

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 7th JUNE 2011**

Question

To what extent does the Minister accept the disclaimer contained on page 17 of the Government Actuary's (GAD) Supplementary Report dated 15th September 2009, has been properly heeded in presenting an increase in the pension age as the best option for maintaining the Social Security funds?

Will the Minister agree to release the content of this report in readable form, in order to fully consult over the options for change with the Jersey public?

Answer

The disclaimers to the Supplementary report are as follows:

- '5.1 This report has been prepared for the Department for Social Security. GAD understands that in the normal course of consideration of this report, it may be shared with other departments of the Jersey Government. The report should only be disclosed outside the Jersey Government with the prior written consent of GAD. However, GAD does not accept any liability to third parties, whether within or outside the Jersey Government., in relation to this report.
- 5.2 GAD relies on the accuracy of data and information provided by the Client (in this case the Department for Social Security). GAD does not accept responsibility for advice based on wrong or incomplete data or information provided by the Client.
- 5.3 Clarification should be sought if the Client has any doubt about the intention or scope of advice provided by GAD. GAD is not responsible for any decision taken by the Client, except to the extent that the decision has been made in accordance with specific advice provided by GAD.
- 5.4 Advice provided by GAD must be taken in context. Advice is intended to be read and used as a whole and not in parts. GAD does not accept responsibility for advice that is altered or used selectively.'

I recognise that this is a complex area and I am producing a table summarising the effects of increasing the pension age in line with increases in longevity. I will also clarify the assumptions that have been made.

The GAD Supplementary Report provides supplementary data requested by the Social Security Department around the financial effect of a number of possible changes to the Social Security fund. These included possible changes to supplementation and possible changes to the pension age. The Report supplemented the main report setting out the actuarial review of the fund as at 31 December 2006. Both reports were sent to States Members in September 2009.

The GAD figures form only one element of the detail that has informed the pension age proposals.

As set out in my detailed Report and Proposition, people are living longer and the intention is to link the increase in longevity to increases in pension age, taking 2010 as the baseline.

Raising the pension age helps the sustainability of the social security pension scheme; helps the economy by encouraging workers to remain economically active, reduces the need for inward migration and militates against larger future contribution rates; and enhances 'intergenerational solidarity' by balancing the liability of existing and future workers to support the elderly.

The Deputy's contention is that an increase in the pension age is seen as the best option. In fact, a number of measures will be required to maintain the social security fund. Changes in the pension age will need to be combined with future increases in contribution rates.

I have ruled out the options of reducing the value of the pension or subjecting it to means testing.

Consultation over possible changes to the pension age has already taken place through Imagine Jersey 2035 and JASS annual surveys, as referred to in the answer to the Deputy's question 1240/5 (6239) of 3rd May 2011.

States Members have already had a copy of the GAD Supplementary Report.