

STATES OF JERSEY



DRAFT SOCIAL SECURITY (AMENDMENT OF LAW No. 4) (JERSEY) REGULATIONS 201- (P.101/2012): AMENDMENT

**Lodged au Greffe on 20th November 2012
by the Minister for Social Security**

STATES GREFFE

DRAFT SOCIAL SECURITY (AMENDMENT OF LAW No. 4) (JERSEY)
REGULATIONS 201- (P.101/2012): AMENDMENT

1 PAGE 38, REGULATION 17 –

In the inserted Article 54C for paragraph (1) substitute the following paragraph –

“(1) Article 24(1)(b)(iv) and (5) shall not apply in the case of a person who –

(a) immediately before commencement, was entitled to survivor’s benefit; or

(b) before commencement, has attained the age of 57.”.

2 PAGE 38, REGULATION 18 –

In paragraph (2) for the words “on 1st December 2012” substitute the words “7 days after these Regulations are made by the States”.

MINISTER FOR SOCIAL SECURITY

REPORT

The amendments to the Social Security Law included in P.101/2012 make two significant changes – the transfer of invalid care allowance into the Social Security Fund; and the restriction of the current contributory benefit, survivor's pension, which is provided to working age survivors from the end of the first year after the death of their spouse/civil partner.

International evidence confirms that the current provision of the Jersey survivor's pension is very generous, and that the proposed restriction in eligibility conditions will align the benefit more closely with other jurisdictions. The existence of the income support benefit ensures that local survivors with a low household income are provided with a financial safety net.

The changes to survivor's pension will have no impact on individuals already receiving the benefit, and survivors with dependent children will continue to be supported. However the intention is that, from 1st January 2013, an individual who becomes a working age survivor and who is not looking after a dependent child, will receive a survivor's allowance for the first 12 months following the death of their spouse, but will no longer be entitled to receive a survivor's pension after the end of that first year.

Concerns have been raised in respect of a small group of married women, whose husbands are still alive, who are currently close to pension age, some of whom may have remained as homemakers throughout their adult lives. It is acknowledged that these proposals could cause worry to this group, and that they have not had time to make alternative financial arrangements to take account of the proposed change.

This amendment to P.101/2012 extends the transitional protection to all individuals (men and women) who are at least 57 years old on 31st December 2012. In the event that a spouse of one of these individuals dies before the individual reaches pension age, then the individual will be entitled to receive a survivor's allowance for one year, followed by a survivor's pension until the individual reaches their own pension age. For most survivors this will be 65, but some women in this age range will have a pension age of 60. Individuals born in 1955 will have their 57th birthday in 2012, and this group will have a pension age of 65 years and 2 months (born before 1/11/1955) or 65 years and 4 months (born on or after 1/11/1955).

As this additional protection is limited to individuals who will all be at least 57 years old, the maximum period of survivor's pension that could be paid will be just over 7 years, in respect of someone who has their 57th birthday at the end of December 2012 and who has a spouse who dies in early 2013.

There will be an additional cost in respect of the benefits provided to this group. Using data from the last 3 years, it is estimated that 125 individuals in this group will claim a survivor's benefit before they reach their own pension age. The total estimated cost is between £2 million and £2.5 million over the 7 year transitional period.

These costs are limited to that 7 year period and will not be repeated. The youngest individual in this group will reach the age of 64 years and 4 months¹ in early 2020 and from that time on, no new claims will be made.

The transitional period has been aligned with other changes to pension provision. The youngest women currently insured within the Social Security Fund with a pension age of 60 will attain that age in 2019. From 2020, the agreed gradual increase in pension age from 65 towards 67 (in 2031) will start to take effect.

Commencement dates

To allow time for this amendment to be prepared, the scheduled debate of the Draft Regulations on 20th November has been deferred to 4th December. An amendment to the commencement date in respect of the minor adjustments to the adoptive parent grant and the insolvency benefit is required. Instead of commencing on 1st December 2012, these amendments will now come into force 7 days after the Regulations are made. This is not anticipated to create any operational difficulties.

The commencement date for the changes to the home carer's allowance and the survivor's pension remains at 1st January 2013.

Financial and manpower implications

There are no manpower implications.

The cost of the provision of additional support to individuals within this group who become survivors before they reach their own pension age is estimated to be no more than £2.5 million in total between 2014 and 2021, during which period this transitional support will have effect. This cost will be met by the Social Security Fund.

¹ Someone who becomes a survivor when they are within 12 months of their own pension age is not eligible for a survivor's pension now, as they will reach pension age during the first 12 months of survivorhood, and will be transferred directly to an old age pension. This will not change.