

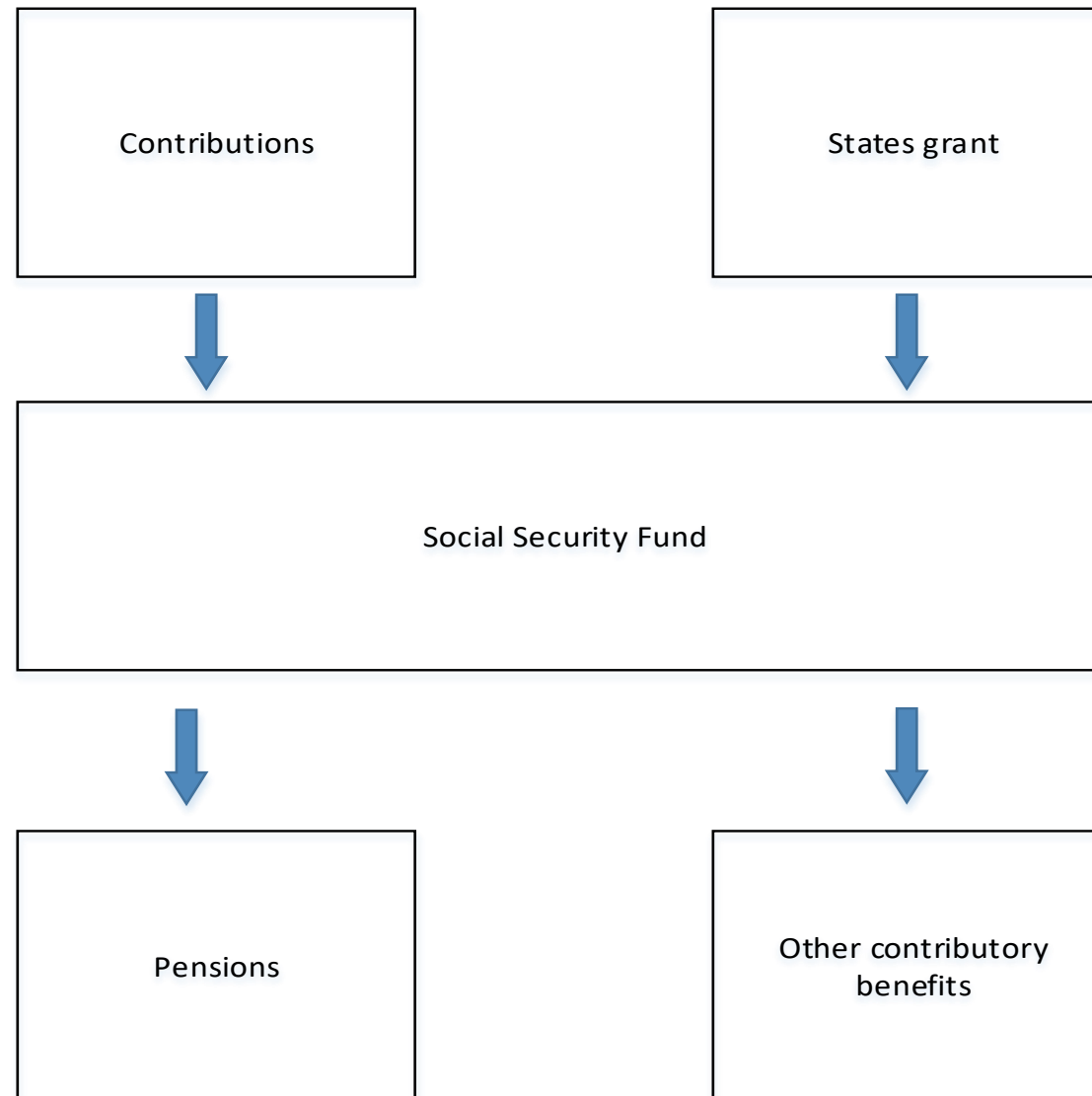
Migration Policy Development Board

30/5/2019 Social Security Scheme - Briefing



Government *of*
JERSEY

Social Security scheme – overview



Social Security scheme – contributions



All residents above school leaving age and below pension age are required to make earnings related contributions

- 12.5% of earned income* up to £53,304
- 2% of earned income above £53,304 and below £176,232

For employees,

- the 12.5% is split with 6% paid by the employee, 6.5% by the employer
- the 2% is all paid by the employer

For the self-employed and other non-employed

- the full cost is met by individual, but with many exemptions.

Contributions are levied monthly. If a contribution is received for a month that creates the contribution record of the individual.

A record is also generated automatically if the individual is claiming a contributory benefit such as sickness benefit or maternity allowance

Social Security scheme – States Grant



The contributions made by employers and employees for social security (10.5%) are supplemented by an annual States Grant into the Fund.

The grant is calculated by looking at the shortfall between the earnings related contributions and the maximum contribution made at the Standard Earnings Limit of £53,304

This is then reduced by the contributions made at 2% relating to earnings above the Standard Earnings Limit and below the Upper Earnings Limit of £176,232

Since 2015 the Grant has been fixed at £65,300,000 and the calculation is not being used.

Reverting to the calculation would create a grant of about £80,000,000

Income into SSF and HIF 2017

■ employee below SEL

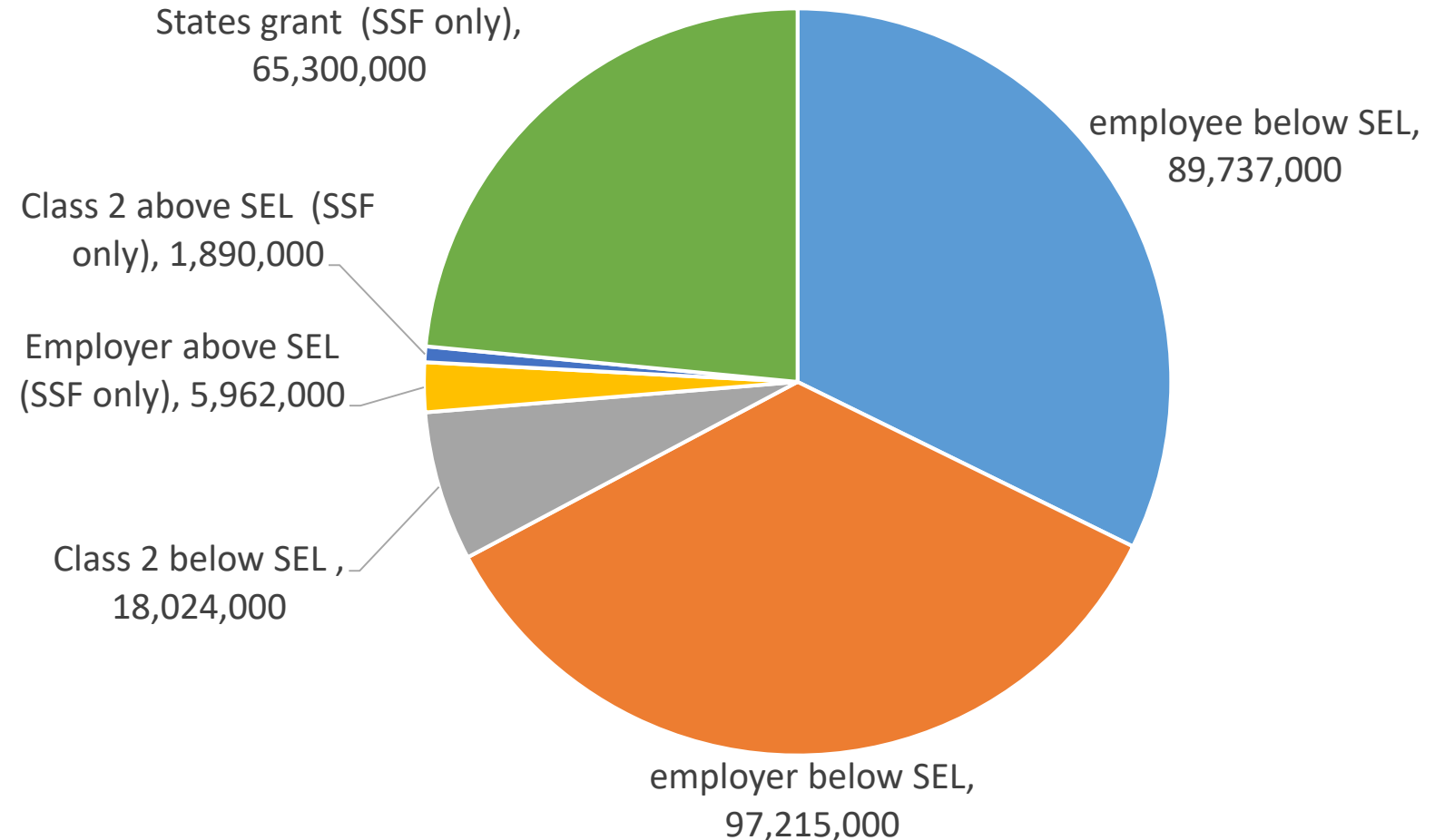
■ employer below SEL

■ Class 2 below SEL

■ Employer above SEL (SSF only)

■ Class 2 above SEL (SSF only)

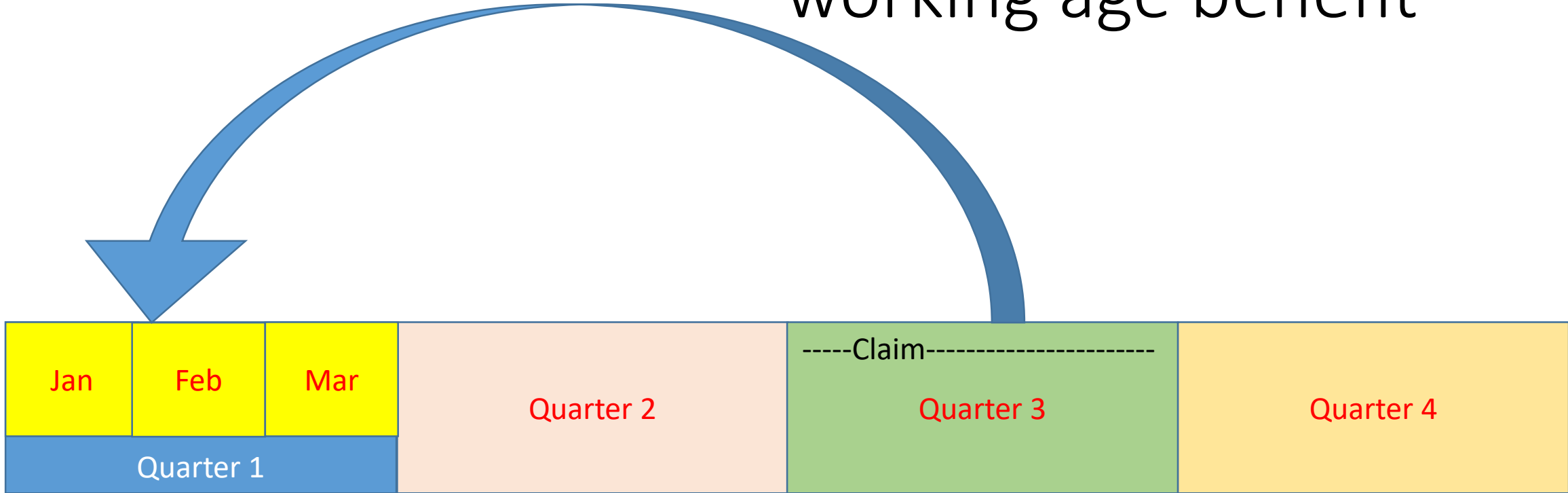
■ States grant (SSF only)



Contributory benefits

- An individual needs to make contributions for six months before they can start to claim any benefits from the scheme
- Many people also receive “credits” – parents, students, benefit claimants. These protect your record when you are not paying contributions.
- Most working age benefits are paid at a standard rate of benefit. This is £216.86 a week (£11,273 pa)
 - Short-term incapacity, maternity allowance and home carer's allowance are paid at standard rates.
 - Percentage payments are paid to long-term incapacity claimants.

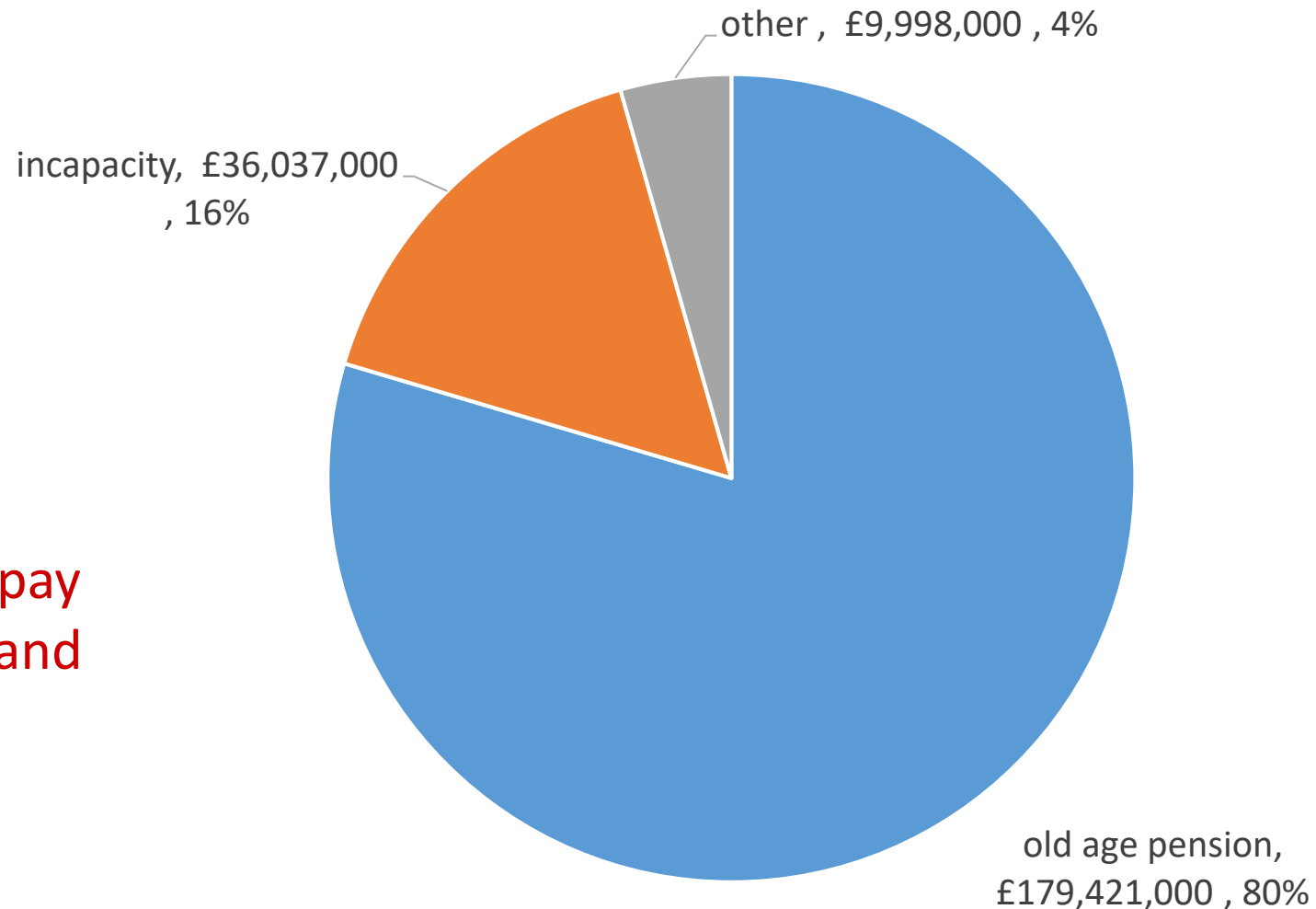
Contribution record – eligibility for working age benefit



As a general rule, look back to the last full quarter but one to confirm eligibility.

Social Security Benefits 2017

- old age pension
- incapacity
- other

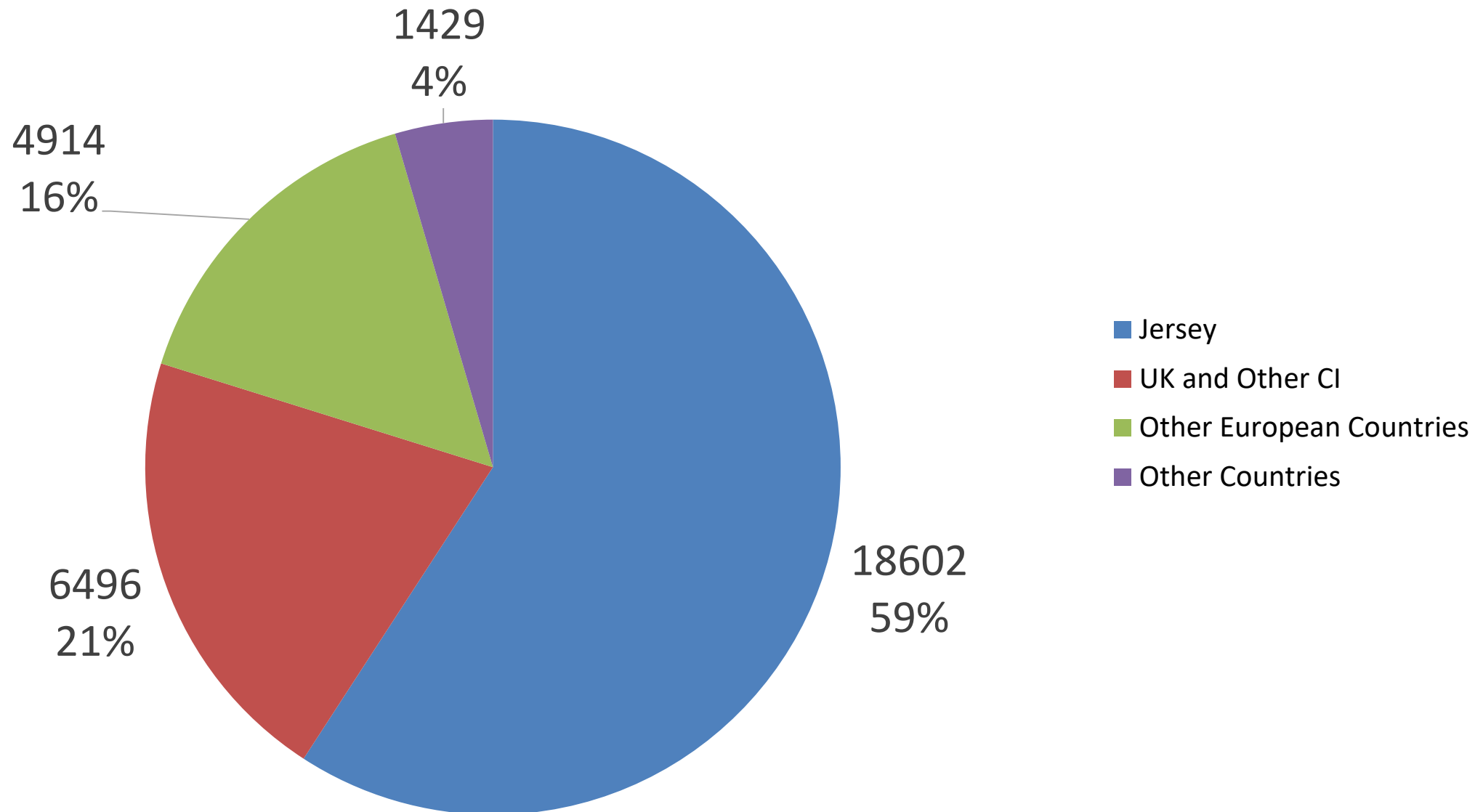


Today's contributors pay
for today's pensions and
benefits

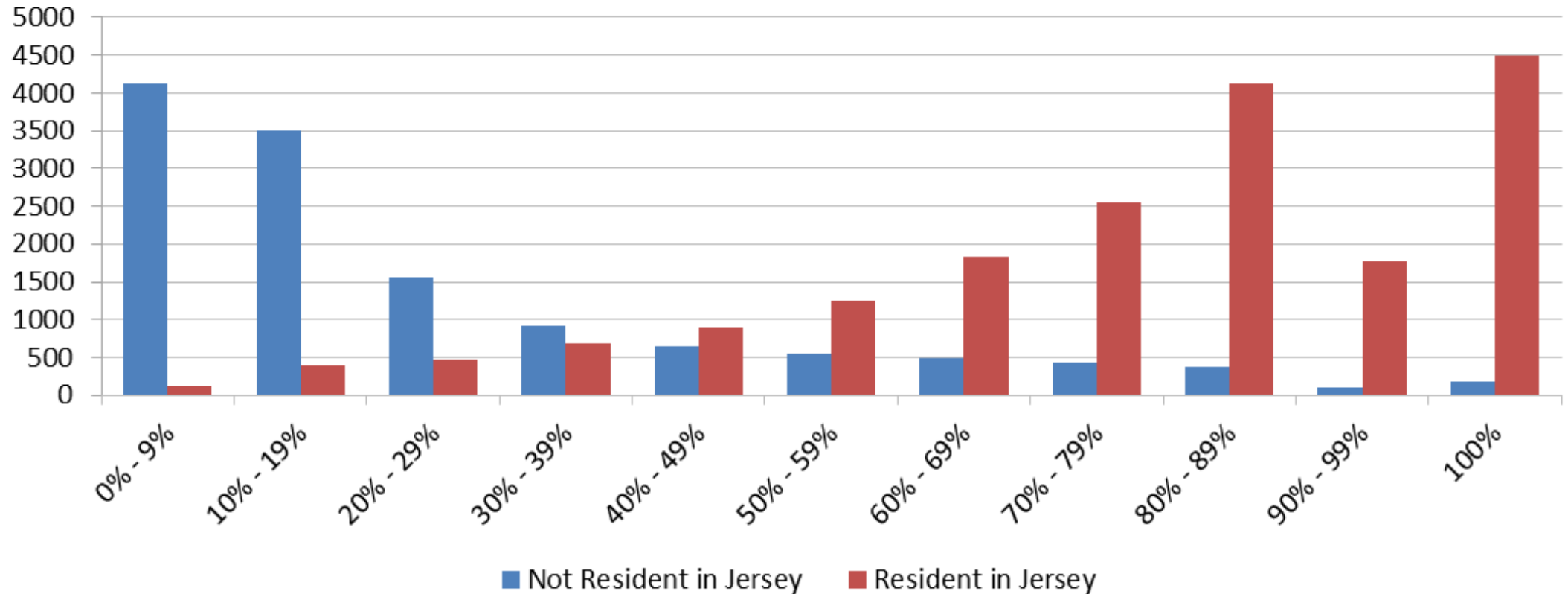
Old age pensions

- Old age pension is paid on a percentage basis depending on the number of years of contribution record you have completed
- Full record – 45 years (e.g. Working from age 20 – 65)
- 30 years of contributions will give a two-thirds pension etc.
- 15 years of contributions will give a one-third pension etc.
- 4 ½ years gives a 10% pension. Minimum value for worldwide export.
- A full pension is paid at £218.96 per week (£11,386 pa)
- Married rate £363.51 per week (£18,902.52 pa)

Pensioners - location



Pension payments 2017

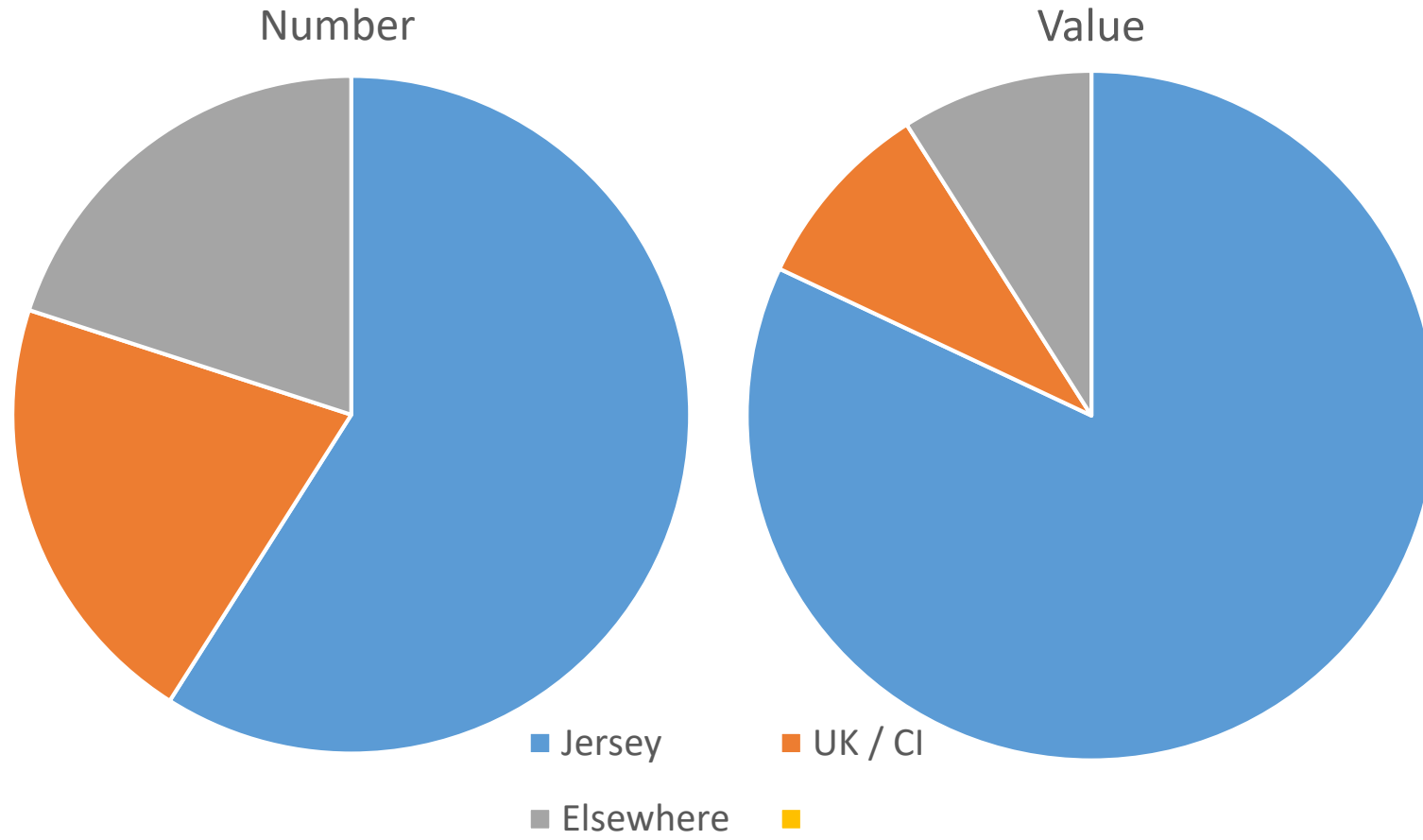


Pension payments 2017

- The higher average rate of pensions paid to residents in Jersey means that, although 41% of all pensioners are not resident in Jersey, they only received 18% (£33 million) of the total value of pension payments.

Resident	Pension Value £000	Pension Value %	No. of Pensions as at 31 December 2017	% of Pensions
Jersey	146,239	82%	18,602	59%
UK and other CI	16,935	9%	6,496	21%
Rest of world	16,246	9%	6,343	20%
Total	179,421		31,441	

Distribution of pensions 2017



Questions and discussion