

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 17th JANUARY 2012**

**Question**

In addition to the lifting of the ceiling on Social Security contributions and the introduction of a 2% employer rate on earnings up to £150,000, what consideration, if any, has the Minister given to further changes to both employer and employee rates and in what timescale?

**Answer**

The introduction of a 2% rate on earnings above £45,336 per annum and up to £150,000 per annum for employers and Class 2 individuals was agreed as part of the Fiscal Strategy Review. The additional contributions raised will be used to offset part of the cost of supplementation for lower earners and will result in a reduction in the value of the tax funded States Grant needed to meet the balance of the cost of supplementation. This increase has no impact on the future viability of the Social Security Fund.

In order to maintain the current value of the Social Security pension into the future, it will be essential to increase the contribution rate during the next few years. The actuarial review of the Social Security fund for the years 2007, 2008 and 2009 will be published at the end of January. States members have been invited to a presentation of these results in the afternoon of 30 January. The new review will provide detailed guidance on the increasing demands on the Social Security fund as our population ages. Decisions on the future level of Social Security contributions above and below the standard earnings limit, and the types of income to be included in assessment of liability will need to be taken in the context of a broad debate on the level of support that will be provided for future pensioners.

In July 2011 the States agreed the framework of a new long-term care benefit law. The report published at that time indicated that the new benefit would be mainly funded through contributions from employees and higher income pensioners, at an initial rate of approximately 1.5%. Detailed work continues on this project and firm proposals will be published during 2012. These will set out the extent to which contributions will be charged on earnings and other forms of income as well as the exact level of the contribution rate above and below the standard earnings limit of £45,336. The current timetable is to introduce the new contribution liability during 2013. The contribution rate required to sustain the new benefit will need to increase steadily following its introduction.

The current major review of health provision in the Island has identified the need for additional funding in this area. Currently, 2% from a total of 12.5% of Social Security contributions is allocated to the Health Insurance Fund. Depending on the outcome of the review and the funding options identified, it may also be necessary to increase the contributions into the Health Insurance Fund.