

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY  
BY DEPUTY S. Y. MĚZEC OF ST. HELIER  
ANSWER TO BE TABLED ON MONDAY 14th DECEMBER 2015**

**Question**

Following the results of the Household Income Distribution Survey 2014/15 which showed that 28 percent of pensioners live in Relative Low Income, what work, if any, has the Minister undertaken to estimate what effect there will be on this figure by the recent changes to the Income Support disregard for pension income?

If she has not done any work on this, why not?

**Answer**

The relative low income threshold after housing costs (AHC) in Jersey is £340 per week (£17,680 per annum) for an adult couple, including a pensioner couple. Using the modified OECD equivalence scale (AHC), this is equivalent to £200 for a single pensioner (£10,200 per annum). These are weekly amounts after housing costs, e.g. after rent, building insurance and parish rates have been paid.

Other reports published by the Statistics Unit provide additional information on financial circumstances. For example the 2014 annual social survey reported on the question “As a household, how easy or difficult do you find it to cope financially?” Whereas 29% of non-pensioner households considered that it was quite difficult or very difficult to cope financially, the proportion of pensioner households in this category was much lower at 10%. Alongside financial parameters, services such as the provision of social housing and healthcare can also have a significant impact on the quality of life for pensioners.

It is therefore important to take a rounded view of government policy and spending decisions. As part of the MTFP process, my Department has thought carefully about the steps needed to ensure that our benefit system remains sustainable in the face of the demographic changes that the Island faces. As our population ages, we will need to make further changes that take into account the decreasing percentage of Islanders who are at working age when compared to pensioners and the increasing costs of health care and pensions.

The States will look at incentives for all workers to save towards pension schemes to encourage higher levels of income and self-reliance in old age over the next few years. The States will also develop the Discrimination Law to protect against age discrimination during 2016.

Against this background, the support for income support pensioners was reviewed earlier in the year. From 1 January 2016, the fixed value pension allowance will be replaced with a percentage allowance, similar to the treatment of earned income. This will promote financial independence in old age by encouraging working age people to save towards a pension. At the moment, if someone expects to claim Income Support in old age, there is little incentive for that person to maximise their pension income. Under the current rules, the total income, including benefit, is the same for a household claiming Income Support whether it has a small amount of pension income, or a large amount of pension income. In future, people will be rewarded for providing for their retirement in proportion to the amount of pension income they have saved for during their working lives.

The new Income Support disregard for pension income will apply to people who reach pension age from 1 January 2016. Current pensioners who claim Income Support will not be made worse off by the change, and in some cases will be better off. The new Income support disregard of 23% will incentivise working age people to provide more for their old age, whether it be through saving and building a bigger pension, or working a bit longer after reaching pension age.

The effect of the changes to income support on people who attain pension age over the next few years will be considered as part of the overall impact of the work being undertaken across government towards the agreed strategic priorities and the funding provided to support those goals through the MTFP and this will need to be judged over the course of the next four years. A return to economic growth, improved health services, a refurbished social housing stock and more employment opportunities for older workers will all be of benefit to pensioners.