Government of Jersey
Union Street | St Helier | Jersey | JE2 3DN

Deputy Louise Doublet
Chair – Health and Social Security Scrutiny Panel
By email

14th November 2025

Dear Chair

Re: Health and Social Security Scrutiny Panel

Overpayment of Social Security Contributions/Proposed Budget 2026-2029

Thank you for your follow-up letter relating to Social Security contributions and the policy for those who are in their early 60s and have a full contribution record.

Reasons

In my last letter, I gave three reasons why I prioritised addressing other issues: the small number of people affected; the potential cost to the Fund and that they are benefiting from their contributions.

I would like to emphasise this last reason - the importance for Islanders, particularly those in their 60s, of being covered by Social Security, with eligibility for Short Term and Long Term Incapacity Allowance (STIA and LTIA), amongst other benefits.

In 2024, more than 2,500 60+ year olds claimed contributory benefits, which was mostly STIA and LTIA. To put this in context, there were about 5,700 60+ year olds paying contributions.

No-one knows whether they will be unable to work due to illness or injury, and need to claim STIA or LTIA during their working life. These figures show a significant proportion of 60 + year olds make use of that protection.

If these people were able to stop paying their contributions, they would lose eligibility to their working age benefits, including STIA and LTIA, but also survivor's, parental and carer's benefits. They would no longer be protected through the Social Security scheme during periods when their ability to work is disrupted. The Social Security scheme provides insurance against these risks.

Allowing individuals to opt out would lead to cases, which are hard to foresee, when a family situation, accident or illness arises and the individual is not eligible to receive support from the scheme, that would otherwise be available.

Cost

The cost to the Fund is estimated to be £140,000 per year, and there would also be a compensating reduction in the cost of contributory benefits claimed. It is not possible to estimate what this would be.

Options

I wanted to consider changes in policy that would:

- Consider the impact of providing more value for contributions paid rather than stopping contributions and entitlement to contributory benefits for those with at least a 46 year record.
- Support people to work for longer and more flexibly, and
- Be suitable for future generations.

The options included:

1. Provide a slightly bigger Social Security pension when continuing to pay contributions after 46 years.
   Estimated cost starting at £20,000 per year, increasing to approximately £300,000 per year over the next 25 years.

2. Provide the option to delay taking the Social Security pension for a bigger pension.
   The weekly pension amount would be higher because it would be paid for a shorter amount of time. (This would be comparable to how people can claim their Social Security pension early now for a smaller pension).
   The increase for delaying taking the pension would be based on an actuarial % so that it would be cost neutral to the Fund.

3. Do not increase the contribution years for a full Social Security pension from 46 to 47 years for people born on or after 1st March 1964. This group will reach their pension age in 2031, but could claim their pension as early as March 2029.
   This would give a slightly bigger Social Security pension to those with a contribution record of up to, but not including, 47 years.
   Estimated cost £300,000 per year from 2030 growing to £6m per year by 2050.

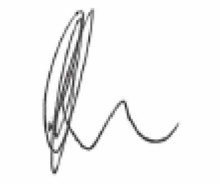
4. Provide a slightly bigger pension to the same group of people in 3 above, as the number of contribution years for a full Social Security pension increases from 46 to 47 years.
   This would give a slightly bigger pension to everyone in this group, including those with a contribution record of 47 years.
   Estimated cost £320,000 per year from 2030 growing to £6.5m per year by 2050.

These options would also require changes in legislation and changes to the computer system which supports the administration of benefits, and which is currently being replaced. Together, this meant that the options could be implemented in 2027 or after.

Given this information, I decided not to progress any of these options and focus on other priorities. The next Minister and Government will be able to revisit this if they want to, with the benefit of this information and the time to be able to implement any changes during their term of office.

I hope that the above information is helpful to the Panel's Review.

Kind regards,



Deputy Lyndsay Feltham
Minister for Social Security