws of the United Kingdom to an old age pension or a basic retirement pension, as the case may be, that provision shall be payable and the provisions of Article 11, except for Article 11.3, of this Agreement shall not be applicable to him.'

(c) As I mentioned in our conversation, your redraft of the sentence in Article 14.3 beginning 'Taking account of sub-paragraph (a) and (b) would do very nicely. But as I explained previously, it reads confusingly to have the sentence defining 'standard rate of invalidity benefit' leading straight into sub-paragraphs (a) and (b). As suggested on the telephone and taking account of your redraft of the sentence beginning 'taking account of sub-paragraphs (a) and (b)', I feel that Article 14.3 would be greatly improved if it were to read:-

'3(i) For the purpose of this paragraph, 'standard rate of invalidity benefit' means the standard rate of benefit including any age allowance and any additional amount or amounts payable in respect of a dependant or dependants but does not include the amount of any additional component or graduated pension which shall be payable, where appropriate, in addition to any invalidity benefit calculated in accordance with this paragraph.

(ii) Taking into account sub-paragraphs (a) and (b) below, the relevant agency of the United Kingdom shall ascertain the proportion of the standard rate of invalidity benefit provided under the laws of the United Kingdom in the same ratio as the total of the periods of coverage completed under its laws bears to the total of the periods coverage completed under the laws of both parties:

(a) ...

(b) ...

The amount of benefit calculated in accordance with the provisions of this paragraph shall be the amount of invalidity payment actually payable to that person. I have dropped the phrase 'For the purposes of calculating the amount of benefit referred to above' which appeared in my earlier version. It is not strictly necessary and may be confusing.

(d) I have thought better of my suggestion of inserting 'referred to in those Articles' in Article 3 of the Administrative Framework Agreement; 'employer' and 'employee' are indeed referred to in Article 4 of the Social Security Agreement but not in Articles 5 and



- 3 -

(ē) As we agreed to adopt 'Administrative Framework Agreement' instead of 'Administrative Arrangement' I think we may need to replace 'Agreement' (meaning the principal Agreement) whenever it appears by 'Social Security Agreement' to make the distinction between the two agreements clear.

Shelagh Brooks

S Brooks
LEGAL ADVISERS

Let Bunsen be at

Worse for me to make ~~speed~~
speed? - light etc.

See. Sec.

NTD Wp.
141 NAD

Nass & Joye

PCD?

Who meets at door?

Kady Yang

Thanks?

For Off.
Ogden Lake for
arrangements

Re Mr. Barrie et al. Reference.....

Mr. Marshall

Mr. Pansh Per the papers attached at
flag A. CP 27/6
US/UK Social Security Agreement.

I heard about this
in Washington. It appears that
my negotiations with the local
staff were disrupted when the
existence of the agreement came
to light. Mr. Conrad I saw
the papers.

Mr. Marshall,

Current papers behind flag A. The ^{21/11}vi
point where it went wrong seems to be at
flag B on 1982 file. CP 4/7 / The

~~The Bank.~~

The more I hear

it let us guilty / feel.

But / we have a card

with M. Borne 92.

M. B. & have a 18

June (18. after the seminar)

Yes

Mr Borne 01.

I agree with Mr. Mandel's

There also are my minute at 10

(10) It is simply not good enough for

PSD to have a circular in an important

Personnel issue, and not to indicate a

follow-up procedure. Neither do I feel that

we are more at fault than NTD. 10/3/7.



Department of Health and Social Security

151 Great Titchfield Street London W1P 8AD

Telex 22106 Telegrams Healthmin London SE1

Telephone 01-636 1696 ext

234/1	
NO. 72	
01 AUG 1983	
PA	on file

C Parish Esq
Foreign and Commonwealth Office

Your reference

Our reference

11R3 OVH 1/2

Date

26 July 1983

Dear Mr Parish

PROPOSED UK/USA SOCIAL SECURITY AGREEMENT

Thank you for your letter of 23 June to Peter Burns of this Division with enclosure, to which I have been asked to reply. I am sorry I have been unable to do so earlier.

I must first confirm that Article 5(2) of the proposed UK/US agreement covers locally engaged British employees working at the British Embassy in the USA, who will be liable for UK social security contributions. Article 33(3) of the Vienna Convention on Diplomatic Relations does not apply to locally engaged staff but to individuals working in the private (eg domestic) service of diplomats. It is not therefore at odds with Article 5 of the proposed agreement.

It will be open to the Foreign and Commonwealth Office to apply on behalf of certain categories of staff to contribute to the USA scheme instead of the UK one if they wish to do so. Article 6 provides for such an application, which would of course have to be agreed between ourselves and the US authorities. Normally for someone to qualify for a UK retirement pension it would be necessary for him to have paid or been credited with contributions to the UK scheme for at least 25% of his working life. However, Article 11 of the agreement provides for pro-rata pension awards where applicable.

I hope this has clarified the position.

Yours sincerely

P A M Pascoe

Mrs P A M Pascoe
International Relations Division

*Mr Cunningham P & S has a
copy and is taking up with
DHSS direct.*

*Pa
6/28/7*

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Reference

Mr Parnish
NAD

RECIPROCAL SOCIAL SECURITY AGREEMENT
WITH THE USA

1. I am returning these papers to you.

You will recall that Mr Burns,
DSS wrote to me direct (after you
had passed him comments on the
draft agreement made by me in
Miss Withnurs' absence) since I
had to ask you for a copy of the
text in order to study his remarks.
I attach a copy of my reply.

2. Mr Burns subsequently rang me
to explain that while he accepted
my amendments, the Americans
would not buy most of them, since
they did not wish to embark on
amending a text when time was so
short. I had a word with Miss
Withnurs on her return about
the mine to take. We agreed on

a general approach & I reflected
this in my second & recent letters
Mr Burns (copy also attached)

Strode 27/6



Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01-233 4665

FILE

AMU 234/1		
RECEIVED SECURITY NO. 71		
27 JUN 1983		
YOUR OFFICER	PA	RECEIVED
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(12)

P Burns Esq
Room 551
International Relations
Division
DHSS
151 Great Titchfield Street
LONDON W1P 8AD

Your reference

Our reference

Date 23 June 1983

Dear Peter,

UK/US SOCIAL SECURITY AGREEMENT

- /
1. I enclose a copy of a minute I have received from Peter Cunningham in the Local Staff Section of our Personnel Department.
 2. I should be grateful if you would let me know the answers to the points raised in paragraphs 2 and 3 of his minute.

Yours ever,
Colin Parish

C Parish
North America Department

Mr C Parish
North American Department
WH 139

AMU 234/1	
RECEIVED SECURITY NO. 72	
27 JUN 1983	
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UK/US SOCIAL SECURITY AGREEMENT

1. Thank you for informing us of the above ~~agreement~~ - your minute of 24 May refers.

2. We have now obtained a copy of the agreement from International Relations Division of the Department of Health and Social Security and having studied it conclude that the position as far as US Engaged Staff are concerned is that under Articles 4(1) and 5(2) that they will be liable for US social security taxes or BNI. There are however two points which we would like to raise at this juncture. The first concerns those members of the US Engaged staff, who are British citizens, who make up approximately 68% of the staff employed, and who fall into two distinct categories, ie those with A2 visas (which basically means that they must leave the US when their employment with us ceases) and those who have taken out permanent residence. The former will be enrolled in BNI but we are not sure of the position of the latter, who on first reading of the agreement would also be obliged to join BNI. However, when Article 5 is read in conjunction with Article 33(3) of the Vienna Convention on Diplomatic Relations it would seem that these staff will in fact be entered in the American scheme and I should be grateful if you would confirm that this interpretation is correct.

3. The second point which is causing us some concern is that many of our staff are approaching retirement age. They will be required to contribute to the US/UK social security schemes but will not have made sufficient payments before retirement to obtain benefit from their contributions, eg they would not receive a pension I should be grateful if you would let me know if this point was covered in the negotiations. We may, if our staff so wish, seek to take advantage of the provision in Article 6 to allow staff who would receive no benefit to be excluded from the scope of the Agreement.

Peter Cunningham

P Cunningham
Local Staff Section
Personnel Services Department
2M 455 233 4293

22 June 1983

C.C.
D V Morris Esq
WASHINGTON

✓
I hope this seems
OK. M. W. Brown
8/22/6

8/22/6

My. It seems to me interesting now,
but I cannot recall for the past.
He has a copy, even in a box

✓
M. W. Brown

8/22/6

I thought that we had
considered a lot of thinking
in all sorts of things
to be brought up to attention
if we are at that
concerning the future of

✓
2 point

Mr MacLennan
Mr Barrie o.r.

Amu 234/1	
RECEIVED AT SECURITY NO. 72	
23 JUN 1983	
DESK OFFICER	REGISTRY
INDEX	PA
DB	When Taken

10

UK/US SOCIAL SECURITY AGREEMENT

1. PSD have complained that they were not informed earlier of the proposed bilateral Social Security Agreement.
2. There were discussions on this last year, and a draft agreement emerged. NAD did not inform PSD, and as the attached circular was addressed to geographic departments it would seem that NAD ought to accept some responsibility.
3. On the other hand, the circular was also sent to NTD who have a similar instruction in their DSP 66 (Conclusion of Treaties), and it could be argued that it is more appropriate for them to inform PSD of proposed agreements, rather than geographic departments.
4. It is also not clear whether this circular (dated 16 January 1981) was brought up to the desk officers as requested in paragraph 4 of the circular, and a copy is not on file. A copy has now been placed inside the front cover of the current file, with instructions to circulate annually and transfer to new files as they are opened.
5. As a final point, and considering the importance that PSD attach to this procedure, I would have thought it a surer safeguard for PSD to re-issue the circular annually, rather than rely on the bring-up system of individual departments.

I was
not in
the FLO then!

DB

C Parish


C Parish
North America Department

20 June 1983

Heads of Geographic Departments

DOUBLE TAXATION AND SOCIAL SECURITY CONVENTIONS

1. I would be grateful if you could kindly remind desk officers in your Department that Local Staff Section in PSD need to be consulted at an early stage about new or revised Double Taxation and Social Security Conventions involving the UK.
2. The reason for this is that Double Taxation Conventions can greatly increase our local staff costs - by amounts running into six figures per annum in some cases. To avoid serious cash limit problems, we need to be able to make provision to cover the impact of Double Taxation changes in the annual estimates, which are submitted in October of each year.
3. The financial effect of Social Security Conventions is less serious. But we need to forewarn UK based and locally engaged staff and there is a certain amount of administration work involved. Early warning of changes is therefore also necessary.
4. The need for drafts of Social Security Conventions to be shown to PSD is mentioned in DSP Volume 66 (Conclusion of Treaties) and we have asked NTD to add a similar note about Double Taxation Conventions. However the small print of DSP is easily overlooked by busy desk officers and, as a safety measure, I should be grateful if this minute could be brought up annually.



16 January 1981

P J Goulden
Personnel Services Department

cc: Head of NTD
Finance Officer

Distribution:

CAFD	RID
EAD	SAMD
EESD	SAD
FED	SEAD
HKGD	SAFD
MCD	SED
MED	SPD
NENAD	WAD
NAD	WED
	WIAD

Mr. Moseley

Pl speak. Are we
at fault here?

[Signature]
17/6

PS/PUS

cc: Mr Streeton
Mr Marshall (NAD) ✓
D V Morris Esq (Washington)

SIR A ACLAND'S VISIT TO WASHINGTON: US ENGAGED STAFF

There is one additional problem. As the brief says, PSD have only just heard about the proposed bilateral Social Security Agreement. In fact parts of the FCO and Embassy in Washington have known about this proposal for some time. Despite circulars, mention in DSP, and arrangements for coordination, the message has not been passed on. PSD, and others involved, are cross, as much unnecessary work has been done on a very complex scheme. The AUSEs too may be cross. But the work will not all be wasted, as basic research and proposals for modernisation would have been needed in any case. It is useful that this has gone on in parallel, and has not been held up for the completion of the bilateral Agreement.

J. T. Masefield.

J T Masefield
Personnel Services Department

16 June 1983

CP *mi*
DM

At first glance, without reference to the files (which are with PSD), I think the problem may have arisen because we (NAD) were not aware of the efforts that were being made on behalf of the locally-engaged staff. Mr Parish informed PSD (according to instructions from NAD) of the proposed bilateral agreement a few weeks ago, by which time, as Mr Masefield says much work had been done on the arrangements for the LE staff. We may however have been remiss in not alerting PSD earlier.

DTB 17/6

PS/PUS

cc: Mr Streeton
 Mr Marshall (NAD) ✓
 D V Morris Esq
 (British Embassy, Washington)

SIR A ACLAND'S VISIT TO USA - JUNE 1983: US ENGAGED STAFF

1. The PUS has agreed to meet the Chairman of the Association of United States Engaged Staff (AUSES), Mr Fisher, during his visit to Washington. A copy of Mr Fisher's letter listing the subjects he would like to raise is at Annex A. A Speaking Note and factual background material are attached at Annexes B to G.

2. The essential point at issue is that staff salaries are tied to US Federal scales. These have been held back recently and AUSES have therefore looked to fringe benefits to see if our basic package is as good as the Federal one. In particular they have concentrated on the pension provision.
3. The line to take is unfortunately rather wishy-washy because PSD have just heard, out of the blue, that the Department of Health and Social Security have nearly finished negotiating a bilateral Social Security Agreement with the USA. According to the DHSS the agreement, which is to be signed in July, will require US citizens to enrol in the US Social Security scheme, while British subjects, depending on their residency status, will have to join either the British National Insurance Scheme or the US scheme. Hitherto our US Engaged Staff, apart from certain US citizens, have not been covered by Social Security. We have asked Washington for urgent comments, but all the current issues raised by AUSES are likely to be affected.
4. The AUSES came into being in 1957, when its formation was agreed by the Treasury, although it is not recognised as an official negotiating body. Membership of the association is on a voluntary basis. The present Chairman, Mr Bob Fisher, has been a US/Commercial officer at Washington since 1 December 1980. He is 29 years old and has been Chairman of the Staff Association for approximately 15 months. The Embassy describe him as an articulate and vigorous spokesman who puts his case reasonably and well.

J. T. Masfield

J T Masfield
 Personnel Services Department

16 June 1983

ANNEX A

ASSOCIATION OF UNITED STATES ENGAGED STAFF
OF HER MAJESTY'S GOVERNMENT

24 May 1983

3100 Massachusetts Avenue N W
Washington D C 20008

D V Morris Esq
Counsellor (Administration)
British Embassy
Washington DC 20008

Dear Desmond

Many thanks for the welcome news that Sir Antony Acland has agreed to my request for a meeting when he comes to Washington next month. During our discussion I would like to focus on the following topics.

a) Pay and Benefits: On 17 November, the Staff Association submitted a detailed comparison and analysis of US-engaged and Federal civil service pay and benefits. The conclusion of the analysis was that for the years 1981 and 1982 the total compensation of US-engaged had fallen behind that received by Federal civil servants. We requested an additional 8.5 percent pay increase retroactive to 1 October 1982. In response, London said we must wait until the pension revision is completed. Our view is that the pay request deals with years in which the pension was not revised. Our pay was unfairly held down in 1981 and 1982, and we would like the FCO to grant our pay request. You may wish to refer the PUS to the 17 November report as well as to my 7 February letter to HM Ambassador.

b) Pension Revision: The staff have been waiting for over two years now for London to bring our pension into line with good local employer practice. London have finally presented their pension proposals. As you are aware, we particularly object to three aspects of London's proposed plan. The first is the lack of any form of subsidised voluntary early retirement. We also find it inconceivable that London could force us to contribute 6 percent of our salaries into the defined contribution plan and not commit themselves to contributing the 3 percent originally suggested by MONY. Finally, we are opposed to the proposal that no cash option would be available for plan members who accrue an annuity valued at \$100 per month or more under the defined benefit plan. We want to keep the full lump sum option.

c) Social Security Tax: We have asked HMG to pay half the social security tax for US-engaged employees who must pay the tax. In conjunction with this request, we have sought revisions in who must participate in the pension scheme. My letter of 22 April to you discusses these points in greater detail.

...../d)

ASSOCIATION OF UNITED STATES ENGAGED STAFF
OF HER MAJESTY'S GOVERNMENT

- 2 -

3100 Massachusetts Avenue N W
Washington D C 20008

D V Morris Esq
British Embassy

d) Retirees' Medical Insurance: On 5 April I wrote to ask that HMG pay for 60 percent of the cost of medical insurance for retirees. I understand you have forwarded this request to London. The PUS may be able to tell me where the request stands.

These are the issues of greatest concern to US-engaged staff and are the ones on which the Staff Association has focussed its efforts.

*Yours,
R C*

R C Fisher
Chairman

cc: Private Secretary
Mrs V E M Hartles
Mrs M A R Hosea