

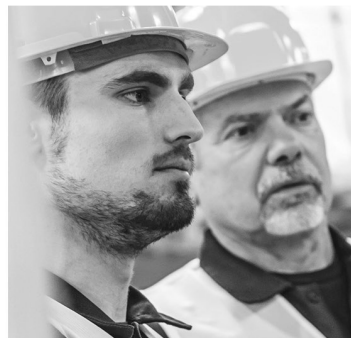
STATES OF JERSEY

LIVING LONGER: THINKING AHEAD



Consultation summary

Your views on Social Security
and Income in Retirement



Part 1. Social Security
and Income in Retirement

OVERVIEW



The Social Security Review – Part 1 (Living Longer: Thinking Ahead) consultation asked for the public's views on living longer and retirement income, and the Social Security scheme.



Overview

The Social Security Fund is in good shape and there is no need to change the scheme for financial reasons before 2020.

By starting the review, we are planning ahead and making sure that the scheme will be able to protect and support future generations, including providing an adequate Social Security pension.

This is a summary of the full consultation report which is available online:

www.gov.je/SocialSecurityReview

Your views

Over 1,300 people gave their views by completing the consultation questionnaire. Workshops were held with members of the public and representatives from interest groups and the business community.

We also received written responses from the Jersey Consumer Council and the Jersey Finance Fiscal Strategy Group which we have published alongside this report.

We have tried to accurately summarise the views, experiences and ideas of those who took part during the consultation. Due to the very wide number and range of responses it has been difficult to do this, but we hope that the main report does justice to the views of all the people who took part.

We are very grateful to everyone who took part in the consultation.



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Living longer and retirement - what you told us

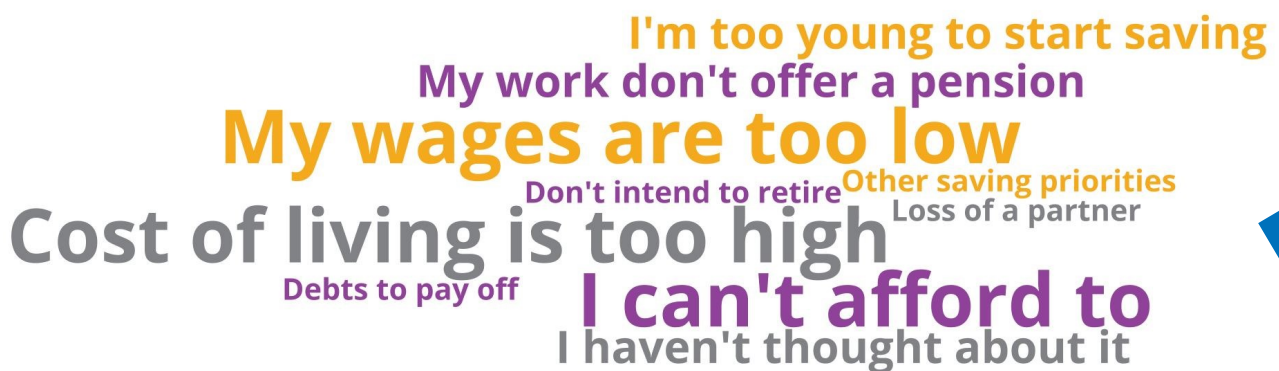
72% said they have started to save for their retirement, and most of these did so in their 20s and 30s. **28%** said they haven't started to save for their retirement.

60% of people that have started to save for retirement said this was because their employer had offered them a workplace pension scheme. Some also started because they thought it would be a good idea.

84% of the under 25s and **39%** of 25-34 year olds said that they haven't started to save for retirement. Most of the older age groups said they have started to save.

The non-savers generally commented that they could currently not afford to save for retirement because they felt that their wages are too low and the cost of living is too high.

Main reasons given by people who said they have not started to save for their retirement.



A word cloud of reasons for not saving for retirement. The words are arranged in a cluster, with 'My wages are too low' and 'Cost of living is too high' being the most prominent. Other visible reasons include 'I can't afford to', 'I'm too young to start saving', 'My work don't offer a pension', 'Don't intend to retire', 'Other saving priorities', 'Loss of a partner', and 'Debts to pay off'.

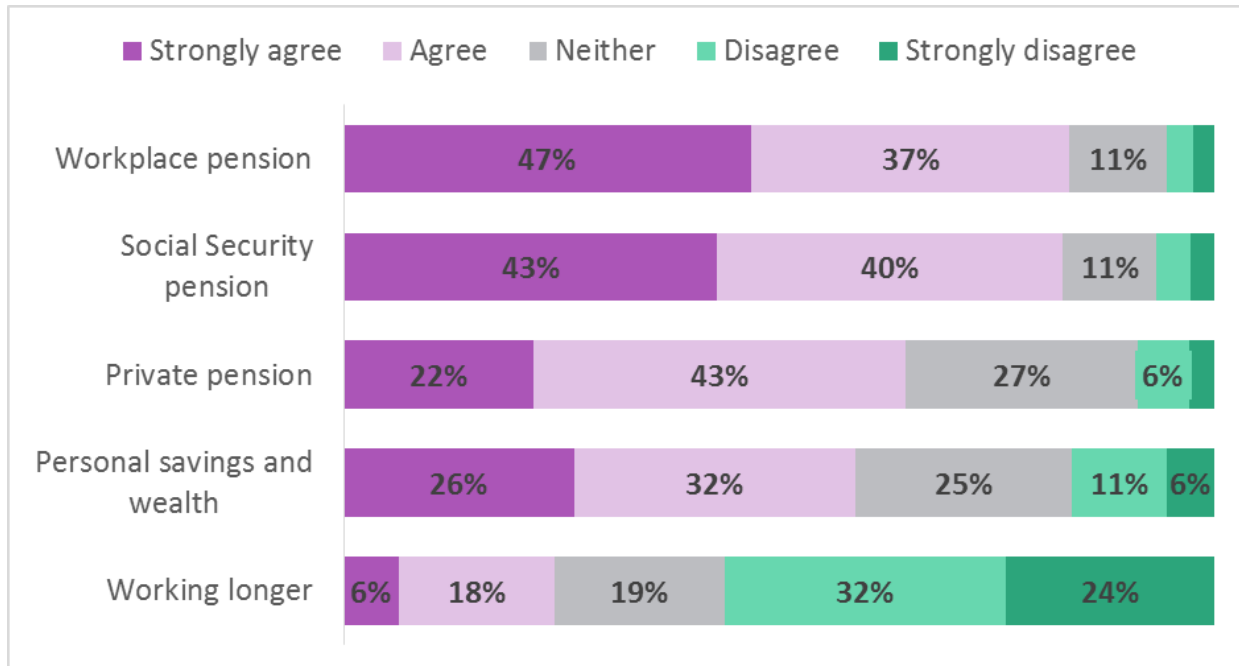
I'm too young to start saving
My work don't offer a pension
My wages are too low
Don't intend to retire
Other saving priorities
Loss of a partner
Cost of living is too high
Debts to pay off
I can't afford to
I haven't thought about it

How can the government help people save for retirement?

People commented on areas the government could look at in the next few years to help people to save for retirement. 'Workplace pensions' and the 'Social Security pension' were the most agreed with areas (84% and 83%), followed by 'private pensions' and 'personal savings and wealth'.

'Working longer' was the least popular option (56% disagreed at some level).

Here are the overall results:



Workplace pensions and personal savings and wealth were the most popular topics discussed in the comments, with over 100 people leaving their views and ideas about them.

“Workplace/employer pensions are a good way of prompting younger people to start providing for their old age.”

WORKPLACE PENSIONS

The most popular themes were that the government should

Promote

or enforce workplace pensions

Provide information

and educate people about saving for retirement

Provide incentives

to encourage people to save for retirement



“Teach children in school about using money for their future in a realistic way so they can see how important it is”

Income in retirement themes and ideas

Topic	Themes
Personal savings and wealth	People should take personal responsibility for saving for retirement. Government should educate, encourage, help with living costs and help to increase incomes.
Working longer	People should be helped to work longer if they want to. People look forward to having a retirement. People in physically demanding jobs will not be able to.
Social Security pension	How big? "survival level" vs "comfortable standard of living".
	Should it be means-tested? "people are entitled to a pension if they pay in" vs "pensioners with high incomes don't need it".
	Concern there will not be one in the future.
Private pensions	Government should encourage people to get private pensions. People shared bad experiences, no trust in private pensions and financial advisors.
Workplace pensions	Should be from a young age, when people first start work.

Topic	Examples of Ideas
Personal savings and wealth:	
Personal responsibility	Help people to financially plan ahead, e.g a life plan summary for everyone to complete
Educate	Lessons at school, information for people when they start work, Social Security scheme "welcome pack"
Encourage	Savings plans, saving scheme for low earners, tax incentives
Help with living costs	Make renting and housing more affordable, help people to buy a property
Help to increase incomes	Increase the minimum wage
Working longer	Support for retraining, more part-time jobs/flexible arrangements, educate business owners/recruiters
Social Security pension	Increase flexibility of when to take it, option to top it up, means-test it, send 5 year statements on pension entitlement
Private pensions	Increase options generally, increase options to those with lower incomes, publicise the options, better regulation
Workplace pensions	Promote workplace pensions, enforce workplace pensions, organise something on behalf of smaller businesses

Experiences of preparing for retirement

	Under 25	25-34	35-44	45-54	55-64	65+
No need to save:						
Retirement is a long way off	✓	✓				
Unable to save:						
Low wages	✓	✓	✓	✓	✓	✓
High cost of living	✓	✓	✓	✓	✓	✓
Cost of children			✓	✓		
Other savings priorities:						
Paying off debts	✓	✓				
Saving a deposit		✓	✓			
University costs				✓	✓	
Circumstances change:						
Ill health, divorce, death				✓	✓	✓



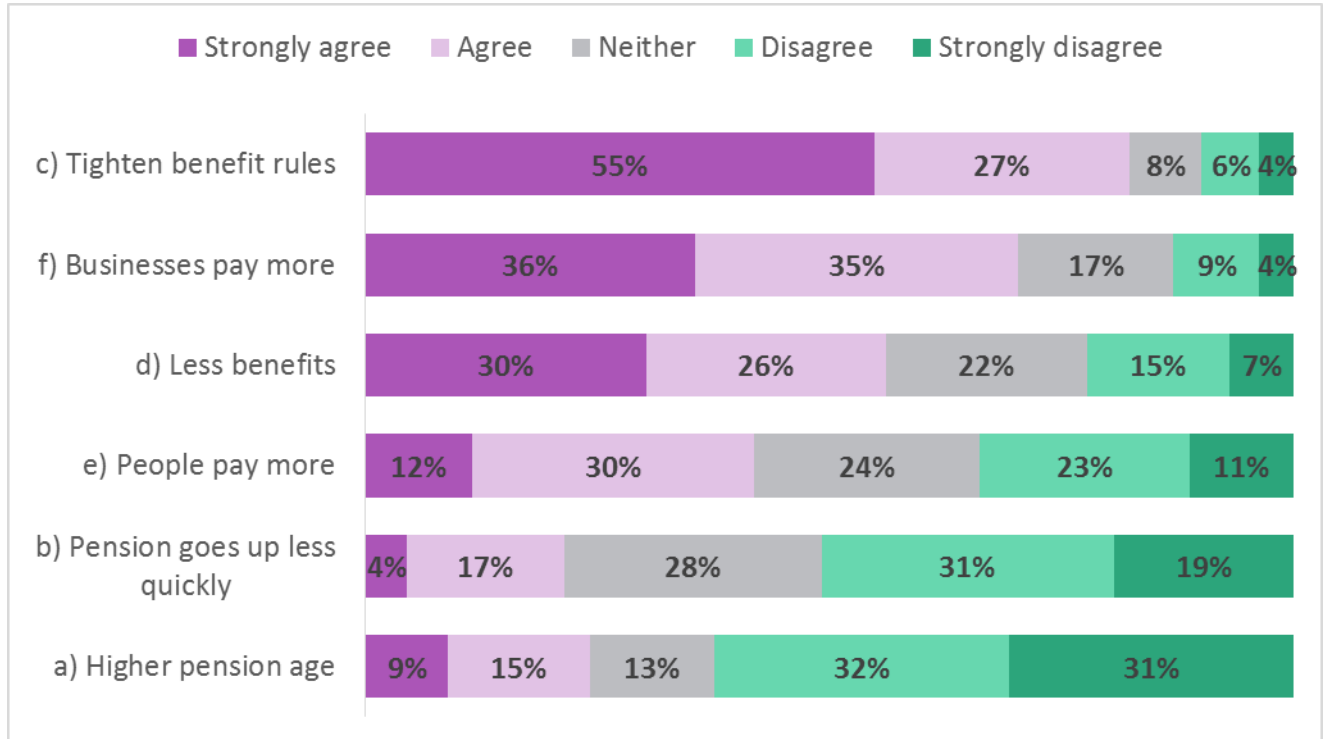
SOCIAL SECURITY SCHEME

“The difficulty is getting a balance for those who really need the benefit / pension, and possibly reducing it for those who don't.”

Social Security Scheme

We asked six multiple choice questions about the Social Security Scheme and the options we could look at in the next few years to adapt the Scheme to longer lives.

Here are the areas that people felt the government should look into



Mythbuster - working longer

Some people commented that if people work longer in the future, there will be less jobs available for young people.

The number of people reaching pension age is much higher than the number of school leavers each year. We will need more workers to take the place of those retiring.

If people work longer, they will earn and spend more, which will support and create new jobs.

What you told us

82% agreed at some level that we should look at the option of tightening the benefit rules and **56%** the option of reducing the range of social security benefits available.

Comments were wide ranging but they generally centred on not giving benefits to people that haven't contributed to the "system".

We received some ideas about how some of the Social Security scheme's contributory benefits could be changed or improved. These will be considered in the next part of the review.

71% agreed at some level that we should look at the option of increasing how much businesses pay into the scheme.

The two main themes were:

- Increase the tax or contributions that big or UK businesses pay
- Do not increase the tax or contributions that small businesses pay

63% disagreed at some level that we should look at the option of increasing the pension age above 67.

This was the option that was most disagreed with. Comments were similar to the "working longer" comments, as well as the view that people over 50 years of age have less employment prospects.


50% disagreed at some level that we should look at the option of reducing how much the Social Security pension goes up by each year.

There was a mixed response (**42% agreed, 34% disagreed at some level**) to increasing how much people pay into the scheme.

People mainly commented that Social Security contributions for higher earners (those who earn above £50,160 in 2017) should not be capped.

Social Security scheme ideas

Areas	Examples of ideas
Increase pension age	Support for retraining, more part-time jobs/flexible arrangements, educate business owners/recruiters.
Pension uprating	Increase by RPI.
Value of scheme benefits	Generally reduce them, better target them, reduce fraud and improve the maternity grant and allowance.
Range of benefits	More leeway to work when signed off, stop the "death grant".
Individual contributions	Increase for high earners, increase generally, lift or remove the social security contributions "cap". Each generation should pay for itself. Each individual should have their own 'pot'.
Business contributions	People and businesses pay the same, big businesses pay more.

A photograph of two men in a construction or industrial setting. They are both wearing yellow hard hats and high-visibility green safety vests over dark blue shirts. The man in the foreground is looking off to the side with a serious expression. The man behind him is also looking in the same direction. The background is filled with industrial equipment and structures, slightly out of focus. A large, semi-transparent blue and green geometric shape is overlaid on the bottom right of the image, containing the text.

“I’ve worked in the building industry all my life and my body will struggle to make the old retirement age never mind the new one.”

Next steps

In the next part of the Review during 2017 and 2018, we will look at:

Retirement income and saving – building on the consultation comments and ideas, look at what the government should do to help people financially prepare for retirement. This includes – among other things – improving information, education and looking at the options to improve workplace and private pension provision.


Incapacity (illness and disability) – review how working-age incapacity is assessed for both short-term and long-term conditions and identify what support (financial and non-financial) should be provided.

Contributory benefits – given the strong themes in the consultation about reducing the range of benefits and tightening the rules on accessing them, build public understanding about the Social Security scheme benefits and consult on possible changes.

Class 2 contributions rules – review the rules that are used to assess the contribution liability of people who are Class 2, for example self-employed people.

In 2019 we will look at long term sustainability.

To prepare for the next Medium Term Financial Plan 2020 – 2023, we will review the long term picture, and develop options to adapt the Social Security scheme to living longer.



NEXT STEPS

“Working longer needs more support and opportunity for part-time and/or more flexible working arrangements.”



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CONTACT

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