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# STATES OF JERSEY



## LIVING TODAY: THINKING AHEAD – PART 2 CONSULTATION RESULTS

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Presented to the States on 15th March 2018  
by the Minister for Social Security

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STATES GREFFE

## INTRODUCTORY REPORT

### Overview of Review and Response to “Living Today: Thinking Ahead – Part 2”

The Social Security Fund holds assets of just under £1.8 billion and pays out pensions and benefits of well over £200 million a year. Whilst the Fund is in a very healthy state at present, the cost of pensions will soon start to rise significantly in line with the increase in the number of pensioners in the population. A review of the Scheme is needed to prepare for these extra costs and to maintain the viability of the Fund in coming decades.

The first public consultation held in 2016 confirmed strong support for the Fund and the provision of a contributory old age pension, acknowledging that this could lead to higher contribution rates to meet the growing cost. It also identified the need for the States to find new ways to help people to make financial provision for their own old age.

In 2017 a second consultation, “Living Today: Thinking Ahead”, focused on the parental and bereavement benefits paid out of the Fund. Again, the Public have demonstrated strong support for maintaining these benefits. However, there was also significant support for requiring people to pay into the scheme for longer before these benefits could be claimed.

Further work is ongoing, and support provided for working-age incapacity will be examined this year. An actuarial review will provide updated figures on the Fund at the end of 2018, and results from each benefit area and the range of possible contributions options will then be brought together as part of the preparation for the next Medium Term Financial Plan. Once agreed, any changes will be phased in from 2020 onwards.

This report sets out the background to the overall review and provides a summary of the completed and ongoing workstreams. The independent response document prepared for “Living Today: Thinking Ahead” is appended in full.

### Background

- **What is the Social Security scheme?**

Jersey’s Social Security scheme helps to protect contributors at times when they may be less likely to be able to earn a living. For example, the scheme pays benefits to people above the Social Security pension age, to new parents, and to people when they are ill or disabled, and after a death.

These benefits are paid for by compulsory contributions from working-age people, employers and a government grant from general tax revenues.

Social Security is not a fully funded scheme – contributions are not saved in individual ‘Pension pots’. Instead, the contributions collected in a year are used to cover the costs of the benefits paid in that year. In particular, each generation relies on the next to pay for their Social Security pensions.

- **The demographic challenge**

We are now generally living much longer and healthier lives – many more people enjoy active lives into their 80s and 90s. During the 1950s a 65 year-old could expect to live to 78 years on average (or 13 more years). Now, a 65 year-old can expect to live until they are 87 years of age (or 22 more years). Life expectancy may well continue to increase.

The scheme automatically adjusts to changes in prices and earnings, but it does not automatically adjust to changes in how long we live for. Therefore, for every extra year lived by a pensioner, there is an extra year of Social Security pension to pay out, without any extra contributions being paid in.

Between 2015 and 2035, the number of people over 65 in Jersey will increase from 17,000 to 28,000, while the number of people under 65 will stay the same or increase slightly, depending on the level of net immigration. The number of working-age people paying in contributions per each pensioner receiving a pension will fall, requiring changes in the way that the Scheme works. Most other developed countries are also facing a similar challenge.

- **British-Irish Council**

During 2016, the British-Irish Council (“BIC”) demography workgroup concluded its work on population ageing. Officers from each jurisdiction have examined the data and evidence of how and why our populations are ageing, and drawn on experience from policy areas which are responding to our ageing society.

The work sector wrote a report<sup>1</sup> and designed a strategic tool to help bring together the analysis, policy insights and to help those involved consider the opportunities and challenges, and what the next steps should be.

The BIC report provides a shared demography story, strategic considerations around an ageing population, discussion of policy options and looks ahead at how we can address and adapt. It also provides exemplar case studies describing innovative policy, successful practice, and investments so that the governments can learn from each other.

The work sector used the strategic tool as the basis of discussion at its final Ministerial gathering in Edinburgh in 2016. The BIC Ministers, which included Jersey’s Minister for Social Security, agreed to continue the work in this area.

- **Actuarial review as at 31st December 2015**

The Social Security (Jersey) Law 1974 requires an actuarial review of the Fund every 3 years. The last review related to 2013 – 2015 and the results were published in January 2017. ([R.6/2017](#)). This showed the Fund to be in a healthy state.

The Actuary reported that –

*The financial outlook for the Fund remains healthy in the short to medium term and has slightly improved from that shown at the 2012 review. The speed at*

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<sup>1</sup> <https://www.britishirishcouncil.org/bic-demography-population-ageing-society>.

*which the population profile ages will however have a significant impact on the development of the Fund.*

And:

*Given the long-term nature of the commitments built up in social security schemes, it is important to take early action to stabilise the future financial position of the Fund. However, given the Fund exhaustion dates are projected to lie well into the future, it is not essential to take immediate action about this in advance of the next actuarial review of the Fund (due no later than 31 December 2018). Progress should continue to be monitored at future actuarial reviews.*

- **Continuity and Change**

“Continuity and Change”, the last major review of the Social Security scheme, was published in 1995, leading to changes over the following 9 years. Contribution rates were increased by 2.5%, some benefits were amended and the treatment of men and women was made equal. In particular, from 2001 onwards, newly-married women were required to continue to make their own contributions and could no longer rely on their husband’s record to claim a pension.

Twenty years on, and these changes have served the scheme well in many areas. In particular, raising the contribution rate has helped to build up the substantial level of reserves within the Fund.

- **Need for Review**

As identified in the 2015 actuarial review and the underlying population projections<sup>2</sup> from the Statistics Unit, the number of people aged 65 and above will increase significantly in coming decades. The current scheme is already operating close to its break-even rate – i.e. the contributions collected in a year are only just covering the cost of pensions and benefits paid out. As the number of pensioners grows in the next few years, the income received from contributions will no longer be sufficient on its own to meet these growing costs.

The substantial reserve fund will allow the Scheme to be maintained well into the medium term. However, a review is needed to identify the long-term future of the scheme and to identify the most effective way to balance the cost of the pensions and benefits being paid out, the level of contributions being paid in, and the possible drawing-down of some of the reserves that have been built up during the last 20 years.

At the end of 2017, the scheme had built up just under £1.8 billion of reserves. This gives us flexibility in when and how we make changes to the scheme, but we do need to start making plans now, so that any changes to the scheme can be brought in gradually.

This review will examine both the way the Fund receives contributions and how it pays out benefits. The timing of the review will allow actions to be considered by the next Council of Ministers as part of their strategic and financial planning process.

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<sup>2</sup> <https://www.gov.uk/government/pages/statesreports.aspx?reportid=2370>

## **Social Security Review**

### **• Living Longer: Thinking Ahead**

The first stage of the Social Security Scheme review started in October 2016 with the public consultation *Living Longer: Thinking Ahead*. This asked for views about how people financially prepare for old age, and how the Social Security scheme could be rebalanced in the future.

Public feedback was very supportive of the old age pension and suggested that the eligibility for other contributory benefits could be tightened to help to meet some of these extra costs. It was also accepted that employers and employees may need to pay more into the Fund to meet the rising pension bill.

There was strong support for introducing workplace pensions and for the government to provide more information and incentives to help people to save for their old age.

The results of this consultation were published in May 2017 (see [R.51/2017](#): summary document and [R.52/2017](#): full report).

### **• Living Today, Thinking Ahead**

The second stage of the review, which started in September 2017, looked at the way the scheme protects working-age contributors and how their needs have changed in the last few decades. It focused on benefits that help to protect working-age people when –

- they start a family
- following a death.

2,675 members of the Public contributed to the *Living Today: Thinking Ahead* review, either through ‘Apptivism’, the online survey, or by attending a workshop.

The results demonstrate very positive support for retaining these contributory benefits.

- More than 8 out of 10 respondents wanted to keep the bereavement benefits (Survivor’s Allowance, Survivor’s Pension and Death Grant).
- More than 7 out of 10 respondents wanted to keep the parental benefits (Maternity Grant, Adoption Grant and Maternity Allowance).
- More than 8 out of 10 people were against means-testing these benefits.

There was clear support for the view that people should pay into the scheme for longer, before they can claim a contributory benefit. More than 7 out of 10 respondents agreed that people should have to pay contributions for a longer period before being able to claim a contributory benefit, with 5 years being the most popular option.

The 2017 survey also included 2 questions on increasing the generosity of benefits – providing a parental allowance for longer, and paying a higher value of death grant. In both cases, opinions were fairly evenly split between keeping the benefit as it is and providing a more generous benefit.

It was also accepted that employers and employees might have to pay more into the Fund to meet the costs of any extra benefits and the rising pension bill.

The consultation included 8 workshops, and a number of additional themes emerged from these discussions. Key ideas included –

- There was strong support for higher earners and employers to pay more contributions on higher wage levels.
- The eligibility rules for benefits are too complicated.
- New residents in Jersey face a confusing set of rules around accessing benefits and services after different periods. These should be simplified.

The responses to this consultation have been analysed by independent consultants and their full report is appended.

- **Work plan for 2018**

A number of workstreams are in progress for 2018.

### **Actuarial review**

In future, the regular actuarial review of the Social Security Fund will be aligned with the Medium Term Financial Planning (“MTFP”) cycle of the States Assembly, and a review will be completed on a 4-year cycle in the year before the next MTFP is agreed. To achieve this alignment, a review is being undertaken in 2018, based on the Fund as at 31st December 2017. This will be published towards the end of the year. The up-to-date analysis will then be available to help to evaluate the financial impact of various contribution/benefit options before States Members are asked to take any final decisions.

### **Incapacity (illness and disability)**

In 2017, work started on a review of the incapacity benefits provided through the Fund. This includes examining how working-age incapacity is assessed for both short-term and long-term conditions; and identifying what support (financial and non-financial) should be provided. This work will continue throughout 2018, and will also include a review of the support available to informal carers through the contributory system.

### **Deferred contributions for new business owners**

A review of the deferred rate contribution scheme available to a new business owner is underway.

### **Internal departmental review**

During 2018, a range of technical areas relating to current benefit and contribution rules will be reviewed.

### **Financial security in old age**

Following on from the 2016 consultation, in 2018 work will start on reviewing options for workplace pensions and other ways to help people make financial provision for their old age.

## **Living longer**

The themes of the 2016 BIC demography work group, and the challenges and opportunities posed by an ageing population, were explored in a cross-departmental workshop held towards the end of 2017. These themes will continue to be developed during 2018.

- **Looking ahead**

Completed and current work will be consolidated during 2018 to feed into the planning process used to develop the Strategic Plan of the new Council of Ministers. In particular, the “living longer” cross-departmental work will be fed into the long-term vision and strategic planning process to ensure that the full impact of these demographic changes is accounted for in future policy-making.

As part of the process to develop the next MTFP, we will evaluate a range of options for future benefit provision. The costs of each option will be estimated, and corresponding proposals will be put forward describing changes to contributions to meet the anticipated cost.

The proposals for contributions will include a review of the balance of contributions received from employees and employers, the earnings limits and percentage rates applied at different income levels, and the range of income to be included within the rules for liability. This review will be carefully co-ordinated with other possible income measures to be included in the next MTFP.

Agreed changes will be implemented from 2020 onwards.





# LIVING TODAY: THINKING AHEAD

## Living Today: Thinking Ahead Part 2

A REPORT BY CAG CONSULTANTS



# Reprt commissioned by the States of Jersey

A report by CAG Consultants

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# Executive summary

## Overview

This is the second part of a major review of the range of benefits and pensions that are provided through the Social Security Fund. The overall purpose of the review is to establish what the needs and priorities should be for the Social Security Fund over the next 30 years. People are expected to live much longer and healthier lives, and live and work very differently now than they did then. This report presents the results of part 2 of the review, which asked for the public's views on the following contributory benefits: protection and benefits around starting a family (parental benefits) and following a death (bereavement benefits).

This consultation set out to gain a better understanding of what people think about the protection and the contributory benefits the Social Security scheme currently provides; in particular, the parental and bereavement benefits mentioned above. The consultation broadly addressed the following questions:

- How much do people value them?
- How should they be improved and why?
- Should we reduce the range of benefits provided and if so which ones?
- Where should we increase benefits and how should we pay for any increases?

## How did we do this?

There were two main strands to our methodology, through which we engaged 1,437 people:

- An online survey distributed widely amongst the general public
- A series of focus groups engaging a mix of general public and key stakeholders

A total of 601 of these respondents also gave open comments on the range of benefits covered.

Social Security also engaged with an additional 1,238 members of the public with a shorter survey distributed via Facebook with Aaptivism. This report includes the results from that survey as well as the online survey.

## Parental Benefits – what you told us

### Should the Social Security Department (hereafter, SSD) continue to pay parental benefits?

- There was a strong support for maintaining parental benefits from the online and Facebook surveys.
- 73% of online survey respondents believe SSD should continue to pay the grant and 79% overall believe that they should continue to pay the allowance.

- The key reason for this is that respondents believe SSD should provide financial support for parents at this challenging time
- The grant specifically is seen as particularly useful for new families.

#### **How long should the parental allowance be paid for?**

- The current maternity allowance is paid for 18 weeks
- Overall, respondents were evenly balanced between paying the allowance for up to 18 weeks or paying it for more than 18 weeks.
- 42% were in favour of SSD increasing the time beyond the current 18 weeks in the online survey and 53% in the Facebook survey
- In the focus groups, there was clear support (unanimous in some groups) for increasing the length of time the allowance is paid
- The key reason for this was a view that mothers should be supported to stay at home with their children at this crucial time.

#### **How long do you think someone should pay contributions for before they can claim parental benefits ?**

- The current contribution requirement is 6 months before becoming entitled to a grant.
- The current contribution requirement is 15 months before becoming entitled to an allowance.
- 75% were in favour of SSD increasing the length of time someone should pay contributions for before becoming entitled to a grant.
- A similar proportion supported increasing the length of time someone should pay contributions for before becoming entitled to an allowance.
- In the focus groups, there was clear support for increasing the length of time contributions are paid for before entitlement to benefit.

#### **Who should get a parental grant and allowance?**

- Respondents were strongly in favour of the grant and allowance being available to anyone who has paid their contribution
- Only 12% in the online survey and 16% in the Facebook survey supported the suggestion that the allowance should only be available to people with a low income (means tested). The results were very similar for the online survey question about the grant.

#### **Do you think SSD should pay the same one-off grant for every child in a household?**

- In the online survey, the majority of respondents (60%) agreed that the one-off payment should be the same for every child in a household.
- However, almost one third (32%) said it should be reduced for subsequent children

## Survivor's Benefits – what you told us

### Should SSD continue to pay contributory survivor's benefits?

- 83% of survey respondents believe SSD should continue to pay contributory survivor's benefits.
- The key reason for this is that people should be supported at such a difficult time in their life.
- It was suggested that SSD should consider providing a funeral package in partnership with a funeral director(s).
- Of all the benefits, many believe cutting this would have little impact in terms of making savings.

### Who should get a survivor's benefit?

- 83% of survey respondents believe that survivor's benefits should be available to any survivor whose partner has paid contributions.
- Whilst many participants were uncomfortable with the idea of a survivor with significant wealth receiving these benefits, means testing was seen to be complex and inappropriate at such a difficult time in someone's life.

### How long should someone pay contributions in order for their partner to claim survivor's benefits?

- 29% of survey respondents believe that contributions should be paid for 10 years before a survivor's partner can claim the benefits, whilst 31% believed contributions should be paid for 5 years.
- Discussions in the focus groups agreed that the contributory period should be increased, but not as much as 10 years.

### Should SSD continue to pay a higher rate immediately after the bereavement and if so, how long for?

- 62% of survey respondents believe SSD should continue to pay a higher rate immediately after the bereavement.
- 69% of this group believe the higher rate should be paid for up to one year (as it is now).
- Discussions in the focus groups highlighted the fact that it is important to support people at such a time in their lives.
- Some participants identified a sense of injustice that the survivor's allowance is more than the maternity allowance, yet the birth of a child potentially causes just as much financial strain.

### Who should receive survivor's allowance?

- 84% of survey respondents believe that the survivor's allowance should be available to a survivor, whether or not they have dependent children (as it is now).
- 13% of respondents believe it should only be available to those with dependent children.

- This opinion was clear both in the survey and throughout the focus groups.

#### **How long should SSD pay survivor's benefits for if you have dependent children?**

- 50% of survey respondents believe that survivor's benefits should be paid until the youngest child leaves full-time education or reaches 25 (as it is now); whilst 30.8% believe it should be paid until the youngest child is 18.

#### **How long should SSD pay survivor's benefits for if you don't have dependent children?**

- 73% of survey respondents believe that survivor's benefits should be paid for up to one year if you do not have dependent children (as it is now).

#### **Where should SSD pay survivor's benefits?**

- 62% of survey respondents believe SSD should only pay survivor's benefits in Jersey.
- The focus groups revealed that this is actually a very complex matter, with several participants changing their opinion within the discussion, from Jersey only to other places in the world too.
- Multiple reasons for this complexity were offered, including:
  - personal circumstances dictating a move, and
  - the fact that people have made the contributions so should be able to claim the benefits

#### **Should survivor's benefits be paid to couples who are living together but not married?**

- Whilst this question was not asked in the survey, it was addressed in the focus groups, where a significant majority of participants expressed the opinion that the survivor's benefits should be available to non-married couples.
- Concerns were raised about this being abused, and it was felt that non-married couples should provide evidence of their relationship.
- It was also suggested that the payments should go to the next of kin, whether this be a partner or another member of the family.

#### **Should SSD continue to pay a contributory death grant?**

- 86% of survey respondents believe SSD should continue to pay the death grant.
- Again, reasons given focussed on the importance of this benefit at such a time in a survivor's life.

#### **Who should receive a death grant?**

- 88% of survey respondents believe it should be available in respect of a deceased person who has paid their contributions (as it is now).

### How long should someone pay contributions in order for a death grant to be available?

- The current contribution requirement is 1 year before becoming entitled to a grant.
- 74% were in favour of SSD increasing the length of time someone should pay contributions for before becoming entitled to a grant.
- The most popular option was 5 years with 33% of respondents choosing this option.
- In the focus groups, there was clear support for increasing the length of time contributions are paid for before entitlement to benefit.

## How should SSD pay for any increases to the benefits? What you told us.

### Increasing contributions or reducing other benefits

#### How do you think SSD should pay for any increase to parental benefits?

- 61% of survey respondents said they would be willing to accept reductions in other working age contributory benefits.
- 45% of survey respondents said they would be willing to pay more contributions.
- 36% of Facebook respondents said they would be willing to accept reductions in other working age contributory benefits.
- 25% of Facebook respondents said they would be willing to pay more contributions.
- 38% said they would be willing to do both.

#### How do you think SSD should pay for any increase to bereavement benefits?

- 61% of survey respondents said they would be willing to accept reductions in other working age contributory benefits.
- 43% of survey respondents said they would be willing to pay more contributions.
- The focus groups, whilst accepting that increasing contributions was an obvious solution, showed concern for the impact on many people.
- Key themes emerged from the focus groups, including:
  - Contributions should be banded according to earnings
  - High earners will never reap the benefits of increased contributions.
  - Earners just above the standard earnings limit will be hit the hardest.
  - The standard earnings limit should be removed.
  - Businesses should have a sliding scale

## **Increasing how long you should pay contributions before you can claim a benefit.**

- The majority of online respondents and focus group participants believe that the qualification time (the number of months or years of contribution record required before a claim can be made) should be increased.
- Most focus group participants agreed the qualification time should be increased to between 2 and 5 years, and that 10 years is too long.
- It is felt that the qualification time should be the same for all benefits.
- There is a concern that increasing the qualification time would put people off coming to the island.
- There is also a hope that increasing the qualification time will deter people from elsewhere claiming benefits.
- Many feel the benefits should be based on the amount of contributions, not the length of time.

## **Means testing**

- Paying benefits only to those on low incomes is called “means testing”.
- As noted above online and Facebook survey respondents were strongly against this. The majority of focus group participants were also against it.
- The main reason given for this was that means testing is not appropriate for a contributory scheme.
- In the focus groups, it was pointed out that the very wealthy do not need these benefits.
- However, it was also acknowledged that means testing would be difficult to apply.

## **Other suggestions for paying for benefit increases included:**

- Making savings elsewhere, such as general taxation or efficiencies.
- Stop abuse of the benefits system, in terms of fraudulent claims.
- Introduce an employer’s insurance scheme to cover the cost of wages.

## **Additional themes – what you told us**

Through our in-depth discussions with members of the public and key stakeholders, several themes emerged, including:

- The way eligibility for benefits is calculated need addressing, particularly for the parental benefits.
- Thinking of contributory benefits as an insurance scheme confuses some of the issues, and for some, it would be simpler to treat it as tax.
- People would like to see more consistency in qualifying periods in relation to the contributory benefits and other aspects of life in Jersey, such as housing qualifications and voting rights.

- People expressed concern that there was a significant level of abuse in the system, although the actual fraud rates are very low.
- The issue of immigration affects people's opinions on the issues raised in this consultation, and some people addressed the issues primarily in relation to immigrants rather than Jersey born residents too.
- There is a perceived skills shortage in Jersey, and some fear that changes to the benefit system will exacerbate this problem.

# 1 Introduction

## 1.1 Background

We are increasingly living longer and having longer retirements. Longer life brings with it new challenges about how we should financially plan for these extra years and what role individuals, businesses, other organisations and government should play.

The most recent actuarial review confirmed that the Social Security Fund is currently in good shape and there is no need to change the scheme for financial reasons before 2020. By undertaking this review, The Social Security Department (hereafter, SSD) is planning ahead and making sure that the scheme provides benefits that people value and will be sustainable for future generations.

This is a second part of a major review of the range of benefits and pensions that are provided through the Social Security Fund.

The overall purpose of the review is to establish what the needs and priorities should be for the Social Security scheme over the next 30 years. People are expected to live much longer and healthier lives, and to live and work very differently now than they did then.

In 2016, the first stage of the review (Living Longer: Thinking Ahead) undertook a public consultation providing an overview of the Social Security scheme. The consultation asked for the public's views on two main issues:

1. Living longer and income in retirement
2. The Social Security Scheme – particularly the “old age” pension

In particular, the first half asked for views and experiences of saving for retirement and the second half asked for views about the areas government should look at to rebalance the Social Security scheme in the future – whether through changing the contributions paid in, the State pension paid out and/or the other contributory benefits paid out.

The consultation paper from part 1 can be found [here](#).

This report presents the results of part 2 of the review, which asked for the public's views on the following contributory benefits: protection and benefits around starting a family (parental benefits) and following death (bereavement benefits).

### 1.1.1 Contributory benefits

The Social Security contributory scheme protects Jersey's citizens in a similar way to an insurance scheme. Individuals pay in contributions and receive contributory benefits at times when they might not be able to earn a living.

Contributory benefits are based on a maximum benefit rate of just over £200 a week; exactly how much money someone gets depends on:

- their contribution record
- the rules of each benefit

It is generally acknowledged that the scheme has worked well for many years, but it is recognised that Jersey is changing and, over the next 20 years, the number of pensioners will increase by 65%. This means much more money will be paid out in pensions. As a result, the current scheme needs to change. At the same time, we have seen significant changes in society since the 1970's when the current benefits were set up. This review aims to find out how contributory benefits in two specific areas should change to reflect the way we live now.

For full details of all the contributory benefits please see: [www.gov.je/Benefits/Pages/default.aspx](http://www.gov.je/Benefits/Pages/default.aspx)

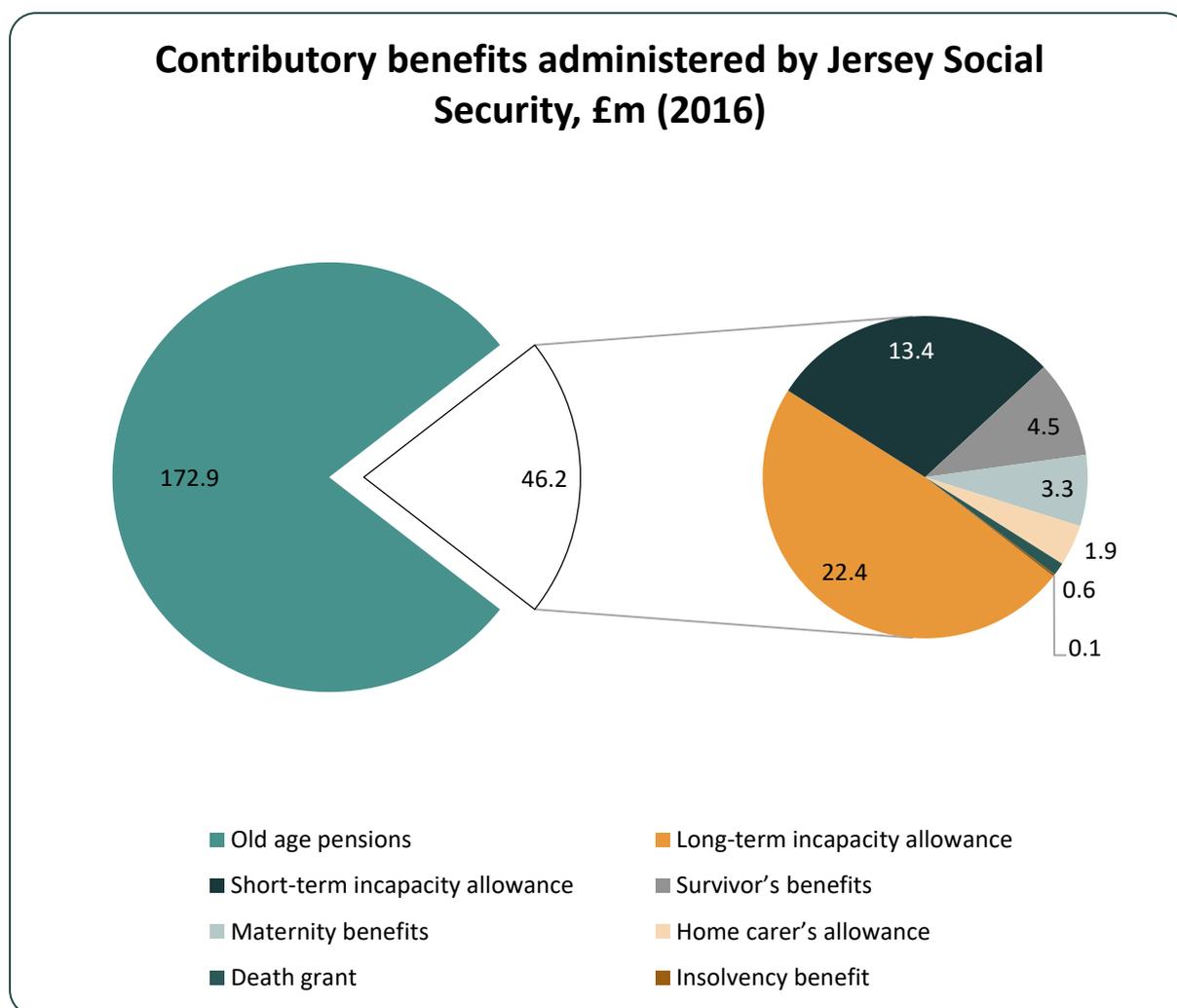
### 1.1.2 Current spending on contributory benefits

Table 1 presents a breakdown of the contributory benefits that are administered by the Department of Social Security and figure 1 demonstrates in a chart how the contributory benefits fund is split between different benefits.

**Table 1: Breakdown of current spending**

Benefits administered by the department	2016 spend £million	Supporting
Old age pensions	172.9	30,880 pensioners
Long-term incapacity allowance	22.4	4,654 claimants
Short-term incapacity allowance	13.4	497,749 sick days
Survivor's benefits	4.5	770 claimants
Maternity benefits	3.3	1056 parents
Home carer's allowance	1.9	180 carers
Death grant	0.6	806 grants
Insolvency benefit	0.1	37 claims
<b>Total</b>	<b>£219.1 million</b>	

Figure 1 Comparison of spending on different benefits



## 1.2 Need for the consultation

In the first part of the review in 2016, SSD looked at pensions and asked for views about the areas government should look at to rebalance the Social Security scheme in the future – whether through changing the contributions paid in, the State pension paid out and/or the other contributory benefits paid out.

From the responses to the first part of the consultation in 2016, SSD know the people of Jersey want to keep an old age pension which is paid to all pensioners, based on the number of years' contributions they have made. Over the next 20 years, the number of pensioners will increase by 65% so the scheme will need to change to meet this extra cost.

SSD has asked us to consider other aspects of contributory benefits, and explore further ways of addressing the changing lives of Jersey residents, and the changing demands on the contributory benefits scheme.

This consultation looks at the way the scheme protects citizens during their working lives and how these needs have changed in the last few decades. It focuses on Bereavement Benefits and Parental Benefits.

### 1.3 Objectives of the consultation

The overall Social Security Review is designed to ensure the long term social and financial sustainability of the Social Security Fund and its activities. This Review will help the government to meet States wide strategic objectives, such as to:

- Help people in Jersey achieve and maintain financial independence and safeguard the most vulnerable in our community.
- Promote health and social wellbeing for the whole community, providing prompt services for all and protecting the interests of the frail and the vulnerable.
- Increase the performance of the local economy, encourage economic diversification and improve job opportunities for local people.

This consultation sets out to gain a better understanding of what people think about the protection and the contributory benefits the Social Security scheme currently provides; in particular, the parental and bereavement benefits mentioned above. The consultation broadly addressed the following questions:

- How much do people value them?
- How should they be improved and why?
- Should we reduce the range of benefits provided and if so which ones?
- Where should we increase benefits and how should we pay for any increases?

In this second stage, the purpose of the consultation is to look in detail at the inclusion of parental benefits and bereavement benefits. In order to achieve this, the overall aims of the consultation were to ensure that stakeholders and residents:

- Have access to information about the review and the process of policy development;
- Can put forward their own ideas and feel confident that there is a process for considering ideas;
- Can comment on a range of options; and
- Get feedback and be informed about progress and outcomes.

In order to achieve the purpose and aims listed above, the consultation adopted the following engagement principles:

- Provided a range of different opportunities for engagement, including an online survey, social media and focus groups.
- Involved people of all ages.

- Made additional efforts to reach groups most likely to be affected by the benefits under review.
- Utilised comments from the first stage of the review as a basis for asking follow-up questions about the social security scheme and its benefits.
- Focussed on consulting and recording views through an online questionnaire, rather than a printed questionnaire (although one was available).
- Ran a series of workshops to explore in more detail the issues and the outcomes of the questionnaire.
- Sought views from those who have claimed maternity or bereavement benefits.

## 2 Methodology

### 2.1 Overview of methods

The approach to this review involved three main strands, which are set out in more detail below. The results of the Facebook survey, which was run by Apptivism, have been included in this report.



#### 2.1.1 Online survey

The online survey ran from 25<sup>th</sup> September to 18<sup>th</sup> December 2017 and attracted 1,361 responses.

The survey covered topics including:

- Background questions to understand who the respondents were (age, gender, employment status, marital status, length of time living in Jersey etc.)
- Views on parental benefits
- Views on bereavement benefits
- Views on how to pay for any increases to benefits

The survey was advertised via the following channels:

- Social media, including: Facebook, Twitter and LinkedIn
- Via Citizens Advice
- Via multiple charity organisations
- In Parish Halls and car parks
- On the States of Jersey website
- Through Changing States newsletter
- Via email to the SSD consultation register

### 2.1.1.1 Who participated in the online and Facebook survey?

The first 10 questions of the online survey asked respondents about their personal circumstances and history of claiming benefits. This enabled us to get a better understanding of who the respondents were.

1,361 people completed the online survey and 1,238 replied to questions on Facebook. The following section presents a series of charts which demonstrate the demographics of the online survey and Facebook respondents. These are summarised below in table 2. In the main, this shows a demographic similar to the whole of Jersey<sup>1</sup> apart from the fact that twice as many women as men responded.

**Table 2: Who the survey respondents were**

Characteristic	Percentage of respondents	
<b>Age (online survey respondents)</b>	<b>25-44:</b> 54.3%	<b>45-64:</b> 35.0%
	<b>Under 25:</b> 4.7%	<b>Over 65:</b> 5.6%
<b>Age (Facebook respondents)</b>	<b>26-45:</b> 59.3%	<b>46-65:</b> 28.1%
	<b>Under 25:</b> 9.8%	<b>Over 65:</b> 2.8%
<b>Gender</b>	<b>Female</b> 65.3%	<b>Male</b> 33.6%
	<i>(Facebook: Female</i> 68.1%)	<i>(Facebook: Male</i> 30.0%)
<b>Employment status</b>	<b>Employed</b> 78.4%	<b>Retired</b> 8.3%
		<b>Self-employed</b> 8.3%
<b>Relationship status</b>	<b>Married/in a civil partnership</b> 56.7%	<b>Living with a partner</b> 19.4%
		<b>Single</b> 15.6%
<b>Place of birth</b>	<b>Jersey</b> 57.2%	<b>Uk/other Channel Islands/Ireland/Isle of Man</b> 30.1%
<b>Length of residence</b>	<b>More than 10 years</b> 87.7%	<b>Between 5 and 10 years</b> 7.8%

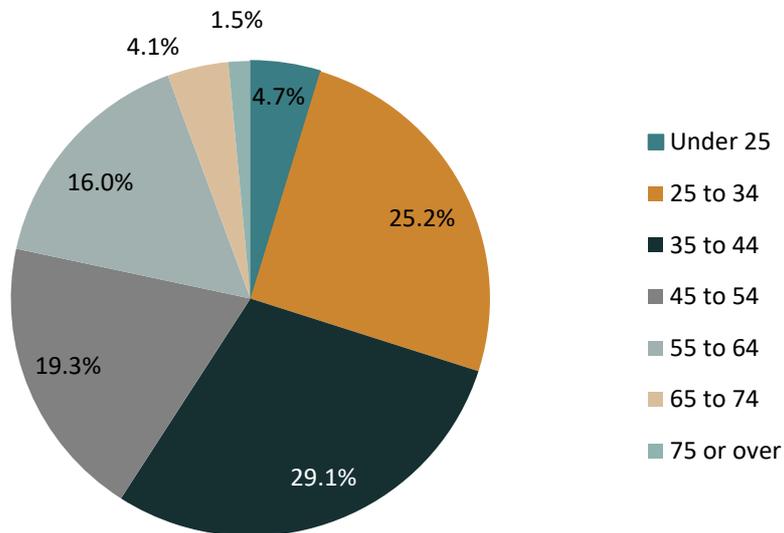
More details are given in the charts that follow.

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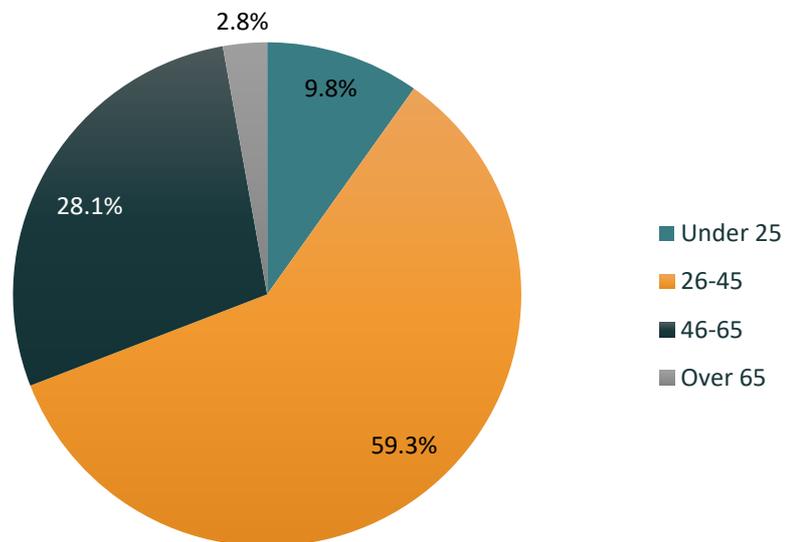
<sup>1</sup> Drawing on the 2011 Census

The two charts below show the ages of those who responded to the online survey and the Facebook survey. The percentages of those responding in the age brackets between 25 and 64 were all higher than the percentage of Jersey residents as a whole, as shown in the 2011 census.

### How old are you? (Online survey)

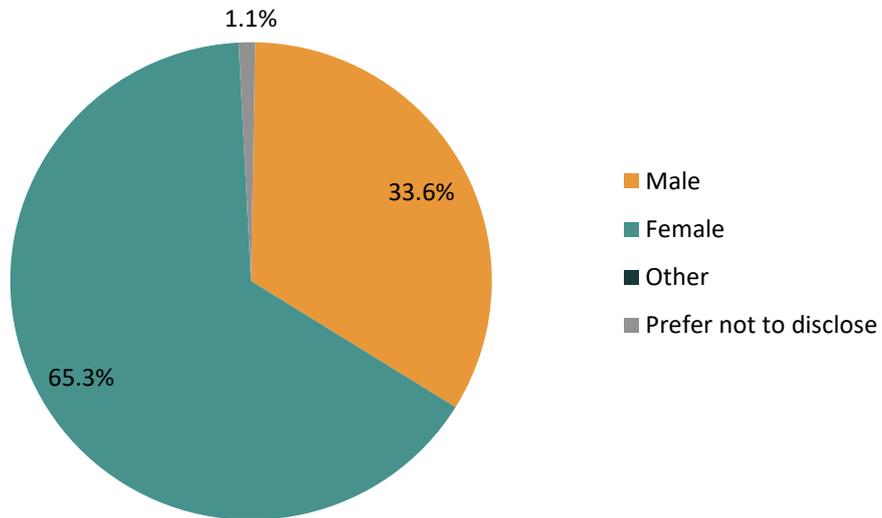


### How old are you? (Facebook)

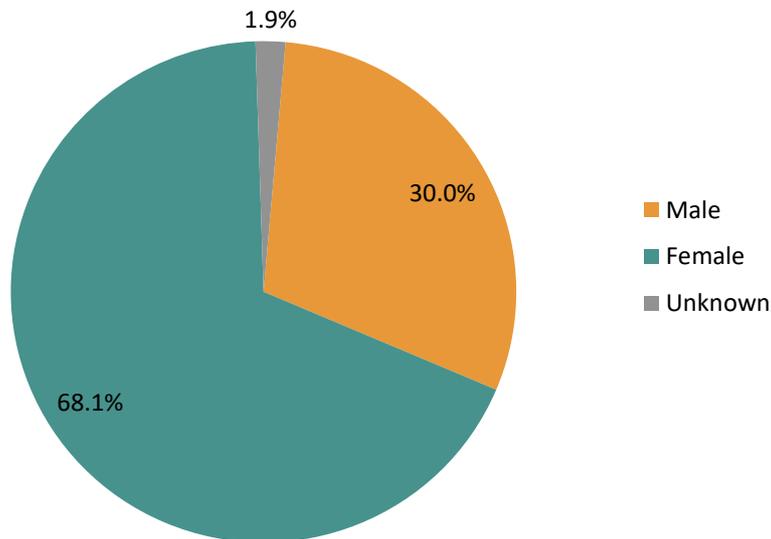


The two charts below show the gender of those responding to the online survey and the Facebook survey. This shows roughly that twice as many women as men responded in each case. In the 2011 census, 50.6% of residents were women.

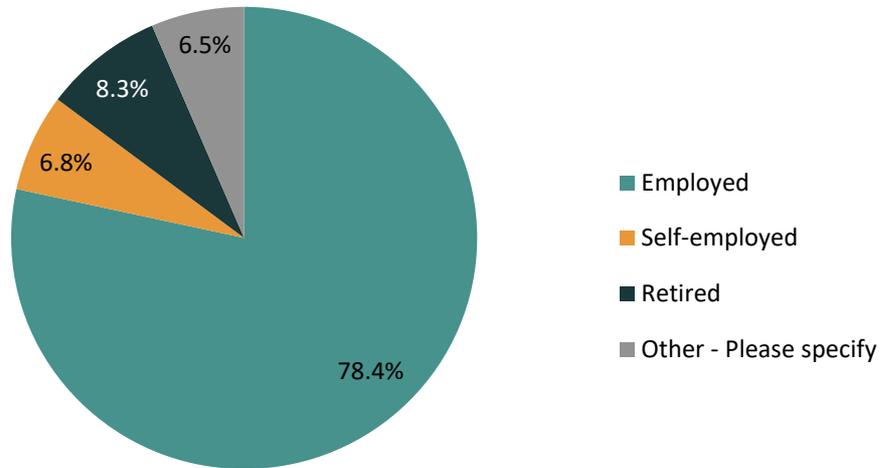
### How do you identify your gender? (Online survey)



### How do you identify your gender? (Facebook)

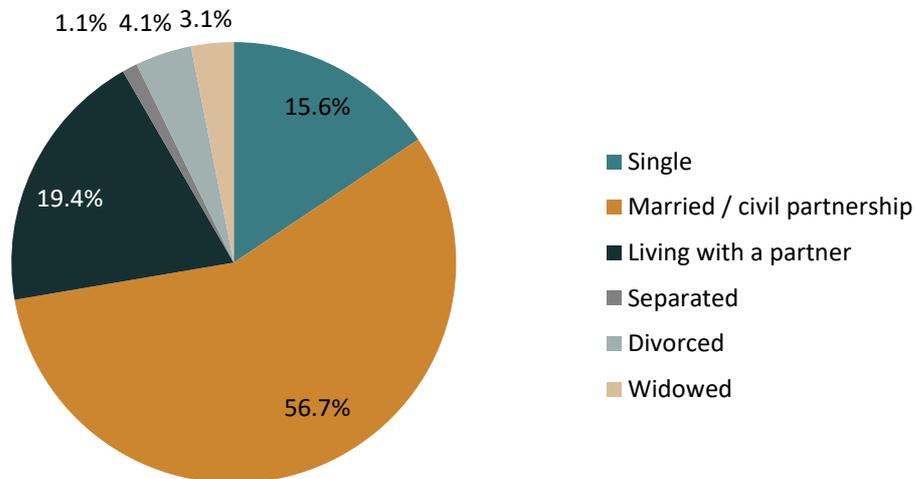


### What is your employment status?



The chart below shows the relationship status of those responding to the online survey. The percentage of respondents who were married or in a civil partnership was a little higher than the percentage in the population as a whole.<sup>2</sup>

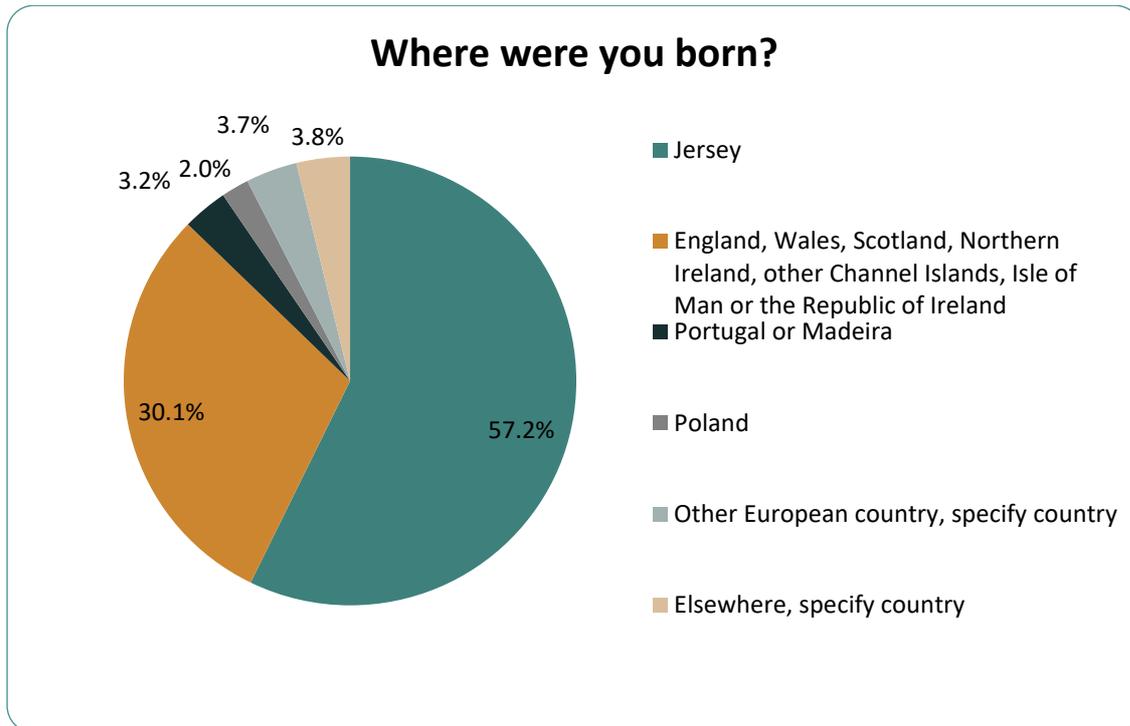
### What is your relationship status?



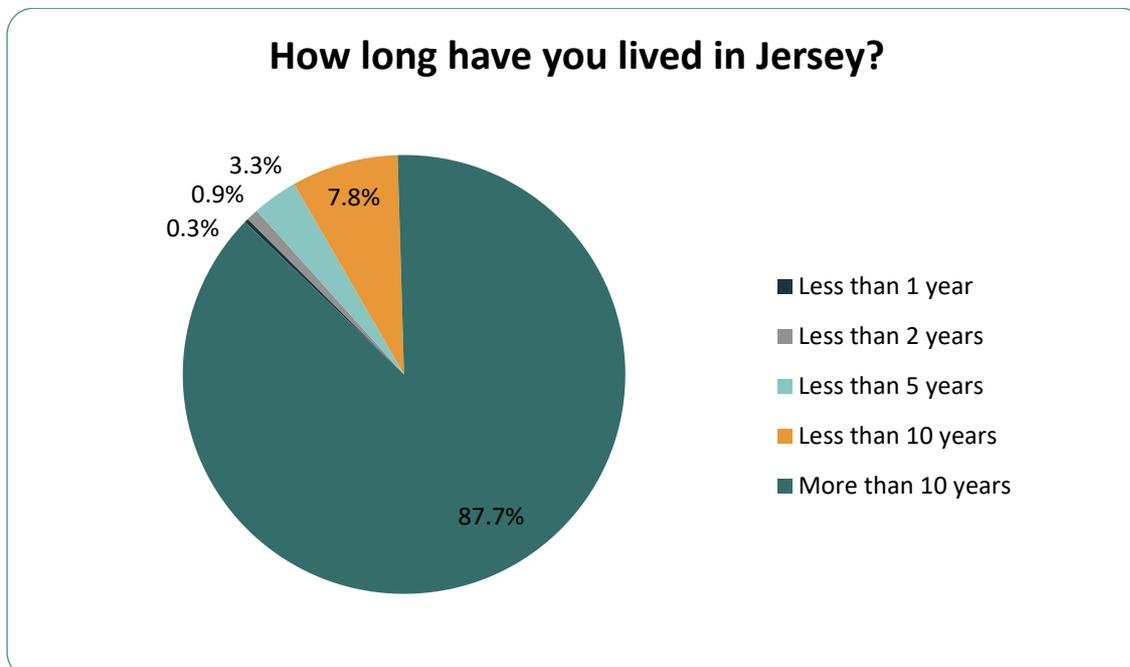
The chart below shows where those responding to the online survey were born. A slightly higher percentage of respondents were born in Jersey compared to the population; the 2011 census figures which show that 50% of residents were born in Jersey, 33% were born in the British Isles or the

<sup>2</sup> 48% of residents are married or remarried according to the 2011 Census

Republic of Ireland, 7% were born in Portugal or Madeira, 3% were born in Poland, 3% were born in another European country and 4% were born elsewhere.



The chart below shows how long those responding to the online survey had lived in Jersey. This shows that of the survey respondents 87.7% had lived in Jersey more than 10 years, compared to the census figure of approximately 71%.



### 2.1.2 Facebook

Social Security used Facebook to distribute a condensed version of the survey with an online Chatbot developed by Apptivism<sup>3</sup>. This focussed on parental benefits. This was an innovative method of gathering opinions from people who may not have engaged with a more traditional online survey. In particular, this was seen as a method of engaging with younger age groups and results showed that 69% of Facebook replies were from under 45's compared to 59% from the main online survey.

This survey ran from 29<sup>th</sup> September to 15<sup>th</sup> October and received 1,238 responses.

The survey covered the same topics regarding parental benefits that were in the online survey, including:

- Whether parental benefits should be continued;
- Who should receive parental benefits;
- How long should someone pay contributions before they can claim benefits; and
- How long should parental allowance be paid for.

In addition to this, a link was provided to the main online survey, whereby respondents could also respond to the questions on bereavement benefits. The results of the Facebook survey have been included in the main results section below.

### 2.1.3 Focus groups

We ran a total of 8 focus groups over 4 days, with workshops delivered in the morning, over lunchtime, in the afternoon and evening in order to make them as accessible as possible.

Two of the workshops were aimed at key stakeholders and invitations were sent to a broad range of organisations that would represent the issues. Of those invited, the following organisations were represented:

- Leeward Childcare;
- Brighter Futures;
- Standing Conference of Women's Organisations;
- Jersey Business;
- Citizens Advice Bureau;
- Child and Family Services;
- Childcare and Early Years' Service;
- Jersey Hospice; and
- Caritas Jersey.

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<sup>3</sup> <http://www.apptivism.org>

The remaining six workshops were open to the public and were advertised widely through the Social Security department, social media and other relevant networks. At each workshop, there were between 6 and 12 participants, covering a range of ages, ethnicities and personal circumstances.

The two workshops delivered over the lunchtime period were shorter and focussed on either parental benefits or bereavement benefits alone.

We used the focus groups as an opportunity to examine the questions and responses from the online survey in more detail and thus gain a better understanding of the reasoning behind the responses. The outcomes of the focus groups provide a more in-depth qualitative understanding of the issues surrounding the questions asked in the survey.

### 3 Report structure

The remainder of this report is structured as follows:

- **Sections 4 and 5** present the results of the online surveys and focus group questions and discussions, relating to parental benefits and bereavement benefits respectively, including:
  - If the benefits should be continued;
  - Who should receive the benefits;
  - How long should the benefits be paid for;
  - How long contributions should be paid in order to receive a benefit; and
  - How any increases in benefits might be paid for.
- **Section 6** examines ways in which we might pay for any increases to benefits.
- **Section 7** presents the additional themes that arose out of the consultation.

Please note, in order to avoid repetition, we have presented ways in which to pay for any increases as a separate section, as the data collected for this question was applicable to both benefits. Where participants have responded specifically regarding one of the benefits, we have included that response within the appropriate section. Where the response is applicable to both benefits, we have included the responses in section 6.

## 4 Parental benefits – results

The following section outlines the specific results relating to the parental benefits. The issue of how any proposed increases to benefits could be paid for is dealt with separately in section 6.

Current parental benefits are the maternity grant, adoption grant and maternity allowance.

At the moment, the amount paid is:

- A one-off maternity or adoption grant of £628.53
- Up to 18 weeks of maternity allowance worth £209.51 a week while the mother is off work.

The Minister has already given a commitment to make some changes so that contributory benefits are more in line with the needs of modern families. In particular, she has announced that contributory maternity benefits will become parental benefits which will be available to either parent including adoptive and surrogate parents. The details of these changes have not yet been agreed but respondents were asked to give their views on a range of options for parental benefits.

### 4.1 Should parental benefits be retained?

There was a strong support for maintaining parental benefits from the online and Facebook surveys. In these surveys, we asked whether the one off parental grant and parental allowance should continue to be paid<sup>4</sup>. The responses for both surveys are shown in the charts below. They show a significant majority in favour of retaining both benefits (73% for the grant and 76% for the allowance from the online survey, and 81% from the Facebook survey.)

These responses varied significantly with age:

- In the online survey, 85% of the respondents aged 25-34 thought the grant should be retained and this dropped for each tranche of the older respondents (for example to 61% for those aged 45-64).
- A similar picture is seen for the allowance, with 92% of the online survey respondents aged 25-34 thinking it should be retained, and this figure falling to approximately 60% for those aged 45-64.
- In the Facebook survey the figure also fell with age, with only 53% of those aged over 65 thinking the parental allowance should be retained.

The responses also vary according to whether the respondent had previously claimed a maternity benefit:

- Of those online respondents who had claimed a maternity benefit, 87% thought a grant should be retained, while 63% of those hadn't claimed thought it should be retained.

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<sup>4</sup> The Facebook survey only asked about the parental allowance

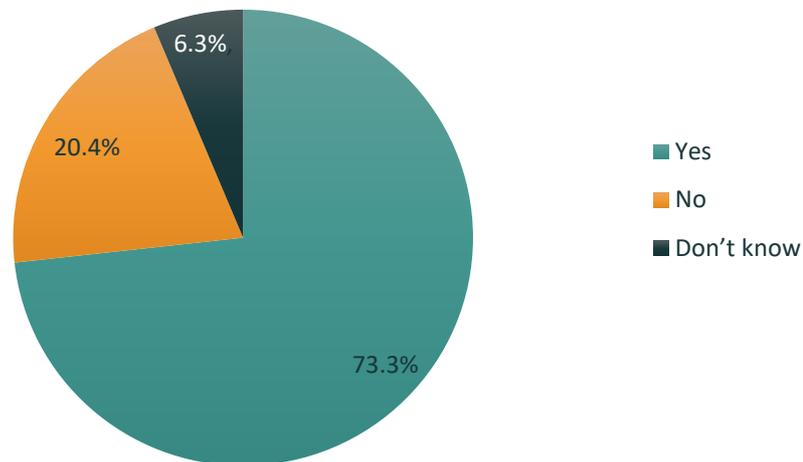
- The differences were similar regarding the allowance (88% versus 68%).

In the online survey, open comments section respondents referred to the importance of the benefits for them in a financially challenging time. Some commented that parenthood is a financial struggle even for relatively well paid parents.

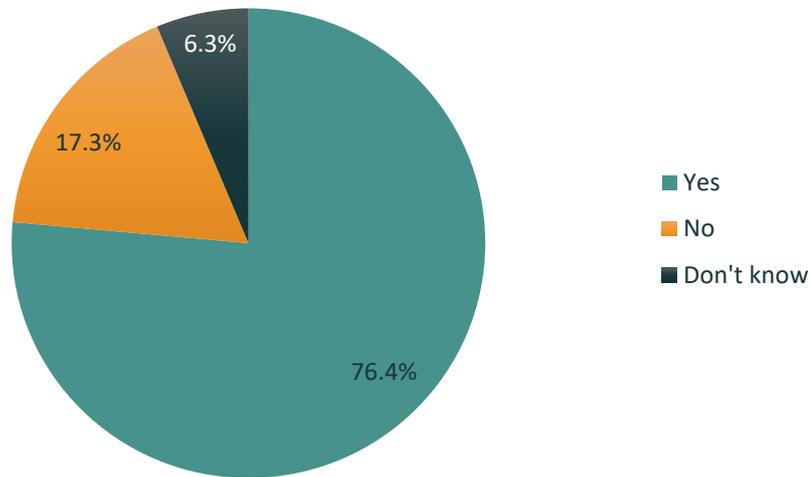
**“Please do not stop the maternity grant for middle income earners. The maternity grant made a big difference to us.”**

**“The maternity grant and weekly payments from social security really helped us to spend quality time with our baby.... Without this money, we could not have afforded to both be off work for those precious first weeks”**

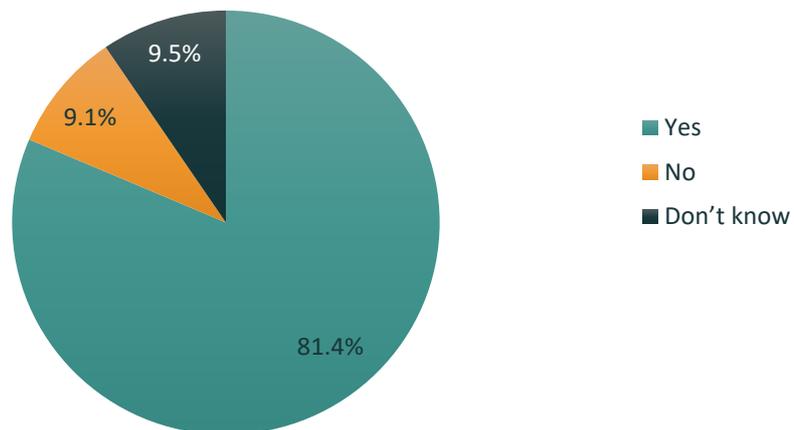
### Do you think we should continue to pay a contributory parental grant? (Online survey)



**Do you think we should continue to pay a contributory weekly parental allowance?  
(Online survey)**



**Do you think the scheme should continue to pay a weekly contributory parental allowance?  
(Facebook)**



A few points about this question were raised in the open comments section of the online survey:

- Several respondents said that benefits should not be payable to those who can't afford to have children without these benefits.
- A few people suggested that vouchers should be paid to low income families instead of a parental grant.

The focus groups discussions reflected the majority support for retaining the parental benefits, and significant support for increasing the length of time allowances are provided for. The overall themes were:

➤ **Financial support should be provided for parents at this challenging time**

In some of the discussions, participants spoke of the financial challenges in having children in Jersey where costs are high compared to other places. They also spoke of the need to encourage mothers to stay at home and care for young children. A number expressed the principle that “we should take care of those in need”. Parents attending the groups recounted their own stories of how the benefits had helped them.

**“We need to make it possible for people to bring up a family in Jersey when there are more advantageous places overseas”.**

**“A middle earner with one child can't afford another one”.**

➤ **The grant specifically is useful for new families**

While there was some disagreement in the focus groups about the need for a grant, and the actual cost of equipment for new babies (such as buggies) there was general support for maintaining it, especially for the first child. There was less support for retaining it for subsequent children and this is discussed below in 4.6.1.

**“The grant is really valued; it allows the parents to buy essential items”.**

➤ **Parenthood is not a lifestyle choice.**

While some participants viewed parenthood as a “lifestyle choice”, this was a minority view, rebutted by other participants, and most strongly by those who were parents of young children.

**“People should not start a family unless they can support themselves.”**

**“We do not have children because the grant/allowance is in place. However, it is an extra help particularly when families only have one income during this time.”**

➤ **There are some ways the system could be tightened up or made more flexible.**

There was minority support for tightening or abolishing the benefits. A number of participants commented that the States should be more vigilant to abuse of the system. Some also suggested that there should be more flexibility to deal with individual need, including reduced payments for people who will never claim parental benefits.

## 4.2 Links with maternity/parental leave

Many respondents in the open comments section of the online survey expressed the view that paid maternity/parental leave needs to be increased in Jersey. These comments did not relate specifically to the maternity allowance but were general comments about how Jersey's parental leave requirements should be brought in line with what's on offer in the UK.

In the focus groups, some participants also spoke of the lower levels of maternity leave and benefits given by employers in Jersey compared to other countries such as the UK and France.

This survey was run during a parallel consultation on Family Friendly Legislation review by the Employment Forum which was focussing on statutory benefits from Employers. As a result of that review, the following improvements to family friendly employment rights are being included in the recommendations for approval for full implementation in September 2019:

1. Paid parental leave of 6 weeks (paid by employer) for both parents
2. Unpaid parental **leave for both parents** up to 46 weeks
3. Time off for antenatal appointments for both parents
4. Extension of the right to request flexible working to all employees

In the online survey, some respondents objected to the rule that the allowance can be deducted from maternity pay received. The issue was also raised by some focus group participants who also felt that it was unfair.

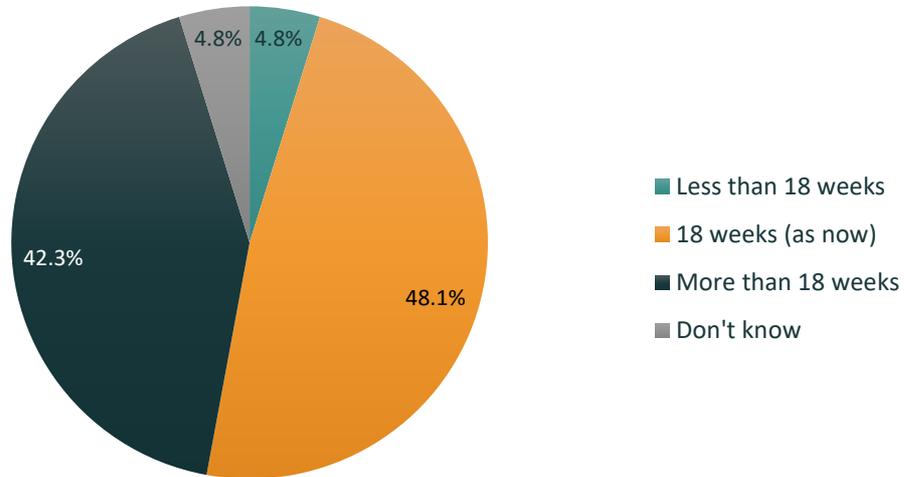
## 4.3 Length of time parental allowance is paid for

In both the online and Facebook surveys, there was a balanced view about increasing the length of time the allowance is paid (42% were in favour of increasing the time beyond the current 18 weeks in the online survey and 53% in the Facebook survey). Respondents were fairly evenly balanced between providing an allowance for up to 18 weeks and increasing it to more than 18 weeks. This is shown in the two charts below.

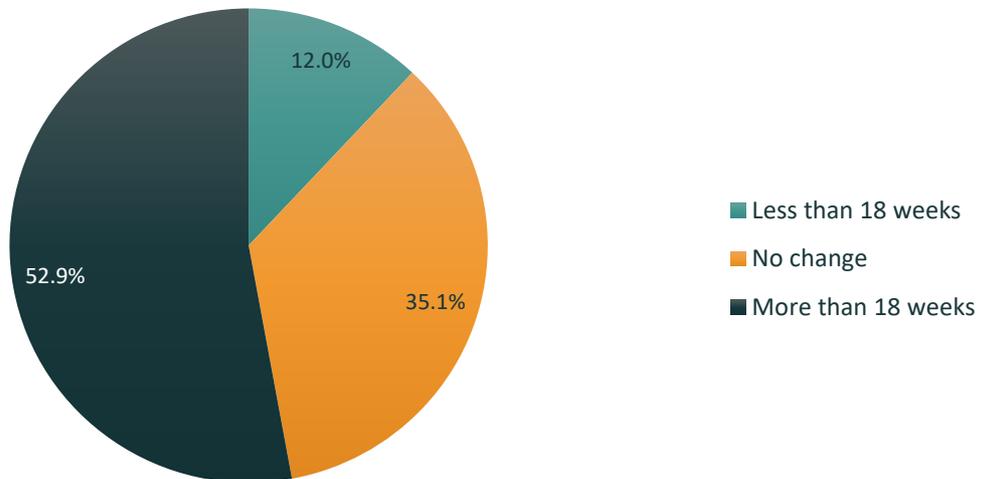
The survey responses varied significantly with age:

- Of the online respondents aged 25 to 34, 62% thought it should be more than 18 weeks
- For older respondents, this dropped, with only 17% of 45-54 year olds and 14% of 55-64 year olds thinking it should be extended.
- There was a similar picture with the Facebook respondents with support for extending the length of time lower amongst those older than 45.

### How long should we pay a weekly parental allowance for? (Online survey)



### How long should the weekly parental allowance be paid for? (Facebook)



In the focus groups, there was clear support (unanimous in some groups) for increasing the length of time the allowance is paid rather than the weekly amount.

A key theme was:

➤ **Mothers should be supported to stay at home with their children at this crucial time.**

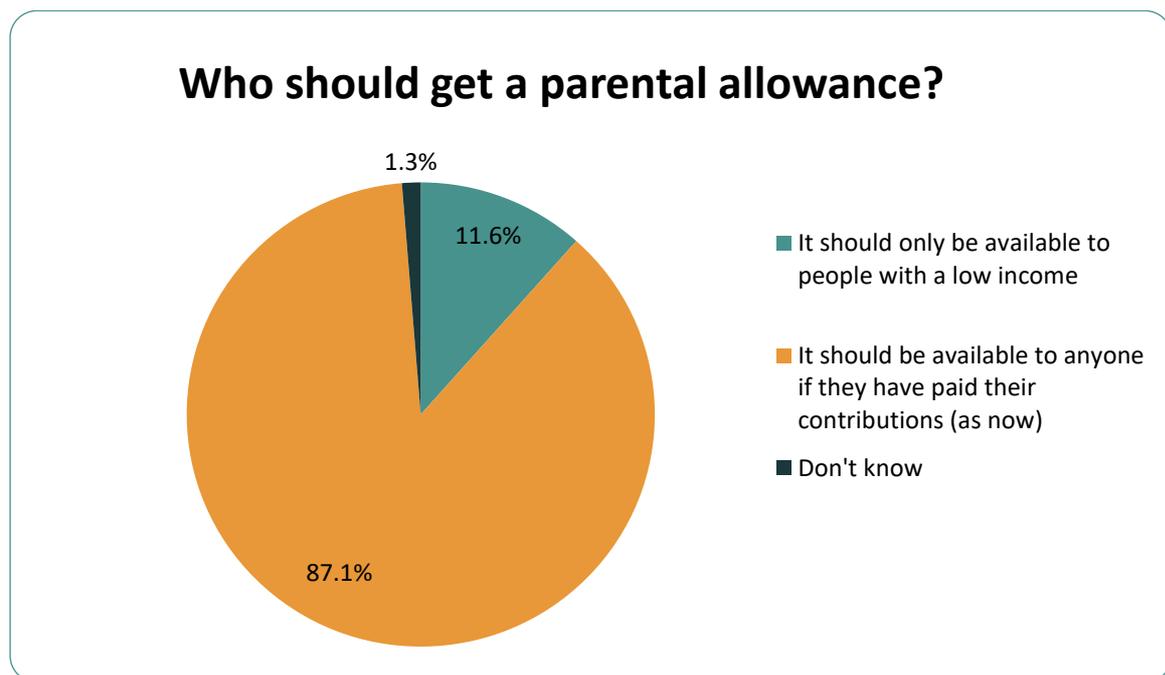
A lot of participants stressed the importance of time with their children.

**“It is more important to extend the length of time you can have with your child than to increase the amount of benefit receivable.”**

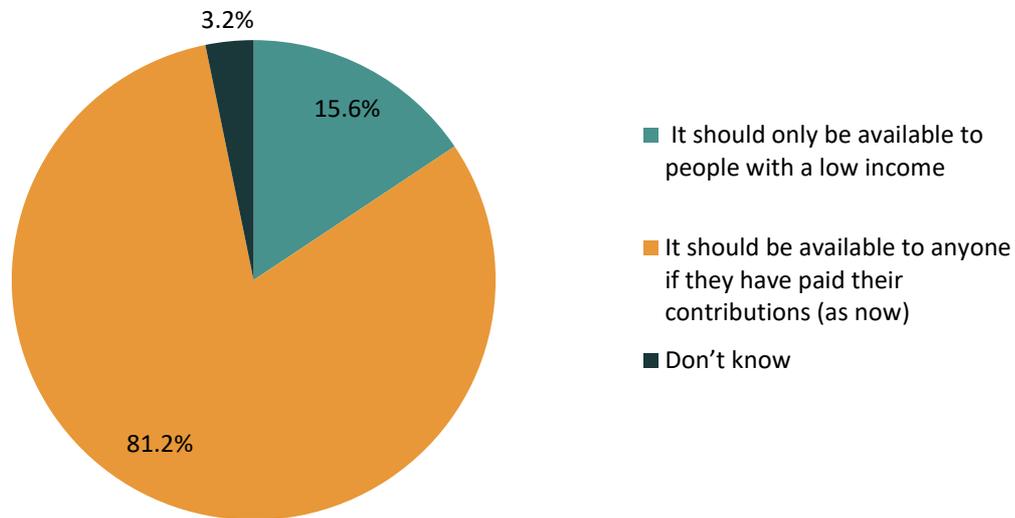
**“The timeframe is too short and we should focus more on the 1001 first critical days in a child’s life. This has proven to reduce future problems for children and would be a benefit to society in the long run.”**

#### 4.4 Who should get a parental allowance?

The online and Facebook survey asked who should get a parental allowance. The online survey also asked about the parental grant. Respondents were strongly in favour of the grant and allowance being available to anyone who has paid their contribution (for the allowance 87.1% in the online survey and 81.2% in the Facebook survey). Only 11.6% in the online survey and 15.6% in the Facebook survey supported the suggestion that the allowance should only be available to people with a low income (means tested). The results were very similar for the online survey question about the grant.



## Who should get a parental allowance? (Facebook)



A number of respondents commented in the open comments section on means testing in general. Means testing was also raised in all the focus group discussions. Key themes were:

- **These are contributory benefits, and as such means testing is not appropriate.**
- **The very wealthy don't need these benefits**
- **Means testing would be difficult to apply**
- **There could be hidden costs to means testing.**

These points are discussed in more detail in section 6.

### 4.5 How long should someone pay contributions before they can claim the parental grant and allowance?

Currently contributions must be paid for six months before the current maternity/adoption grant can be paid and 15 months before the maternity allowance can be paid. In the online survey, there was majority support for increasing this in both cases. In the Facebook survey, there was majority support for increasing the length of time before claiming the allowance<sup>5</sup>.

As shown in the pie charts below:

- For the **parental grant**, 32% think the time should be increased to 2 years, and 37% think it should be increased to 5 years

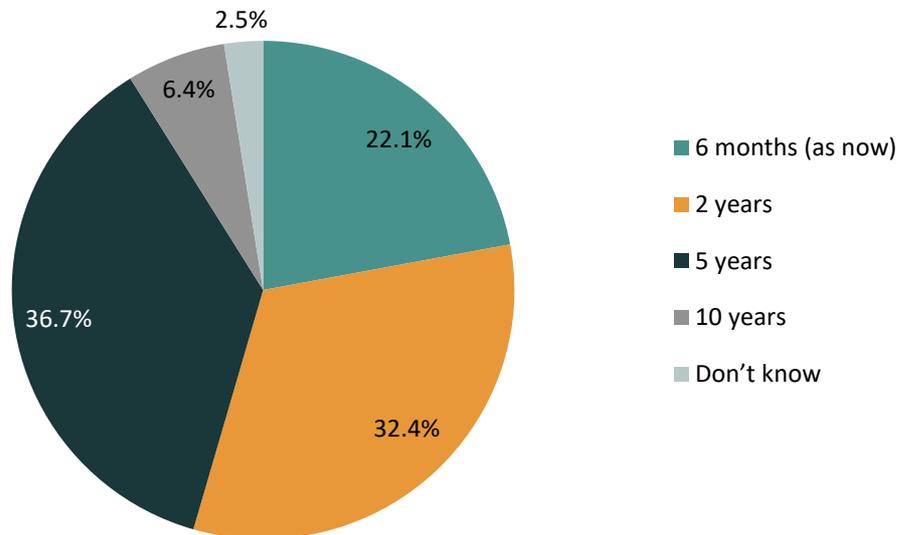
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<sup>5</sup> No question asked about the grant

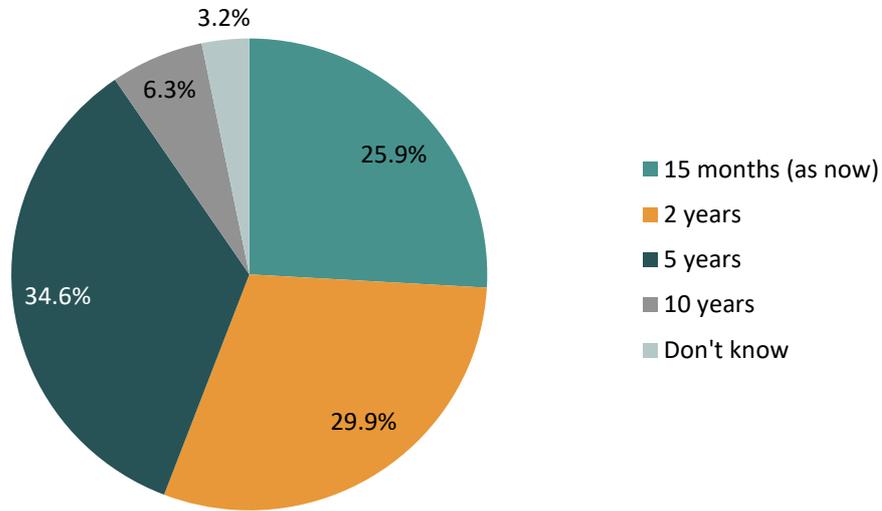
- For the **parental allowance**, from the **online survey**, 30% think the time should be increased to 2 years, and 35% think it should be increased to 5 years.
- For the **parental allowance** from the **Facebook survey**, 54% think the qualifying time should be increased. Of these, 34% think it should be increased to 2 years, 22% to 3 years, 40% to 5 years.

For the small number of respondents 65 and over, there a higher level of support for increasing the qualification time. For example, approximately 50% of the 65-74-year-old respondents think the qualification time for the grant and the allowance should be increased to 5 years.

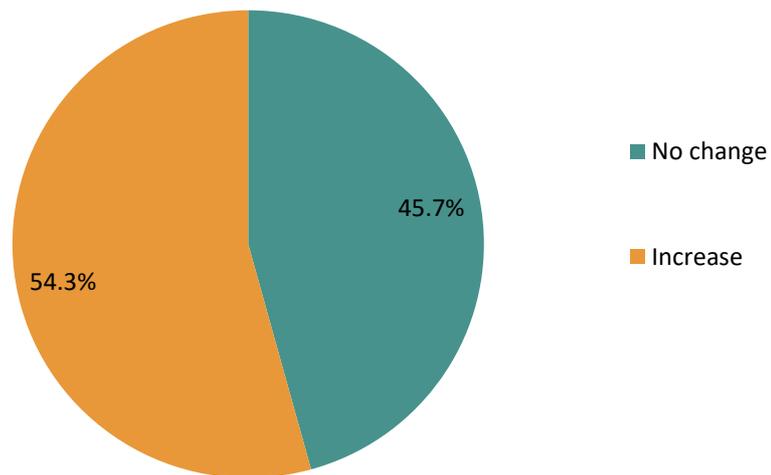
### How long do you think someone should pay contributions for before they can claim this grant?



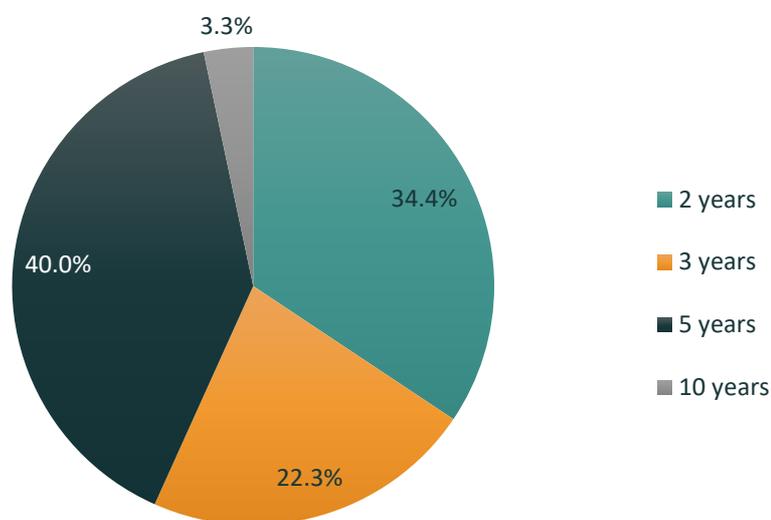
**How long do you think someone should pay contributions before they can claim this allowance? (Online survey)**



**How long do you think someone should pay contributions before they can claim this allowance (currently 15 months)? (Facebook)**



## How long should the contribution period be increased to? (Facebook)



The support for increasing the length of time is reflected in the open comments section of the survey. There was a view from some respondents that the existing requirements allow new residents to “milk the system.”

**“I can’t believe you give people who have only been on the island 6 months a baby grant; that is ridiculous and encouraging people on the island to get pregnant.”**

There was general support for increasing the length of contribution time in the focus groups. As reflected in the online survey, it was particularly felt that the six-month qualification period for the parental grant is too short. A particular reason for this concern was a view that new residents would receive this grant after having been in Jersey only a short time. However, it is worth noting that this change would affect young Jersey born parents also where they had not been working for long enough to pay appropriate contributions.

In most of the focus groups, the consensus was that the qualification period should be increased to between 3 and 5 years. Key themes were:

- **Extend the period of contributions**
- **The rules should be consistent across the board**
- **Increasing the contributory period could put people off coming here.**
- **Increasing the period would have more impact on parental benefits than bereavement benefits.**

These points are discussed in more detail in section 6.

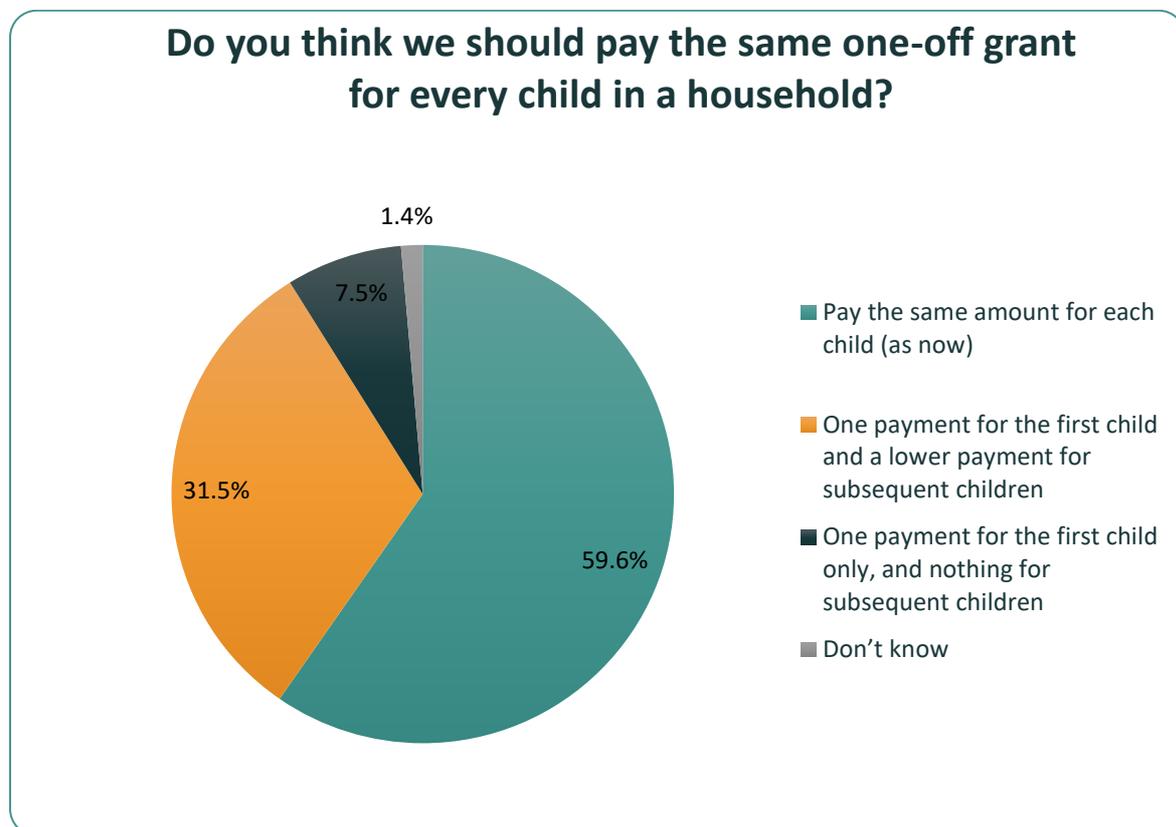
## 4.6 Other questions

### 4.6.1 Do you think we should pay the same one-off grant for every child in a household?

In the online and Facebook surveys, the majority of respondents (59.6%) agreed that the one-off payment should be the same for every child in a household. However, almost one third (31.5%) said it should be reduced for subsequent children.

Views on this issue varied significantly according to the age of online survey respondents:

- Of those aged 25-34, 79% of respondents thought the payment should be the same for each child.
- This support fell for each age group, for example to 45% for those aged 45-54 and 40% for those aged 55-64 thinking the grant should be the same for each child.



In the focus groups, there were differing views on this issue. It was understood that the intent of the grant is to pay for the initial costs of having a child such as the purchase of a cot and pushchair. Therefore, there was general support for maintaining the grant for the first child, but disagreement about whether it is needed for subsequent children.

#### ➤ Are needs for the grant less for subsequent children?

There was debate on whether the costs would be the same for subsequent children or not. One point made in most groups was that items could be re-used. Others noted that it is still useful to help with

the financial costs of parenthood. Some participants pointed out that the need depends on circumstances, for example length of time between children, and as with parental grants would need to address separate families.

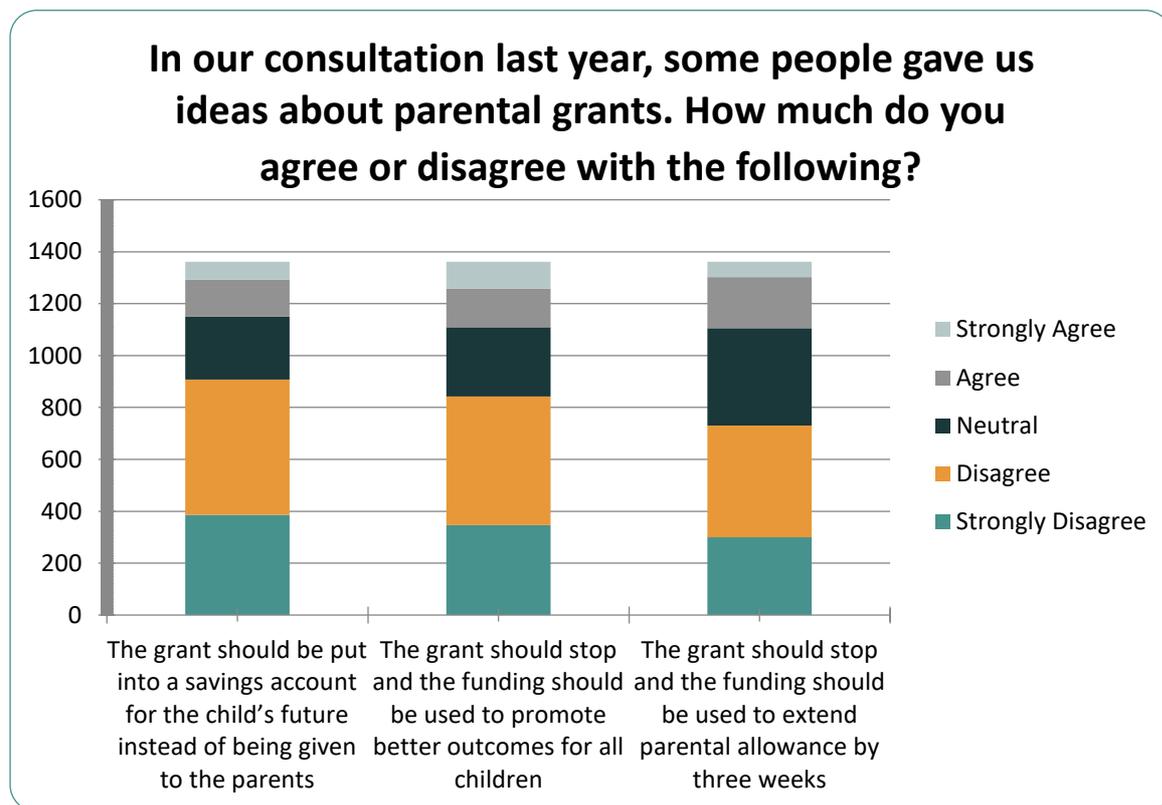
**“The money should only be paid for the first child only. The items you buy should be kept for subsequent children”.**

**“There may be less of a cost for subsequent children but there would still be a cost”.**

**“The grant should be the same for every child as Jersey is expensive and most people’s earnings have gone down or have not risen with inflation”.**

### 4.6.2 Other specific ideas about parental grants.

The online survey also asked questions about ideas on parental grants which were raised in the first part of the consultation in 2016. The results are shown in the table below. In summary, a majority of the respondents disagreed or strongly disagreed with each of the three suggestions.



## 5 Bereavement benefits – results

The following section outlines the specific results relating to bereavement benefits. As with the parental benefits, the issue of how any increases to the benefits could be paid for is dealt with separately in section 6

Current bereavement benefits include two **survivor's benefits** (the survivor's allowance and survivor's pension) and the **death grant**.

The amounts paid are as follows:

- **Survivor's allowance** is up to £251.44 per week for the first year (where either partner was under 65 at the time of the bereavement). This is 20% more than the standard rate of a contributory benefit.
- **Survivor's pension** is up to £209.51 per week and is paid after the survivor's allowance has ended, if the survivor is still bringing up a family, with dependents up to the age of 25 whilst in full time education.
- **Death grant** is a fixed sum of £838.04 to help towards funeral expenses.

The two survivor's benefits are based on the contribution record of the person who has died. How much you get depends on how long your partner paid contributions for. It doesn't depend on your income or savings.

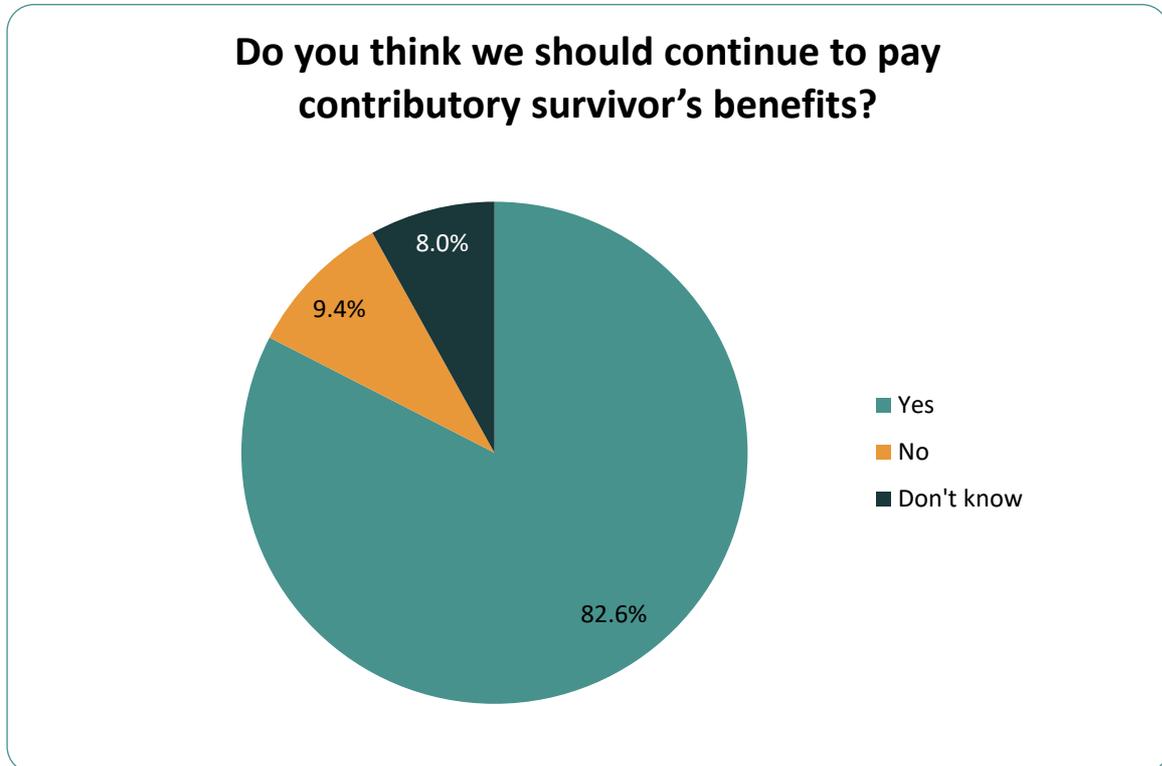
These benefits are only paid if the couple was married or in a civil partnership and can be paid anywhere in the world. Many couples are not married or in a civil partnership and so don't get this benefit. These benefits stop if you start living with a new partner.

Upon the death of someone, the funeral director will usually send the death certificate to SSD, with details of who the grant application should be sent to. SSD then sends out the Death Grant application form. This form needs to be completed and returned to the SSD within six months of the date of death.

We asked a number of questions about the bereavement benefits in the questionnaire, which were then explored in more detail in the focus groups. The following section presents the results of the questionnaire and the key themes that were raised and examined in the focus groups. The section is broken down according to the questions.

## 5.1 Should survivor's benefits be retained?

In the online survey, we asked whether the survivor's benefits should continue to be paid. The majority of respondents believe they should continue to be paid, with 82.6% in favour of retaining them.



There was some differentiation in the data depending on relationship status, with the biggest difference being between divorced respondents and widowed respondents. 93% of widowed respondents believed we should continue to pay contributory survivor's benefits, whilst only 67% of divorced respondents believed this.

In the open-ended comments, within the survey, a couple of respondents commented that death is not an option, in contrast to having a baby, so they felt that the death grant was more important than maternity allowances.

**“I think having a baby is a choice whereas death isn't so maternity payments should be paid to a lesser extent (particularly to those also receiving maternity pay from their employers as well) than the death benefits.”**

The focus group discussions largely reflected the survey responses, with significant support for retaining the survivor's benefits, exploring the key themes as follows:

➤ **The government should support its citizens at such a difficult time.**

Most of the participants believed that, of all the benefits, it would be most inappropriate to cut this one. At a time of such difficulty in one's life, this benefit provides support and avoids unnecessary and unwanted additional stress. Some saw it as a moral duty.

**“It is morally right to continue paying this to people who have paid in. It is often an unforeseeable tragedy and is needed during this time of adjustment”**

Participants agreed that at an already emotionally difficult and stressful time, it was appropriate that individuals should not endure additional stress. Furthermore, several participants said they did not know about the bereavement benefits and therefore would not know to apply for them.

➤ **Concern regarding the role of the funeral director.**

There was some scepticism about the funeral director's role in the process. The funeral directors notify the States of Jersey of a death. Some participants felt that funeral directors were, therefore, in a position to set their prices according to how much is paid in benefits. The cost of a funeral was discussed in the workshop, at the request of the participants, with the average cost being given as £4,000 and the cost of a basic funeral as £3,000. Subsequently, there were concerns that the grant is not enough to cover even a basic funeral.

**“It is not enough money to help people as funeral directors know what is offered and set their prices accordingly.”**

➤ **The States of Jersey should work with the funeral directors to offer a 'death package'.**

Some participants suggested a way around this could be for the funeral directors to work in partnership with the States of Jersey to provide a package that would provide enough benefits to cover the cost of a basic funeral. It was also suggested that there could be some flexibility as to how much was paid in, in order for some to have 'extras' if they wished.

**“The States should negotiate with funeral directors to provide a death package system that people can pay into and add things on if they wished.”**

➤ **People should prepare themselves better for death.**

A minority of participants believed that, given the inevitability of death, people should be better prepared for it, and suggested paying in to a private scheme to save for the costs of a funeral, if there were concerns about their survivors bearing the costs.

**“The survivor's benefits should not be paid; death is a certainty in life which people should plan for.”**

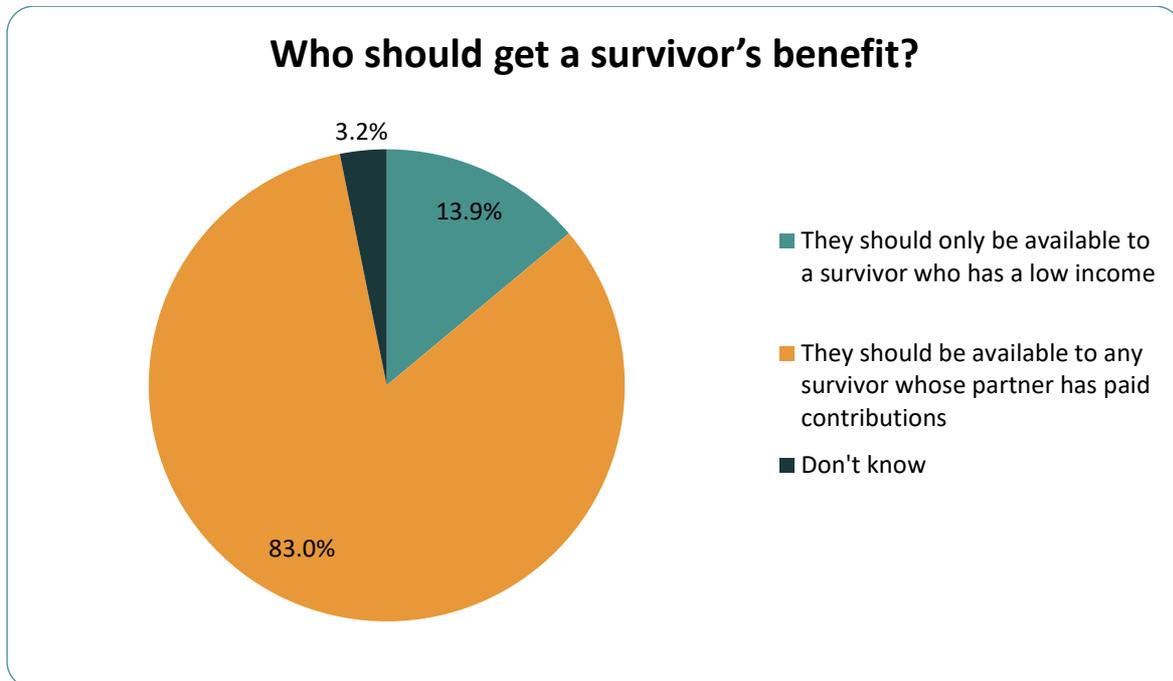
➤ **Cutting this benefit would have little impact.**

Several participants pointed out that, of all the benefits, this one is relatively small, and so any savings made would have little impact on the contributory benefits scheme. They believed therefore, that attention should be paid elsewhere to other benefits, that cost the department more money.

**“Savings on this would be miniscule in the grand scheme of things.”**

## 5.2 Who should get survivor's benefits?

The online survey asked who should get a survivor's benefit; with participants given three options, as shown below.



A clear majority supported the option to maintain the current system, whereby they are available to any survivor whose partner has paid their contributions.

The percentage dropped slightly depending on relationship status, with 73% of single people believing this and 70% of divorcees.

A few points were raised relating to this question in the open-ended comments, with only a few in favour of means testing.

**“I feel that this should be on a means tested basis, considering the lifestyle the surviving family were living and the amount of life insurance left.”**

**“The people that can afford a funeral should not receive a grant as they will in most cases be having a funeral that costs more than £800.”**

The majority of respondents said it shouldn't be means tested or should only be paid to those who had contributed.

**“I strongly object to the Death Grant only being income assessed I think everyone should be entitled if they have contributed to the system on whatever their income is.”**

One respondent suggested a sliding scale based on number of years of contributions.

**“Why don't you pro rata based on contributions i.e. survivors' allowance 40 years paid = full payment, 20 years paid 50% etc. There should be more sliding scale payments linked to years paid in.”**

The focus groups revealed a noticeable difference of opinion between participants, broadly split between those that believed everyone should get the survivor's benefits, assuming they have paid their contributions, and those who believed a lot of people who receive survivor's benefits do not need them, which inevitably led to discussions about means testing.

Naturally, this is an emotive subject, and some of the groups did include either survivors themselves or friends of survivors, all of whom had a relevant story to tell, and weight behind their argument. These stories ranged from descriptions of those who would not have been able to support themselves without the benefits, to those who had very healthy incomes to whom the benefit would make little or no difference to the recipient.

Means testing was discussed at length in the focus groups. However, most of the discussions applied to both parental and bereavement benefits, and this information is presented in section 0. The following points about means testing were made specifically in relation to the survivor's benefits:

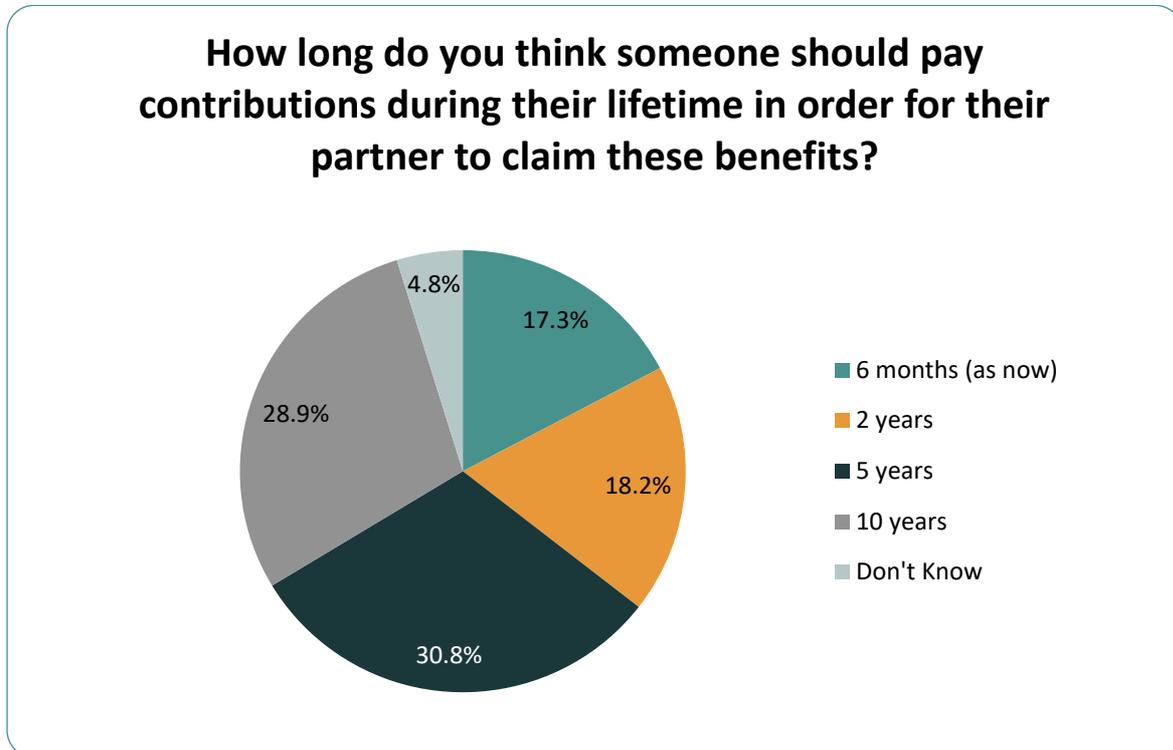
➤ **People who don't need the money shouldn't receive these benefits.**

Participants shared stories of wealthy survivors claiming bereavement benefits when they did not need the money. They felt it was wrong to claim benefits when financially stable.

➤ **Means testing would be inappropriate at such a time.**

Many participants were uncomfortable with the notion of means testing at such a time. Of all the benefits, they felt the bereavement benefits would be least appropriate to apply means testing to. They felt it unfair to expect a survivor to go through such a process at such a difficult time in their life.

### 5.3 How long should someone pay contributions in order for their partner to claim survivor's benefits?



Currently, the bereaved must have paid their contributions for 6 months in order for their surviving partner to receive the survivor's benefits. The online survey demonstrated broad support for an increase to this period of time, with the majority of responses fairly evenly split between 5 years (30.8%) and 10 years (28.9%) of contributory benefits before a claim can be made. 17.3% of respondents believed it should stay the same as it is now (6 months).

There was some differentiation in this as follows:

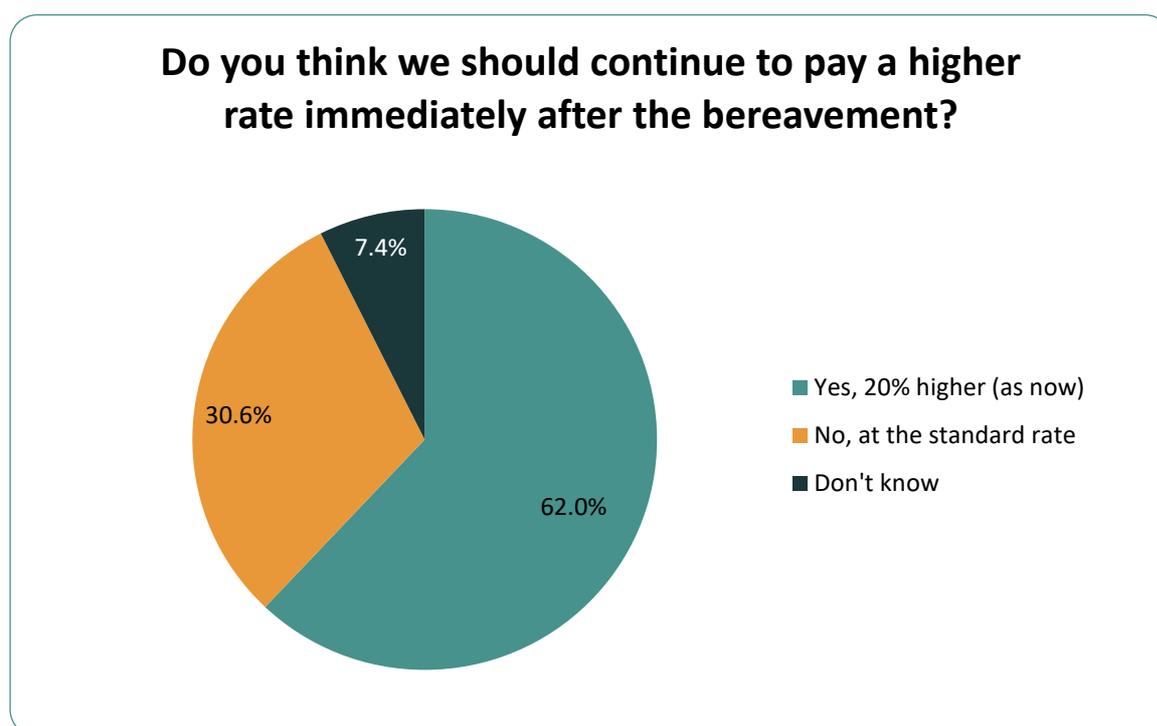
- 8% of widowed respondents thought it should be increased to 2 years;
- 42% of separated respondents thought it should be increased to 5 years; and
- 44 % of widowed respondents thought it should be increased to 10 years.

Below are the key points that were raised in this discussion. They are discussed in more detail in section 6 where we consider how to pay for any increases to benefits, with extending the period of contributions being one option.

- **Extend the minimum period of contributions**
- **The rules should be consistent across the board**
- **Increasing the contributory period will put people off coming here**
- **The benefits should be based on amount of contributions not length**

## 5.4 Should we continue to pay a higher rate immediately after the bereavement and if so, how long for?

Currently, survivors are paid a higher rate of survivor's benefit immediately after bereavement, for the first year, where either partner was under the age of 65 at the time of death. The online survey asked whether a higher rate of benefits should continue to be paid immediately after the bereavement, to which 62% of respondents believed we should and 30.6% of respondents believed it should be paid at the standard rate (£209.51).

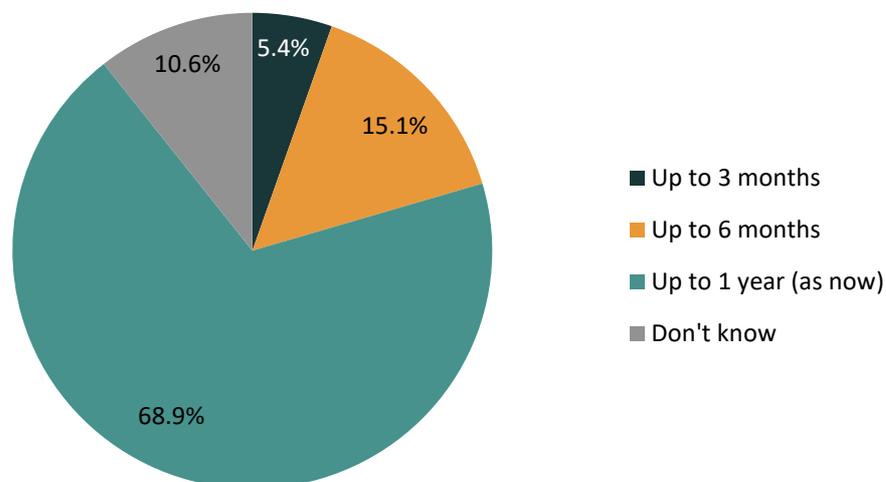


A clear majority expressed a desire to retain the higher payment. Similarly, when the online survey went on to ask how long the higher payment should be paid for, respondents clearly expressed a desire to keep it as it is, being paid for a up to a year.

In the comments section, a few respondents stated how crucial the death grant and raised survivor benefit is.

**“The death grant and raised survivor benefit is a life saver... As a widow at 49 I had a 17-year-old to look after. I would have found it very difficult especially in that first year to financially survive without that survivor’s allowance.”**

## How long should this higher rate be paid for?



When asked how long this higher rate should be paid for, whilst a majority of respondents believed it should be paid for up to a year (as it is currently), there was some differentiation depending on relationship status as follows:

- 56% of separated respondents thought it should be paid for up to a year.
- 46% of divorced respondents thought it should be paid for up to a year.
- 83% of widowed respondents thought it should be paid for up to a year.

It should be noted that these figures relate to a small number of responses as there were only 9 separated respondents, 28 divorced respondents and 24 widowed respondents.

Many of the discussions in the focus groups around these questions reflected the themes outlined in sections 4.1 and 4.2, which examined whether we should continue to pay survivor's benefits and who should receive them.

➤ **It is important to support the survivor at such a difficult time.**

Again, participants recognised this as a particularly difficult time for survivors, and believed the higher rate should stay in place in order to support survivors.

**“This helps people during those initial stages in what is a very difficult time.”**

➤ **A year is an appropriate amount of time.**

Participants believed a year was an appropriate amount of time for the survivor to 'get back on their feet' and re-build their lives without their partner.

**“A year is about right, after 12 months you are in a better place to assess and prepare your finances.”**

➤ **Should it be means tested?**

Again, the question of means testing was raised, with participants sharing stories of survivors on healthy incomes and claiming the benefit. However, other participants stressed that they have still potentially lost a substantial proportion of their shared income, yet have the same outgoings to cover.

**“This is unfair, a person can be earning a lot but still paying a mortgage, and having lost another income it is a difficult period.”**

➤ **Reducing it would make little difference.**

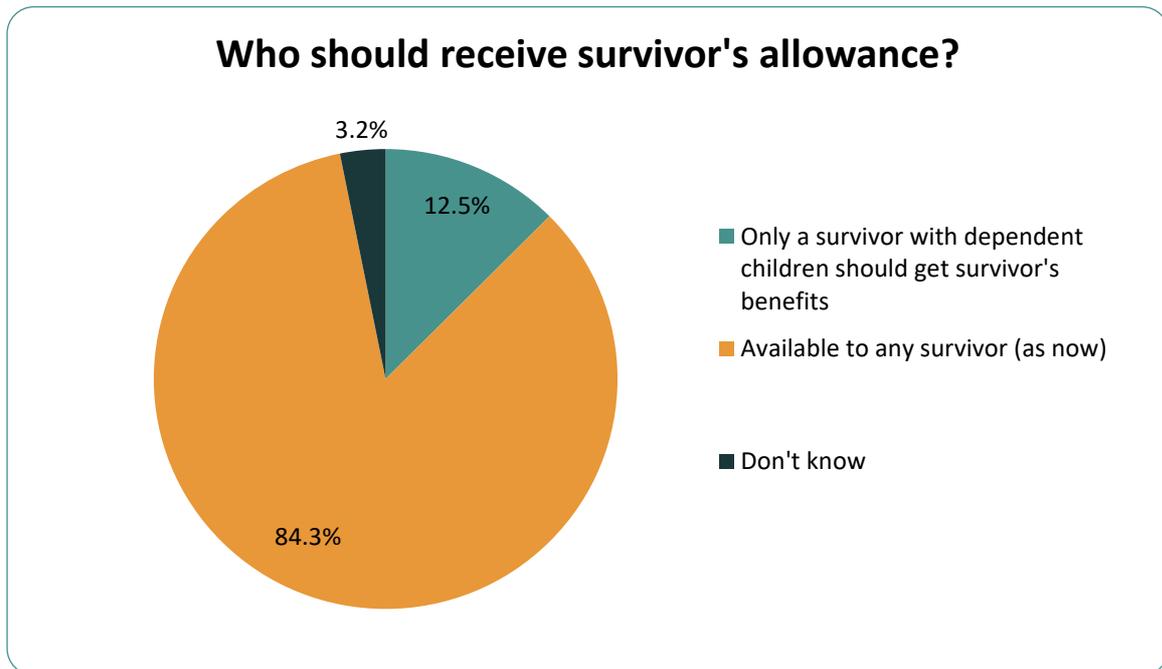
Participants pointed out that, of all the benefits, the survivor’s benefit is not particularly large, and any reduction in it would have little impact on the overall budget.

➤ **It is not fair that this is more than the maternity allowance.**

Again, some participants expressed discomfort with the perceived unfairness in the system, whereby if a survivor is under 65 they receive a higher rate (of survivor’s allowance) for a longer time than a new parent, at what they believed to be an equally significant (and potentially costly) time in their lives. Participants felt that either the survivor’s benefit should be reduced to fall in line with the other benefits or maternity allowance should be increased in line with the survivor’s benefit.

**“The increase is disproportionate to what is offered in the maternity allowance.”**

## 5.6 Who should receive survivor's allowance?

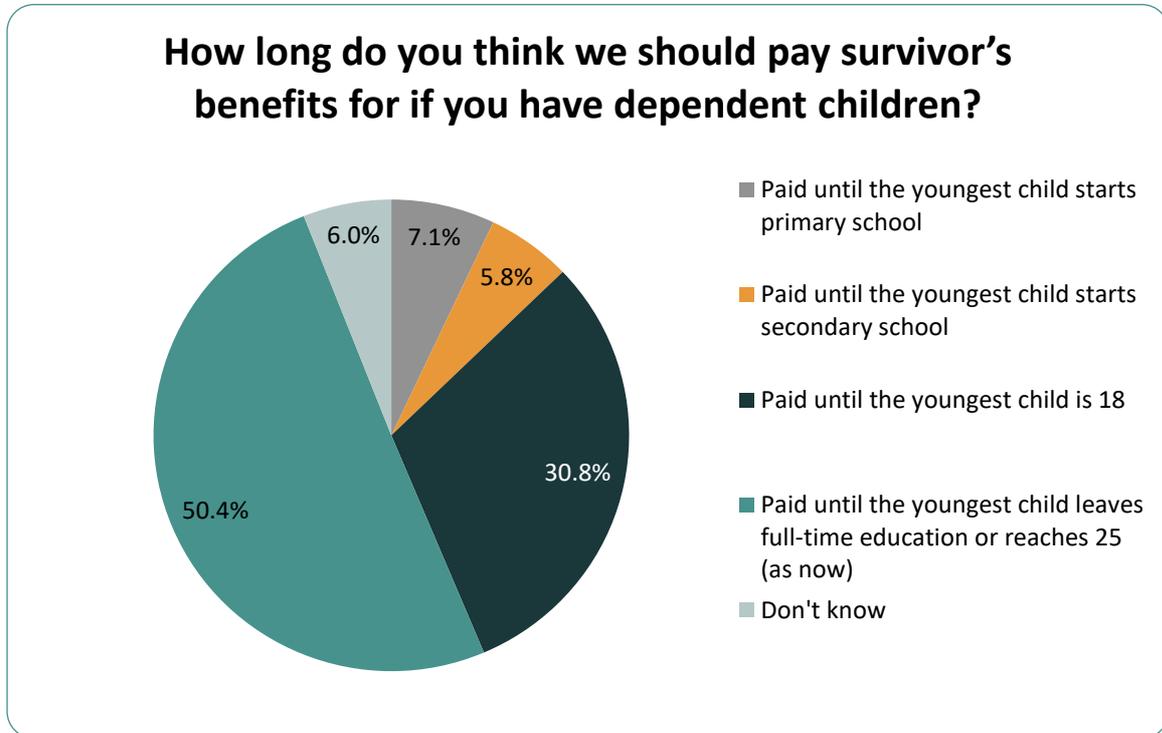


The survey demonstrated a strong majority in favour of keeping the survivor's allowance as it is currently, available to all regardless of whether they have dependents.

The focus groups supported this opinion, with relatively little discussion as virtually all participants believed that the survivor's allowance should remain as it is now in relation to this.

## 5.7 How long should we pay survivor's benefits for?

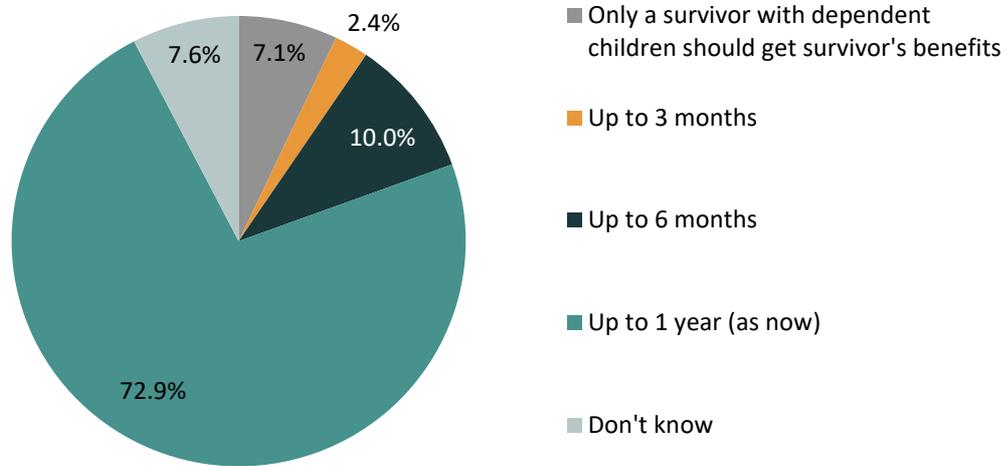
The online survey asked how long we should pay survivor's benefits for, both if you do have dependants and if you don't have dependants.



When asked how long a survivor with dependants should be paid benefits for, approximately half of the survey respondents believed that survivor's benefits should be paid until the youngest child leaves full-time education or reaches 25 (as it is now), whilst 30.8% believed it should be paid until the youngest child turns 18.

When asked how long survivor's benefits should be paid if the survivor does not have dependent children, the majority of respondents believed it should be paid for up to one year, as it is now.

## How long do you think we should pay survivor's benefits for if you don't have dependent children?



There was a clear majority in favour of continuing to pay survivor's benefits for up to a year with broad support for this regardless of age, as follows:

- 61% of those aged under 25 believed it should be paid for up to 1 year
- 58 % of those aged 75 or over believed it should be paid for up to 1 year.

In the comments section, one respondent felt that the death grant should only be paid for those with children in education or younger. However, another felt that it was unfair to restrict it to those with children.

**“I think it's wrong you only get a survival grant for a year unless you have children. I've watched a family member struggle to get their life back on track after losing their husband and having to struggle for money as they found it hard to work because of depression almost lost their jobs because of sickness as had to try and go to work. The grant should be more than a year if you have no kids or until you have your life back on track.”**

Again, the focus group discussions around these questions reflected much of the previous discussions, and was largely based around means testing and whether you should even get this benefit if you don't have dependents, with a mix of opinions, around the following three themes:

➤ **The survivor's pension should be means tested if you don't have dependants.**

Again, this was based on survivors on large incomes, however, it was recognised that this would be very difficult to administer at such a time.

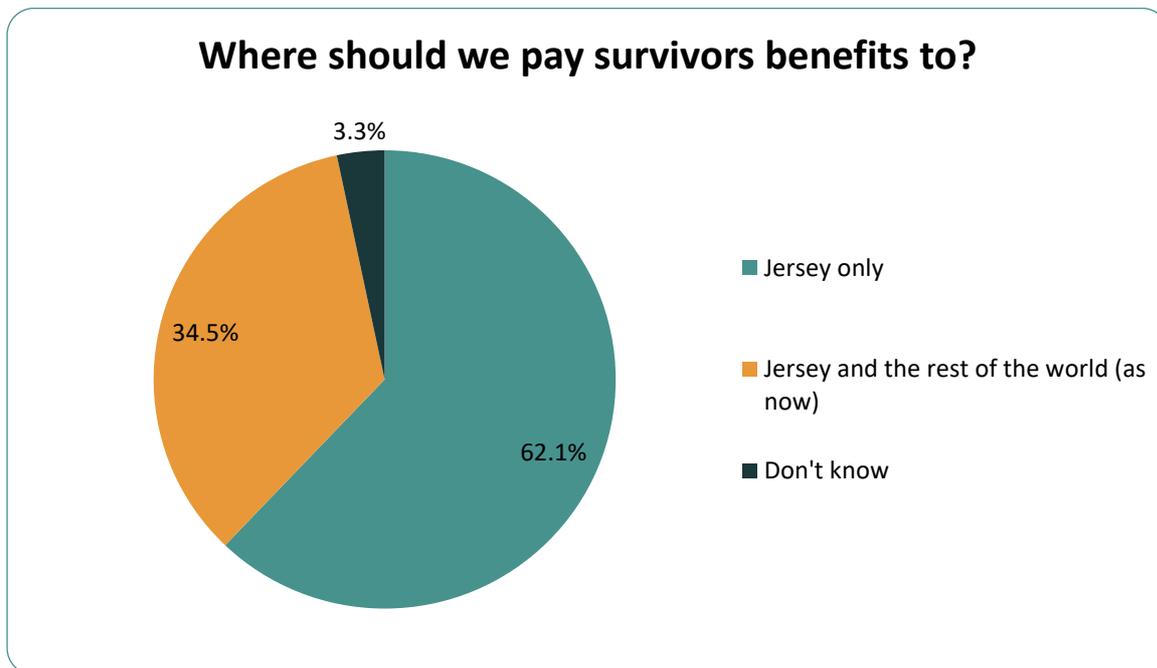
➤ **The survivor's benefits should only be available to people with dependants.**

Some participants believed that only survivors with dependants should receive the benefits, given their responsibility for minors

➤ **Survivor's benefits should be given to all survivors.**

As with previous discussions, outlined above, participants felt that all survivors should receive the benefits at such a difficult time in their life.

## 5.8 Where should we pay survivor's benefits to?



When asked in the online survey where survivor's benefits should be paid, the majority of respondents answered Jersey only.

A couple of respondents commented that survivor benefits should be based on contributions paid, even if the survivor leaves Jersey and irrespective of other circumstances:

**“It should be paid even if the person leaves the island and the contributions have been paid.”**

**“Survivor benefit should be relevant to contributions paid and paid overseas if (the survivor) is not receiving benefits in that country other than if they have contributed in that country.”**

In the focus groups, this question triggered some lengthy discussions, with a range of opinions, and ultimately broad acceptance that it is a very complex issue, which cannot easily be resolved. Many participants who had answered 'Jersey only' in the survey, recognised, as a result of the focus group discussions, that it is not straight forward and there are in fact circumstances where they believed it would be appropriate to pay the benefits off island.

The key themes in the discussions can be summarised as follows:

➤ **People should have the right to move abroad and retain their benefits.**

Participants argued that they should have the right to move abroad if they wished and retain their benefits. They saw this as a basic right, and that the States of Jersey should not be able to effectively dictate otherwise. They believed that to remove this option, would for many remove the option to move away.

**“People have the right to move wherever they wish... you should not be penalised for moving abroad.”**

➤ **Residents have paid the money in so should be able to claim the benefits.**

Linked closely to the above point about people’s right to move abroad, was the argument that these are contributory benefits, and as such, if you have paid in, you should be able to claim them, wherever you are, with it again being likened to an insurance scheme. Participants argued that they would potentially have paid considerable amounts into the contributory benefits scheme throughout their working lives and should therefore be able to claim the benefits.

➤ **Personal circumstances may dictate a move.**

A lot of participants argued that they may not feel able to stay on the island if they had lost a loved one, for both financial and personal reasons, but that to remove the option of claiming survivor’s benefits off island would force them into a very difficult situation.

**“People can’t afford to continue living in Jersey (so they should be paid off island) ... Lots of people like to retire elsewhere; Jersey is too expensive.”**

Those not from Jersey believed it could be particularly difficult to stay in Jersey if they lost a partner, and could imagine wishing to return to family in the event of losing a loved one. This could be for both personal and financial reasons.

**“Following a bereavement many people may feel they need to leave Jersey and move back to live with family, they should not be hindered from this.”**

Others described personal circumstances, whereby someone who has never lived in Jersey could potentially claim benefits.

**“What if an elderly man meets a foreign woman and then dies abroad, she could be receiving a survivor’s benefit despite never having lived or contributed to the island.”**

And some participants pointed out that for some, being off island is part of their day to day commitments, and asked how they would be supported if their partner died.

**“There could be problems if it were limited only to survivors on island. Partners commuting offshore / working in the military etc.”**

➤ **Stopping this payment would not make any savings**

Participants again reflected on this being a relatively small outgoing in terms of the overall contributory benefits budget, and would therefore have little impact on potential savings. Furthermore, by inadvertently making more people stay in in Jersey as opposed to leaving, would incur other costs elsewhere, for example health care.

**“If we stopped allowing people to claim benefits overseas more people would feel the need to have to stay in Jersey for the rest of their lives / pensions which would contribute towards and already over populated ageing demographic.”**

➤ **Jersey should stop exporting benefits**

Converse to the above opinion, some participants believed that Jersey would save money if they stopped exporting benefits, and whilst obviously on a very different scale, made a comparison with Australia.

➤ **There should be limitations on paying it off island.**

Whilst others believed there could be a compromise, by restricting benefits off island, either time wise or by amount paid.

**“The amount receivable off island should reflect the costs of the place they are living for instance, the costs in Jersey compared to the costs in Spain.”**

## **5.9 Should survivor’s benefits be paid to couples who are living together but not married?**

Currently survivor’s grants are only paid to married couples or those in a civil partnership. Cohabiting couples or couples in long term relationships cannot claim survivor’s benefits. Whilst this question was not included in the survey, it was raised by some respondents in the comments section and was addressed in the focus groups.

In the comments section in the online survey, several respondents commented that payments should be made to cohabiting, not just married, partners.

**“Any payments made, should be available to long term partners as well as married couples, surely doing it any other way is a form of discrimination to unmarried couples!”**

**“People in long-term relationships should be treated as married or civil partners as there is no legal representation of their situation which is purely down to religious beliefs which is like basing it on a fairy-tale...”**

There were different suggestions about the length of time people would need to have cohabited; a couple of respondents suggested that it should apply to anyone sharing a house, whilst another person suggested that people should have been cohabiting for at least two years and a couple suggested at least ten years. However, one respondent felt that the benefit should only be available to those who were legally married or in a civil partnership, and who had been for at least five years.

In the focus groups the discussions ranged from quite traditional views about marriage through to those who felt that government policies needed to change to reflect modern society. A clear majority of participants believed it needed to change and be available to un-married couples.

➤ **The benefits should only be available to married couples**

A small number of participants believed that the benefits should stay as they are, and only be available to married couples. Some argued that if residents wanted to be able to claim these benefits they could themselves get married.

➤ **The survivor's benefits should reflect modern society**

Many participants felt that the current policy to only pay to survivors if married or in a civil partnership is outdated and does not reflect modern society. A lot of the participants explained they were in a long-term relationship and either could not afford to marry, or now wasn't the right time, or they simply did not want to, but that this was not a reflection of lack of commitment to their partner. They felt it grossly unfair that they would not receive any benefits if their partner died.

**“It needs to reflect modern day living, not everyone gets married.”**

➤ **Unmarried couples should provide evidence of their relationship**

As part of this discussion, participants expressed support in principle for enabling unmarried couples to claim the benefits, but were concerned about how this could be monitored to ensure, for example, someone who had been in a relationship for a very short period of time did not receive the benefits. Participants found it difficult to agree on what would be an acceptable length of time before a cohabiting couple would be entitled. However, it was agreed that they should have been together for a period of time and that they should show evidence of their relationship in order to be able to claim the benefit. There was some discussion about the potential to abuse this system, and the additional administrative work that would have to be carried out.

**“Couples who have been cohabiting should be able to evidence that they've been in a partnership for 3 years like the way the UK assess couples in relation to immigration.”**

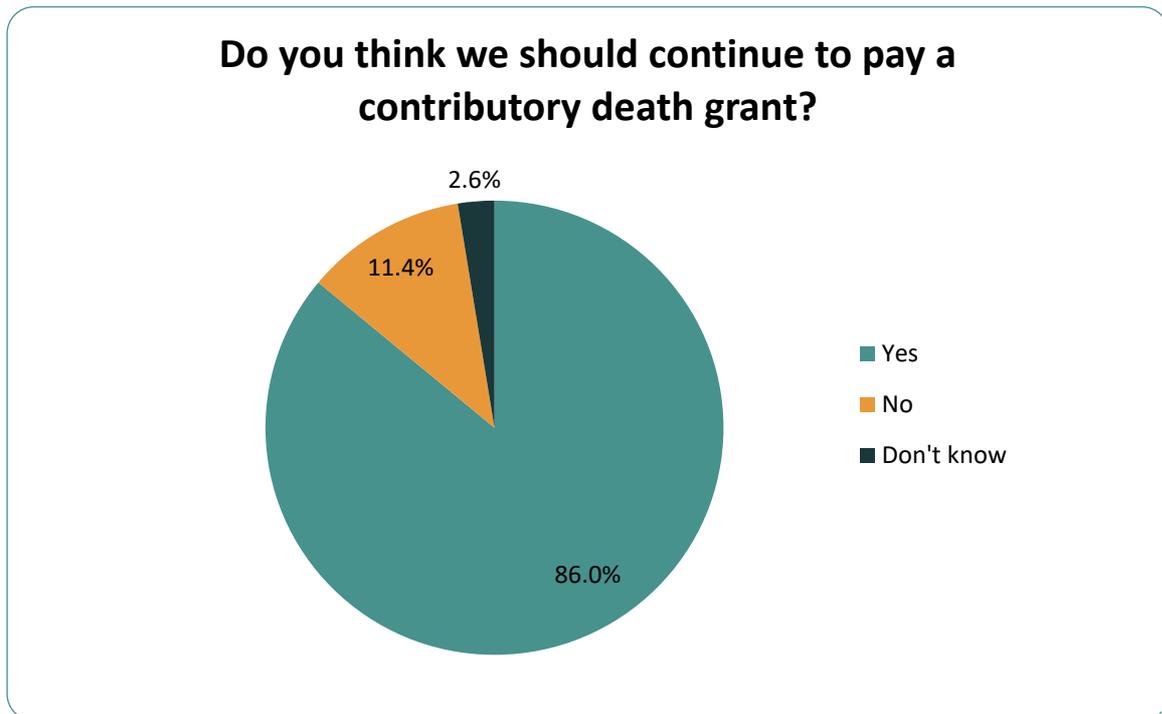
**“The criteria should consider people who have been cohabiting over a number of years. However, this could cause administrative problems and be open to abuse.”**

Some agreed with this, but felt it would be very difficult to monitor and control.

➤ **The survivor's benefit should go to the next of kin**

Some participants argued that all of the survivor's benefits (allowance and pension and grant) should not only be payable to a partner (married or not), but should be available to next of kin. They argued that, for any death, there are funeral costs and if there is no partner, then someone else must still bear the cost of the funeral. Others speculated that it could be a single parent that dies, and the benefits should then go to his/her children if old enough, or their appointed guardian if not.

## 5.10 Should SSD continue to pay the death grant?



A clear majority of respondents believed that we should continue to pay the contributory death grant.

The only differentiation in this was amongst the 75 and over age group, of whom 100% believed we should continue to pay the contributory death grant. Again, these figures are not statistically significant.

Comments in the open-ended questions in the survey supported the continuation of the death grant with some respondents supporting an increase in line with current costs.

**“The cost of funerals is increasing and therefore so should the grant, particularly for those on a low income.”**

A few respondents stated how crucial they believe the death grant is.

**“The death grant is extremely important... It is a comfort to know that there is some money available for immediate expenses.”**

One person felt that the death grant was more important than ongoing survivor’s benefits.

**“Maybe increasing the death grant to help with the one-off cost of funeral expenses, would be a better option than paying out benefits for years following one partner’s death. “**

The focus group discussions largely reflected the survey responses, with the majority of participants valuing the grant and wishing it to remain.

Because everyone was in agreement regarding this grant, there was limited discussion around it; the key points that were raised were as follows:

➤ **The death grant should continue.**

Participants again discussed the significance of the circumstances surrounding this benefit, and strongly supported the payment to provide a contribution towards the cost of a funeral. Some expressed the relatively small size of contribution, but were still in agreement it was important.

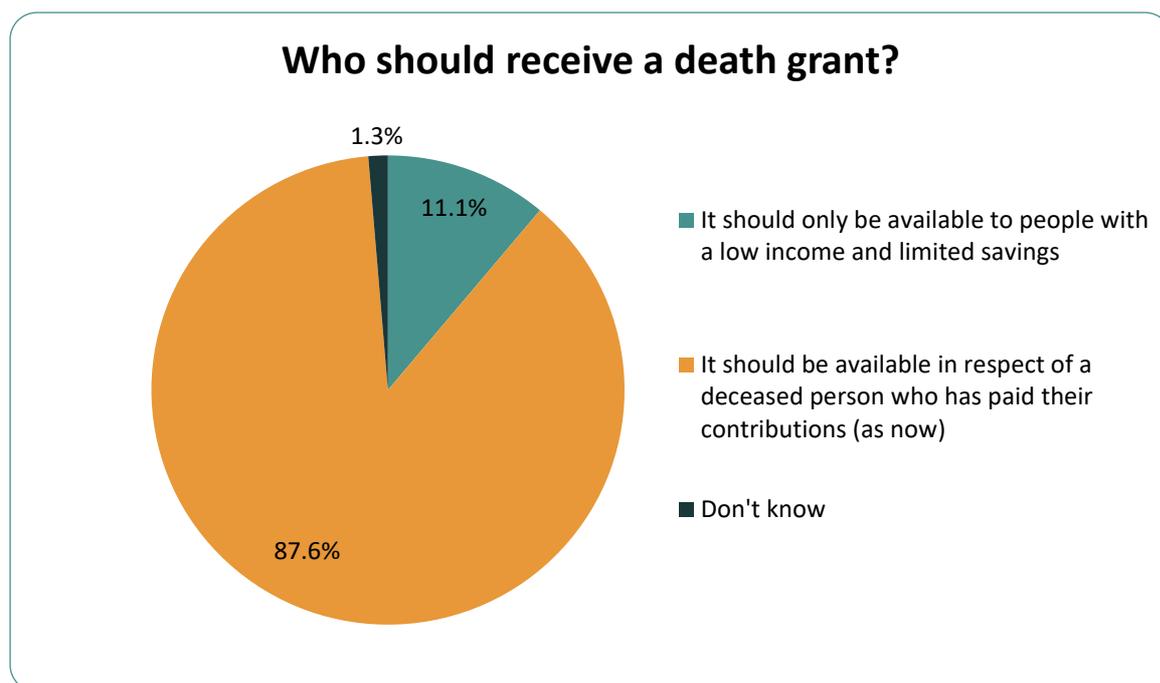
**“It should remain; this is helpful due to the emotional stress at the time many people can be unaware of financial costs / how to proceed. People can find it difficult to get money during this time, often having to wait until probate is completed.”**

➤ **The savings gained by cutting this benefit would not make much difference.**

As with the survivor’s benefits, participants felt any savings made on this grant would be so small, it wasn’t worth cutting it.

**“Savings on this would be miniscule in the grand scheme of things.”**

## 5.11 Who should receive a death grant?



The survey demonstrated significant support for retaining the death grant as it is paid now, whereby it is available to all survivors, assuming the deceased has paid their contributions.

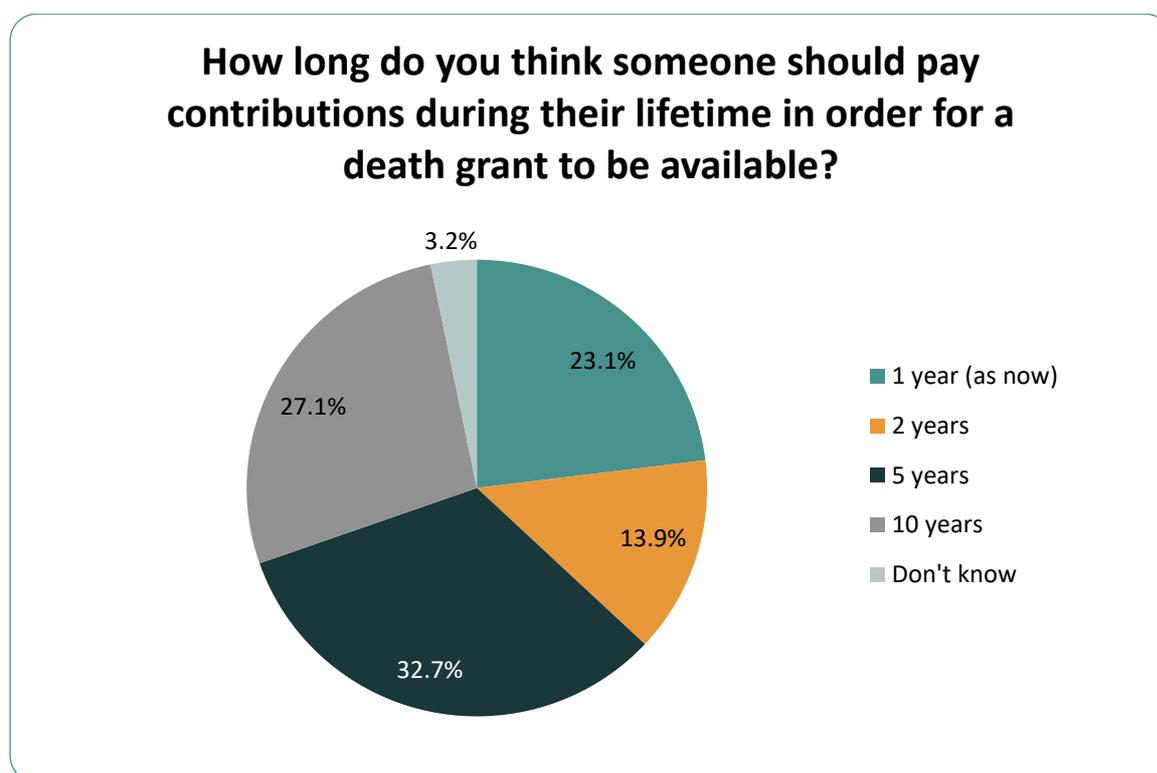
The only differentiation was the opinion of separated respondents, 75% of whom believed it should be available in respect of a deceased person who has paid their contributions (as now) and 25% of whom believe it should only be available to people with a low income and limited savings.

These figures relate to a small number of responses.

Focus group discussions about this reflected the survey, and were largely similar in content to those around the previous question, with the key points as follows:

- **The States should do more to help people with funerals, by offering a package with an opt in/opt out scheme.**
- **Everyone should receive the death grant straight away; there should be no qualifying period. Realistically it would be a small change without a significant increase in cost.**
- **If it were doubled in amount and means tested it may not make savings but would be a better targeted benefit.**

### 5.12 How long should someone pay contributions in order for a death grant to be available?



Interestingly, although a very clear majority of respondents believed the death grant should remain, there was not such clear agreement on how long one should pay contributions for in order for the death grant to be available, with opinions broadly split between 1, 5 and 10 years.

The key differences in the survey data were as follows:

- 42% of separated respondents believe contributions should be paid for 1 year (as now) before a death grant can be claimed
- 44% of widowed respondents believe contributions should be paid for 10 years before a death grant can be claimed

These figures relate to a small number of responses.

So, not only did the majority of respondents think contributions should be paid for 5 years, this was also consistent regardless of relationship status.

When we explored this question in the focus groups, as with previous discussions, the key themes were as follows:

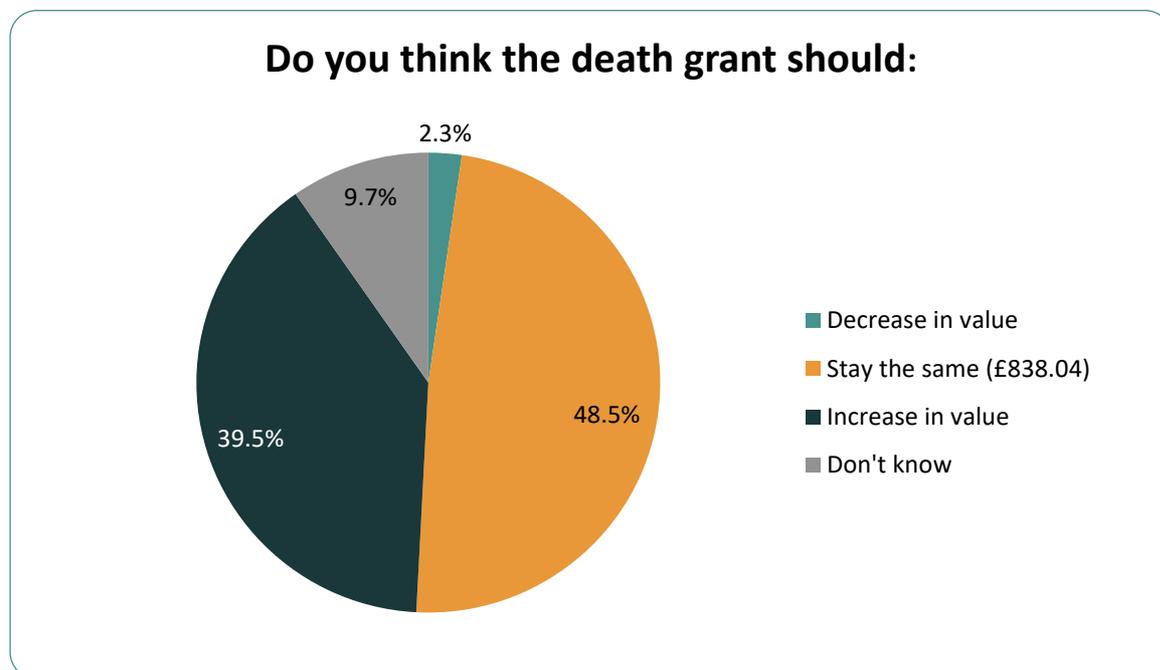
➤ **The period of contributory benefits should be consistent across the board.**

Participants believed the current system is confusing, and would be far simpler if everything was set at the same timescale. This could include not only the different contributory benefits, but also relates to immigration rules, such as how long someone has to live on the island before they can vote.

➤ **The contributory period should be between 2 and 5 years.**

Although the survey had shown a fairly even split between 1, 5 and 10 years, discussion in the focus groups revealed people were uncomfortable with a 10-year period and thought somewhere between 2 and 5 years to be more appropriate.

### 5.13 Should the death grant change in value?



When asked in the online survey whether the death grant should change in value, respondents were broadly split between keeping it the same at £838.04 (48.5%) and increasing it in value (39.5%), with just 9.7% believing it should decrease in value.

The only disparity in this was amongst those respondents who are separated, of whom 25% believed it should stay the same and 50% believed it should increase in value. These figures relate to a small number of responses.

When discussed in the focus group there were mixed opinions ranging from reducing it to increasing it in line with actual funeral costs, as follows:

➤ **The grant should be in line with the cost of a funeral.**

Participants felt that the death grant should reflect the true cost of a funeral, which is significantly more than the £838 grant. Some were concerned that the funeral directors set their prices according to the grant. Others discussed the option of the States working with the funeral directors to offer a 'death package', which was also discussed previously.

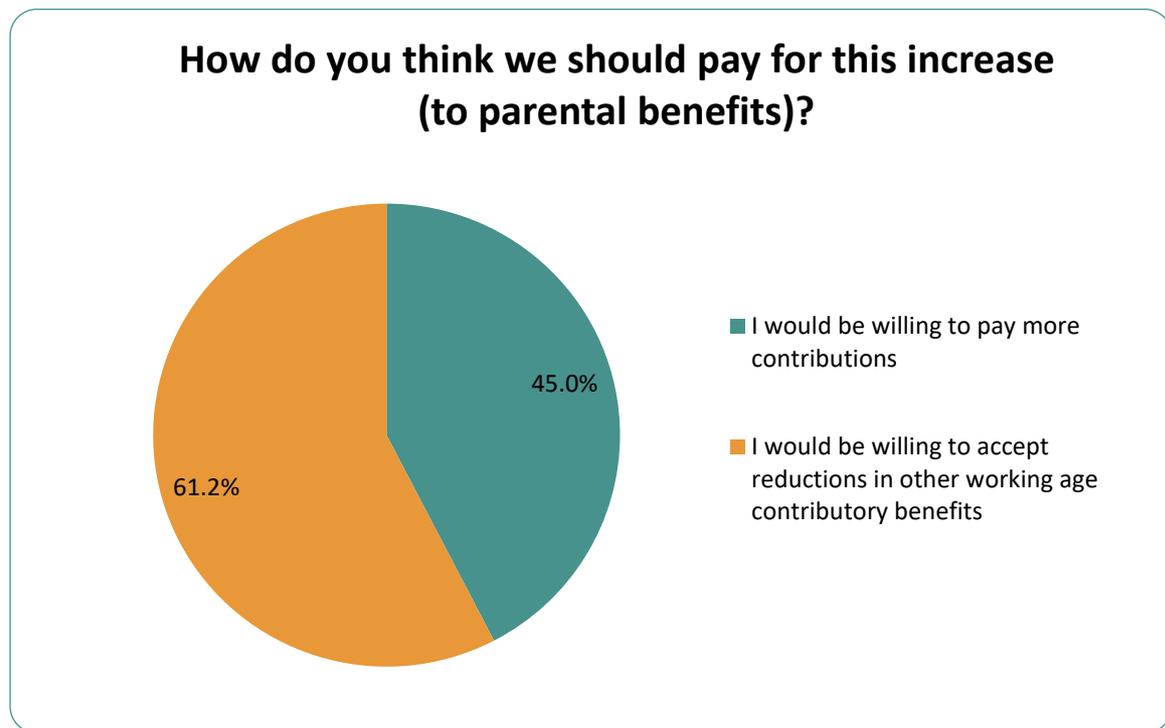
➤ **The grant should be reduced.**

Some felt the current grant was too much and should be reduced. As discussed previously, a small number of participants felt people should be better prepared for death and have saved throughout their lives to cover the costs of a funeral.

## 6 How should we pay for any increases?

### 6.1 Increasing contributions or reducing other benefits

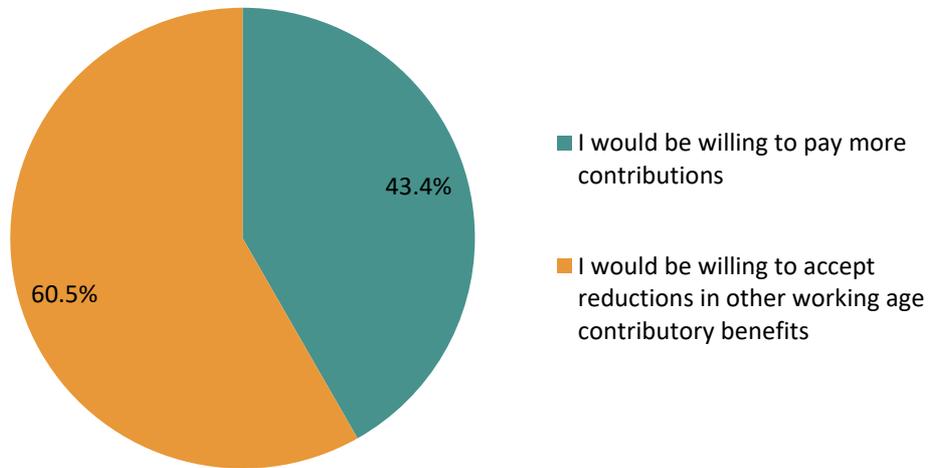
These two options were explored in the online survey. The question was asked separately about parental and bereavement benefits<sup>6</sup>. As shown in the charts below, the online survey results show a small majority of respondents willing to accept reductions in other contributory benefits. The responses are very similar for the two types of benefits.



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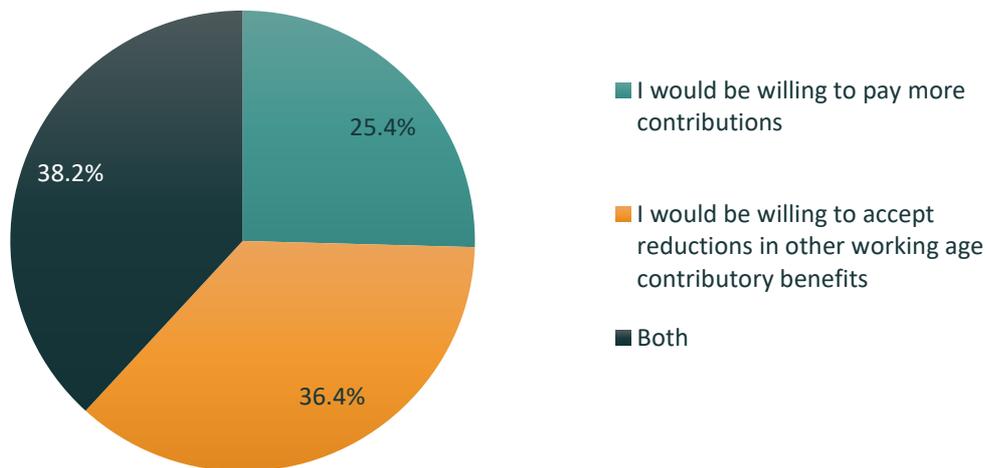
<sup>6</sup> Where respondents had suggested increases to these benefits

### How do you think we should pay for this increase (to bereavement benefits)?



The Facebook survey asked the same question regarding parental benefits. It provided an additional option of 'both'. A majority were prepared to pay more contributions<sup>7</sup>.

### How do you think we should pay for this increase (to parental benefits?) (Facebook)



<sup>7</sup> Including those who answered "both"

In the focus groups, many participants accepted that increasing contributions is an obvious way to enable existing benefits to either stay the same or be increased. However, concerns were raised about the effect of this on people, and there were inevitably mixed reactions in terms of considering their own affordability.

The key themes that came out of the discussions were as follows:

➤ **Contributions should be banded according to earnings**

Many participants recognised that increasing contributions would hit some people much harder than others, and believed the fairest way to administer it would be to have a banded or tiered system, whereby higher earners pay a higher percentage of their income. This also links with the discussion about removal of the cap below.

➤ **Higher earners will never reap the benefits.**

Some argued that if people on higher incomes paid more into the 'pot' (by removing the standard earnings limit) they would never see any greater benefit than those contributing on lower incomes, even though they are paying considerably more in.

➤ **Earners just above the (Standard Earnings Limit – SEL £51,480) will be hit hardest.**

There was concern about employees just above the standard earnings limit, who it was felt would be hit hardest by such increases.

➤ **Implications for low income earners.**

Some felt that any increase to contributions for low income earners would be very hard, and would potentially have health implications.

➤ **Remove the Standard Earnings Limit**

There were multiple discussions about removal of the standard earnings limit within the focus groups. The cap is currently set at £51,480, at which point employees no longer pay contributions and the employer's contributions drop from 6.5% to 2%. Once a person's earnings exceed the Upper Earnings Limit (EUL) of £170,256 (as of January 2018), no additional contributions are paid by either employee or employer.

There was a strong feeling within the discussions that the standard earnings limit should either be raised or removed. However, some expressed concerns, as follows.

Participants were concerned about those earning over the standard earnings limit who they felt would be hit hardest by a change to the standard earnings limit, particularly if it were just removed. It was suggested that the changes should be phased in, and that there could be a tiered cap for different salaries.

The focus groups included a range of earners and, whilst some high earners told us they would be happy to pay more (although appreciated the idea of a phased scheme) some felt less positive about it.

**“If you've worked hard and invested yourself to get to that salary why should you be penalised and picking up the bill.”**

Many felt there should at least be more transparency in the system with regards to the standard earnings limit for example in terms of numbers paying in and the total of their contributions.

**“The higher earnings cap needs to be more transparent. How many people are earning over this and how much are they paying in contributions. There is too much inequality in the system.”**

Again, some participants were concerned that this would make Jersey less attractive to businesses.

**“If the cap was removed and benefits were means tested the island will lose people / businesses who can find better benefits elsewhere.”**

Many participants thought a good compromise would be to raise the contributions standard earnings limit but not remove it entirely and phase in the change.

➤ **Access to your contribution record.**

Others felt that people should be able to look at their contribution record on an individual basis, and if they are earning more and thus paying more into the fund, they should be able to claim their benefits earlier.

➤ **Employers should not have to pay more**

Several participants felt that it would be very difficult for employers if their contributions were increased and did not think they should have to pay more. The responsibility should be put on the employees. Others believed it not to be a feasible option as they felt it would impact on employee salaries, i.e. the cost would be shifted to the employee.

➤ **Businesses should have a sliding scale.**

Others thought some employers should pay more, but not if they are a small business. It was suggested that there could be a sliding scale, appropriate to the size of the business, and the biggest businesses who generate the most income should start contributing more.

➤ **Concerns about Brexit**

Many felt there are still a lot of unknowns, particularly regarding Brexit, and felt that the States of Jersey should be careful particularly with respect to any increase of employer contributions within the island's finance industry. There was a concern that Jersey will lose high earners and existing finance companies.

➤ **Implications for self-employed**

The self-employed participants in the focus groups felt they already were hit hardest by taxes and contributions, having to pay the equivalent of both the employee and the employer contributions. Some shared how difficult it is for the owners of start-up businesses, who are hindered by tax if they have gone from a high paid job to starting a business. They felt the States should be looking at ways to support people who are starting up businesses.

➤ **Reducing other benefits**

Whilst survey respondents responded quite positively to reducing other benefits in order to pay for increases to parental and bereavement benefits, when asked about this in the focus groups they generally struggled to identify other benefits that they would be prepared to reduce. Participants were shown the charts presented in section 1 of this report, with the breakdown of the different benefits, and asked them which ones they would be prepared to reduce.

The only benefits that participants felt could be reduced were both the long term and short term incapacity benefits. Participants questioned whether the people on these benefits really needed them

and also complained that some claimants return to work, yet are still receiving incapacity benefits, which they believed to be wrong.

## **6.2 Increasing how long you should pay contributions before you can claim a benefit.**

As discussed earlier, in sections 4 and 5, there was strong support in the online survey and the focus groups for increasing the length of time contributions must be made before benefits can be claimed. Some online comments and some of the focus group discussion linked this to concerns about newcomers to the island being able to access benefits too soon. Often these conversations became very focussed on this, with the impact on long term residents being ignored or forgotten.

### **➤ Extend the period of contributions**

The majority of online responses and most focus group participants agreed that the period of contributions should be extended. However, there were strong reservations about extending it to 10 years with most support for extending it to somewhere between 2 years and 5 years. Some participants expressed shock at the short qualifying time for the parental grant in particular, and this has provided the focus for concerns about new residents “milking the system”. However, others described how valuable the grant is for new parents. It is also worth noting that this change would also affect young Jersey-born parents where they had not been working for long enough to have paid contributions for the required length of time.

**“People should be required to pay in for a longer period of time before they can receive anything”.**

However, there were concerns about individual impacts from some of the focus group participants.

**“Increases could have negative effects on people who may not be far from the threshold for instance if we increased the time someone may fall in hard times after 3 years and not be entitled despite having paid”.**

### **➤ The rules should be consistent across the board**

A view expressed in several of the focus groups was that there should be the same qualifying time for all the contributory benefits. A related comment from some was that it should also be consistent with employment rules for new residents which set a 5-year residency period, whereby one has to be resident for 5 years before they can claim benefits. It was also felt that the period of time should match that of voting (2 years) or housing qualification (10 years)

**“It is important to correlate immigration rules with contributory benefits.”**

### **➤ Increasing the contributory period could put people off coming here.**

Concerns were expressed by several participants about the impact on Jersey’s skills set if the contributory period was extended too far. Participants felt that Jersey could end up in a position where they were unable to attract the necessary labour and skills sets. It was felt that this combined with high cost of living would further put people off.

**“It will affect people wanting to move to Jersey. There is a lack of specialist skills on the island as it is.”**

**“It will be hard to encourage people to move here when it is already a very expensive place to live for middle income earners.”**

- **Increasing the period would have more impact on parental benefits than bereavement benefits.**

A couple of focus group participants pointed out that this is more likely to affect young mothers and could lead to unintended consequences:

**“An increase in the length of time contributing would be unlikely to affect most people claiming death grants / survivor’s allowance as it is more likely that they have lived in Jersey for some time.”**

**“If it were increased women may put off having children until later in life.”**

- **The benefits should be based on amount of contributions not length.**

A number of focus group participants believed that the benefits should be based on the amount of individual contributions as opposed to the period of time contributing. If done in this way, once you have paid a certain amount in, you can claim the benefits. It was felt this would be a fairer system, particularly for those who pay more contributory benefits.

**“It should be based on an individual contribution record, once you’ve put enough in to match the amount you would receive as a benefit then you’re entitled to that benefit.”**

### **6.3 Means testing**

As we discussed earlier, the online survey asked whether parental and bereavement benefits should be paid to everyone who has contributed, or only to those on low incomes. The same question was discussed in the focus groups. The latter approach is called “means testing”.

In the comments made on this question in the online survey and the focus groups, the key theme was:

- **These are contributory benefits, and as such means testing is not appropriate.**

This argument came up virtually every time a discussion was had about means testing. Participants initially in favour of means testing struggled to argue against this and essentially, the participants agreed, that as long as it is a ‘contributory’ system, and viewed as an insurance scheme, means testing does not appear to be an option. This was also reflected in the online survey responses where many respondents commented that means testing is incompatible with the ethos of a contributory benefit scheme:

**“Means testing would be moving away from the ethics of what an insurance scheme is.”**

**“When someone makes contributions during their working life they are not doing it for charity, rather it’s an income sacrifice now for future benefits. It would highly be unfair to exclude high income earners from receiving benefits.”**

Respondents also appreciated the contributory nature of these benefits and didn’t want it to be undermined by means testing.

**“You don’t contribute you don’t get, simple!”**

**“Anybody who has put into the pot should be able to take out of the pot; those that put nothing in should not be able to take anything out.”**

There was also a strong view that means testing would punish the average working person earning above the low-income threshold.

**“I am vehemently opposed to any moves to means test benefits of this kind. It is divisive.”**

**“Me and my partner have worked and paid into the system; however, as it stands we wouldn’t get much help if something happened. We are not in a low income but not high either and it always seems to be people with a medium income that pay into a system that doesn’t help them when they need it.”**

Other themes which arose both in the online survey comments and the focus group discussions were:

➤ **The very wealthy don’t need these benefits**

Despite the recognition that these benefits are contributory, when asked how to pay for increased costs, focus group discussion frequently turned to the question of those on high incomes. This was also reflected in online survey comments:

**“I am a strong believer in means testing. The States should not be subsidising those who have larger incomes who can well afford to pay for their children’s needs.”**

One suggested solution was:

**“There should be an option to decline the payment should you wish and this way people that have super high earnings don’t have to take the money if they don’t need to.”**

➤ **Means testing would be difficult to apply**

However, it was acknowledged by online respondents and focus group participants that means testing would be difficult to apply:

**“The biggest issue with means testing is where you set the threshold level”.**

**“I do think this would be a good idea although I realise it is difficult to get the right balance, particularly for people who are middle earners.”**

➤ **There could be hidden costs to means testing.**

Concerns were expressed in the focus groups about the potential hidden costs of means testing. Participants representing third sector and support organisations believed means testing would increase pressure on charities to support survivors, essentially just shifting the cost.

**“There would not just be financial costs but social costs.”**

**“Any means testing will draw more and more on charities.”**

Some people suggested a sliding scale with payments decreasing with higher income and/or savings.

**“I believe grants and allowances should be proportional to the earnings. The more you earn the less help you need and vice versa. Everyone in my opinion is entitled to some help or relief but past 100k a year surely you can get by without social security.”**

## 6.4 Other suggestions

### ➤ **Make savings elsewhere**

A couple of respondents expressed frustration, within the survey, relating to not being able to consider other options for funding the death grant such as general taxation or efficiencies.

**“The increase in the death grant should be funded by general savings and efficiencies that should be achieved by the department. There should be no need to have to increase contributions or other reductions elsewhere. Simply better housekeeping and savings on waste.”**

### ➤ **Stop people abusing the system**

Many participants in the focus groups believed the system was being abused and that addressing this would rectify the problem. It was believed that newcomers to the island were particularly to blame for this problem and also those on long term incapacity benefits.

### ➤ **Introduce an employer’s insurance scheme**

Several participants brought up the notion of an employer’s insurance scheme, which we understand some employers use to provide a wage replacement during periods of absence.

Some felt this should be aimed in particular at employers who bring employees over from elsewhere.

**“There should be an employer’s insurance scheme where those employers who bring people over to the island have a higher obligation to make sure they’re informed of the benefits particularly maternity, before employees move over.”**

Some participants provided examples of good practice, such as Jersey Hospice, which provides staff with a health scheme. Our understanding is that this is an income replacement scheme, when employees are off sick.

A lot of participants expressed a concern that if the employer were to pay their own insurance costs, in order to pay employees who are then off sick, then these additional costs incurred by the employer would ultimately be passed to the employees.

**“This could become a vicious cycle passing the burden onto employees and parents.”**

Many participants believed the effects will be different depending on the types of businesses and their size and were concerned that not all employers can afford to offer an insurance scheme. It was felt that this should only be applied to businesses that have the financial stability to offer a better service to their employees. Some suggested that means testing could be applied to ascertain which businesses could be applicable to provide an insurance scheme.

**“Again, we should means test the business to see if it should be enforcing its own or if it is too small and would need the government to help support its staff.”**

Others felt that the States should do more to support employees at small businesses who cannot offer benefits, but that employees working at businesses who do offer those packages should not be entitled to a state benefit as well.

## 7 Additional themes

The following section outlines additional themes that emerged from the study, which were significant enough to include in this report.

### 7.1 Benefit entitlement calculations

A specific point about the benefits made in most of the focus groups and by individual comments in the online and Facebook survey was that the contribution record should be looked at as a whole, rather than reference being made to a specific quarter as it is at the moment.

The point was made that those whose contributions temporarily go down for any reason – for example because they don't go back to work between children or are temporarily out of work - shouldn't be penalised, with payments based on contributions over the long rather than short term.

**“A year before I gave birth to my daughter I moved jobs and had 6 weeks break in between jobs where I didn't pay my contributions. When my maternity benefit was calculated, I was heavily disadvantaged as a result. Despite always having been a decent earner and constantly paying 15 years of contributions (never on support). This was devastating.”**

**“My second child was born and was extremely premature, only 18 months behind my first. I was not entitled to anything other than the grant, despite having returned to supply teaching and therefore contributing again. It is galling that I have contributed for years but because of the small amount of time I've been out of full time work..., I couldn't have anything to help towards not only the cost of a premature new-born. You need to look at how much an individual has contributed over their life as opposed to an 18-month window of time.”**

The Minister has already made a commitment to address this issue.

### 7.2 Contributions versus tax

The fact that this is a contributory benefits scheme, seen as similar to an insurance scheme, as opposed to tax, potentially complicates things, particularly with regard to the parental benefits. Several of the people we spoke to, talked of the unfairness of the system, whereby some people will never claim certain benefits, e.g. those who choose not to have children.

This was also an issue when it came to discussions around removing the standard earnings limit and/or increasing contributions, as some high earners would pay more than they would claim back.

### 7.3 Consistency in qualifying periods

There is a clear desire for consistency across the benefits in terms of contributory periods before which you can claim benefits. Many thought there should be consistency both between qualifying periods for different benefits, and more consistency with other elements of life in Jersey, such as the housing and voting qualification periods.

### 7.4 Abuse of the system

There is a strong belief that the system is currently being abused by many, which is draining the social security budget. This is primarily blamed on immigrants and those on long term incapacity benefits. According to SSD, this is not in fact the case, and fraudulent claims have only a small impact

on the budget. In 2016 £35,000 in contributory benefit overpayments were identified, which represents 0.016% of the £219,000,000 paid out in contributory benefits in that year.

## **7.5 Immigration**

There were some concerns about immigration affecting the SSD budget. This seemed to affect some people's responses, with some participants applying their answers to the case of immigrants and not considering the impact on Jersey nationals.

## **7.6 Skills shortage**

There is a perception that Jersey suffers from a skills shortage, and a concern that actions such as increasing qualifying periods might worsen this, as Jersey will become less attractive to newcomers. We were told by focus group participants that often labourers are brought in on zero hours contracts and low wages, and it is felt that there needs to be more incentives to attract workers to Jersey.

## Thank you

We would like to thank all the residents of Jersey who contributed to this report, both by completing the surveys and giving up their time to attend the focus groups and share their opinions and thoughts on the issues covered in this report.

We would also like to thank the following organisations that offered their insight into the impacts of the contributory benefits system on the people of Jersey:

- Leeward Childcare;
- Brighter Futures;
- Standing Conference of Women's Organisations;
- Jersey Business;
- Citizens Advice Bureau;
- Child and Family Services;
- Childcare and Early Years' Service;
- Jersey Hospice; and
- Caritas Jersey.

Finally, we would like to thank the States of Jersey Social Security Department for commissioning this work, and in so doing committing to listen to the people of Jersey before making any decisions about the future of the social security scheme.