STATES OF JERSEY

ACTUARY ADVICE FOR THE SOCIAL SECURITY FUNDS

Presented to the States on 19th November 2025
by the Minister for Social Security

STATES GREFFE

REPORT

Actuary advice for the Social Security Funds

This report contains two letters from the independent actuary of the Social Security Funds, the UK Government Actuary's Department.

There is a proposal in the Proposed Budget 2026 to 2029 to temporarily reduce the States grant from the Consolidated Fund to the Social Security Fund until 2029.

The first letter provides an analysis of the long-term impact of this proposed change on the finances of the Social Security Fund.

The second letter provides an analysis of the long-term impact of a permanent reduction in the States grant which helps to provide context to the Proposed Budget 2026 to 2029.

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12 November 2025

Dear [redacted]

Subject: 2025 budget proposal variant to the principal projection in the 2021 Actuarial review of the Jersey Social Security Fund (SSF)

Executive summary

1. In May 2023 GAD issued the "Report by the Government Actuary on the Jersey Social Security Fund as at 31 December 2021" ("the 2021 report"). The Government of Jersey have asked me to update some of the analysis in the 2021 report to show the effect of the States Grant being paid as per the Proposed Budget 2026-2029 and of investment returns being 1% higher, and 1% lower, under a +325 net inward migration scenario. The table below summarises this analysis showing the SSF's updated projected exhaustion dates.

States Grant	Investment return relative to earnings	Net annual inward migration		
		Nil	+325	+700
As per 2021 report	+2% (as per 2021 report)	2066*	Beyond 60 years*	Beyond 60 years*
Proposed Budget 2026-2029	+2%	2061	2072	Beyond 60 years
Proposed Budget 2026-2029	+1%		2062	
Proposed Budget 2026-2029	+3%		Beyond 60 years	

* Analysis from the 2021 report

2. The rest of this letter sets out further information on this analysis. Any reliance on this analysis should have regard to the limitations set out in paragraphs 19 to 22.

Scope

3. As requested in your emails up to and including 6th November 2025, I have updated the 2021 actuarial projections of the SSF. This letter has been prepared to assist the Government of Jersey and the Minister for Social Security in understanding the impact on the fund balance of potential changes to the States Grant amounts.

4. The first part of this analysis shows the projected fund balance with the known fund closing balances up to 31 December 2024 and updated amounts for the States Grant in line with the budget proposal. with the following changes in data and assumptions:

    - Using known closing SSF balances for years up to and including 31/12/2024.

    - Set the future States Grant to:

        i. £30.4m in 2025;

        ii. £22.8m in 2026;

        iii. £52.2m in 2027;

        iv. £53.9m in 2028;

        v. £55.5m in 2029;

        vi. For 2030 and beyond, the grant will revert to the formula value (2021 report values aligned with more recent estimates).

5. In the 2021 report the migration scenarios underlying the population projections were specified by the Government of Jersey. As requested, I have considered three of those migration scenarios for the first part of this analysis:

    - net migration of zero people a year from 01/01/2022;

    - net inward migration of 325 people a year from 01/01/2022;

    - net inward migration of 700 people a year from 01/01/2022.

6. The second part of this analysis shows the impact of two alternative investment return assumptions (on the +325 net inward migration scenario only). The 2021 report used an investment return assumption of earnings growth +2%. The alternative investment return assumptions used in the second part of this analysis are:

    - Earnings growth +1%;

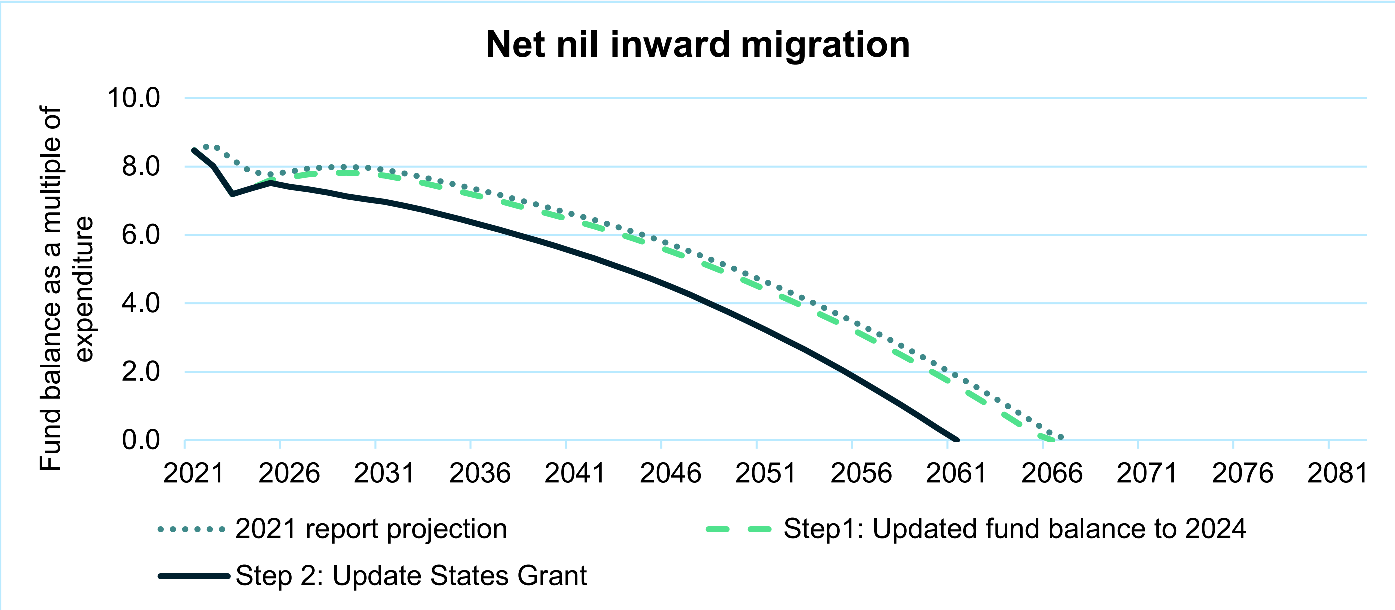
    - Earnings growth +3%.

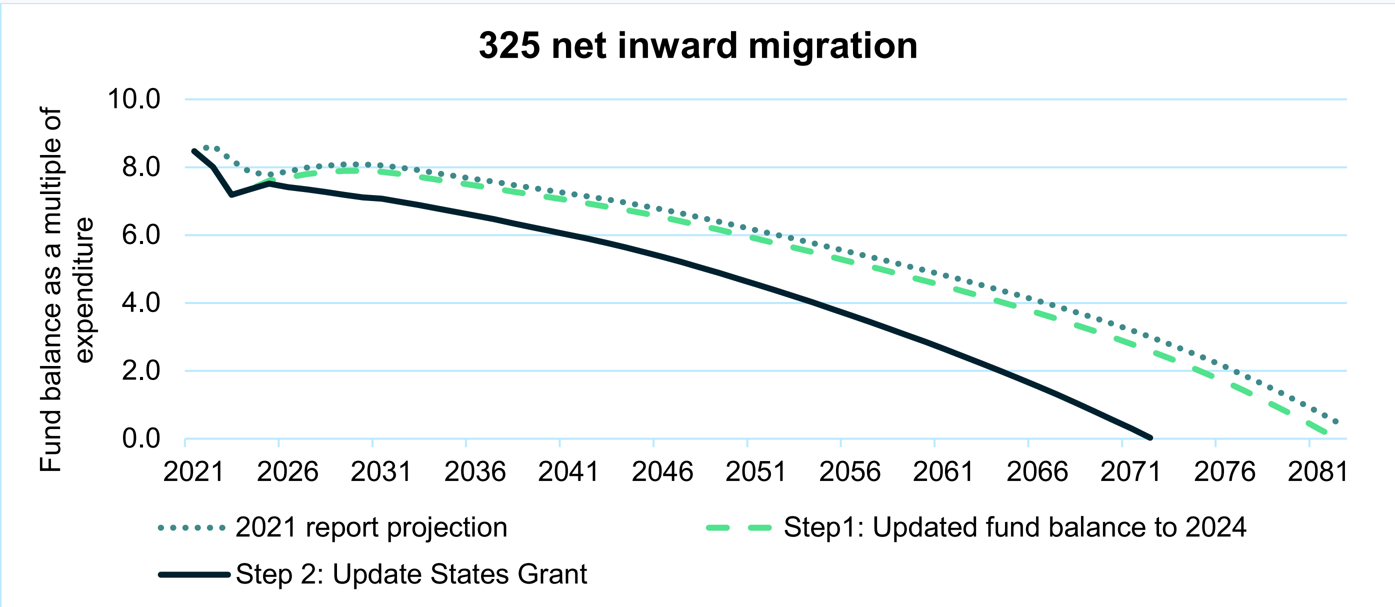
7. As with the 2021 report, the results in this letter are in ‘real (2021) earnings terms’. This letter updates some of the analysis in my letter of 4 September 2025; Actuary letter on the Social Security Fund September 2025.pdf (the “September 2025 letter”). The differences between these letters and the use of real earnings terms are discussed in Annex A.

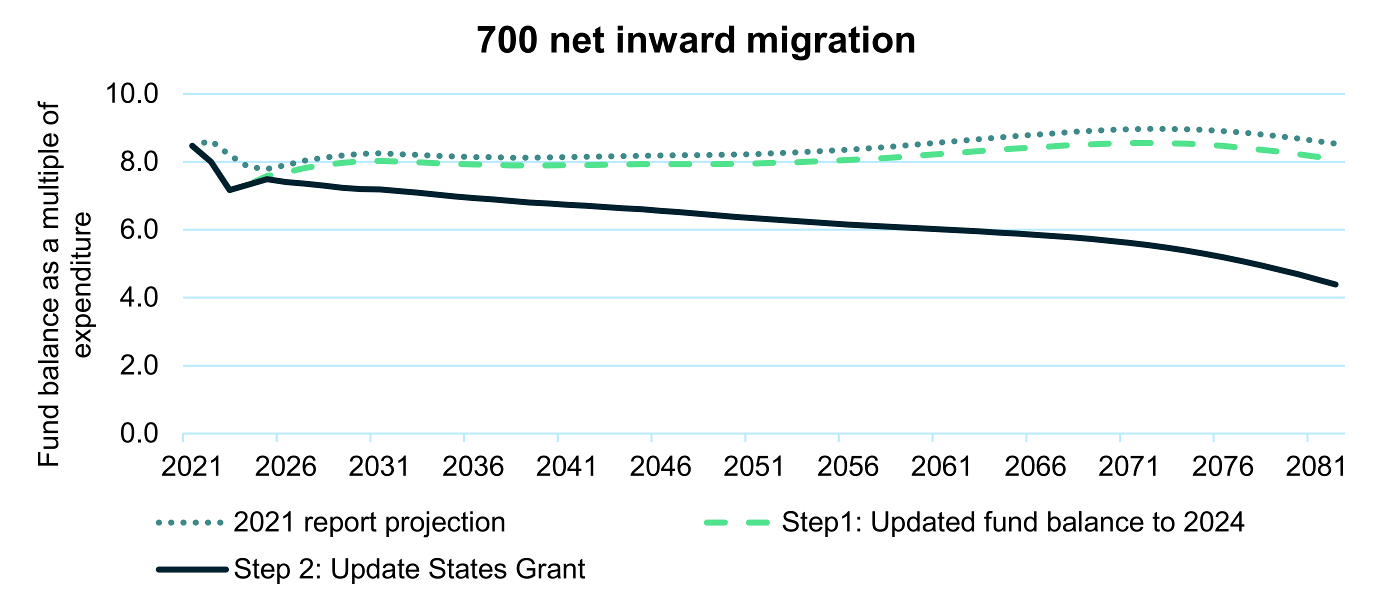
Results

8. The three charts below show the changes in the projected fund balance when the step-by-step changes highlighted below are applied cumulatively. These charts all reflect investment returns of earnings + 2%, which is the central assumption from the 2021 report.

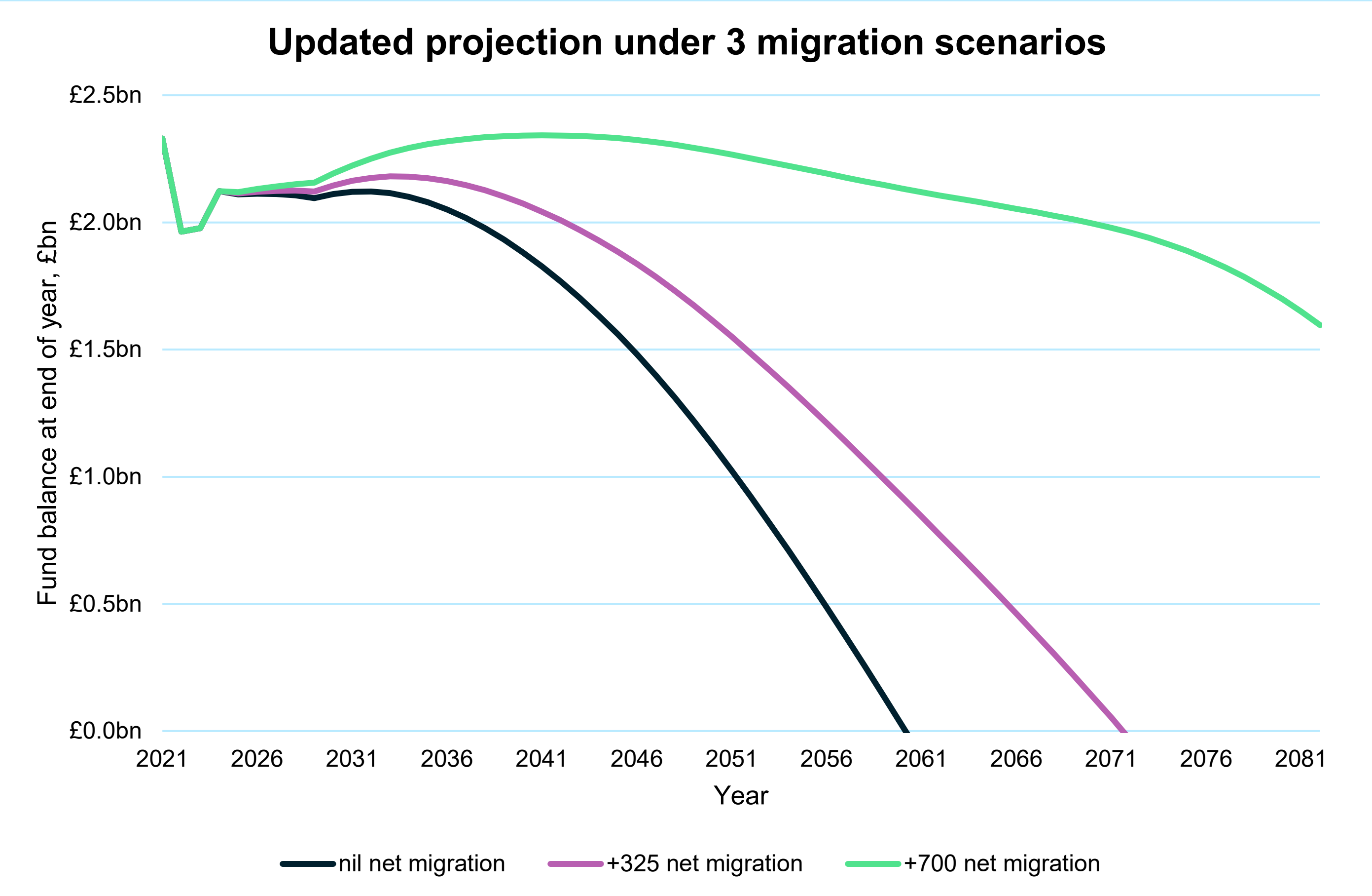
    - 2021 Base Scenario – This corresponds to the central projections in the 2021 report;
    - Step 1: Updated fund balance to 31 December 2024 – We have updated for the known fund values up until 31 December 2024;
    - Step 2: Update States Grant – Update the States Grant as per paragraph 4.







9. The following chart shows the three fund projections, each reflecting all three steps set out in paragraph 8 above (the known fund balance at 31 December 2024 and an updated States Grant), expressed in 2021 “£” terms rather than multiples of expenditure. Expressing the values in 2021 “£” terms in the chart below allows comparison with the principal projections in Chart 2.1 of the 2021 report.



10. The following table is an updated version of Table F.1 from the 2021 Report. It has been extended to show the financial impact of changing the States Grant assumption on the 325 net inward migration scenario. The rows in red text show the effects of changes to assumptions.

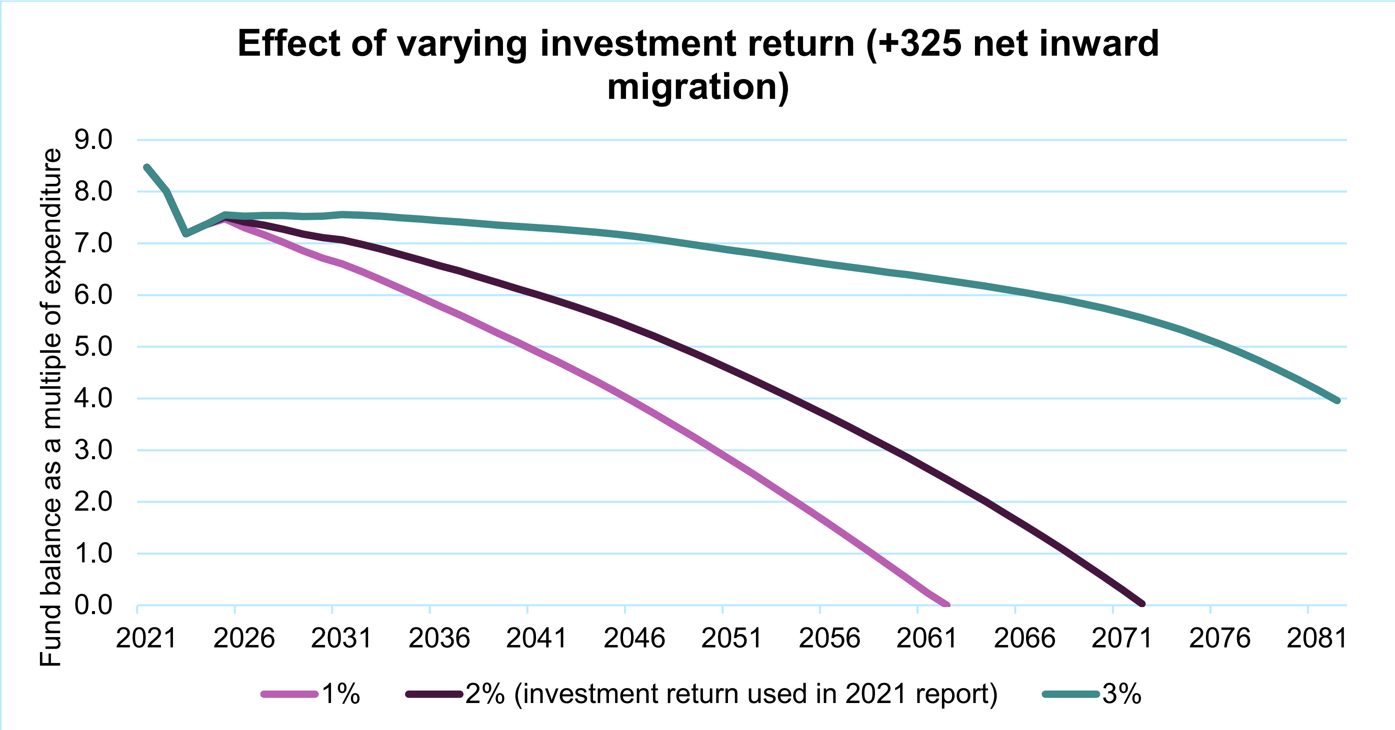
11. The effect of updating the fund balance for 31 December 2024 is relatively minor and has therefore not been listed separately in the table.

12. The change in States Grant after 2029 is due to the formula values being aligned with more recent estimates.

13. The change in investment returns is due to the fund balance in later years being different to the 2021 report (both under the 325 net inward migration scenario), primarily due to the lower States Grant in the earlier years.

£ thousand	2021	2026	2031	2041	2051	2061	2071	2081
F.1								
Opening fund balance	2,169,134	2,114,060	2,145,101	2,074,266	1,613,698	918,502	137,682	-
Contribution income (2021 report)	193,204	287,086	285,215	274,847	258,298	244,881	235,877	222,668
Effect of updated States Grant	-	-57,390	-4,560	-4,456	-4,144	-3,901	-3,801	-3,581
Updated contribution income	193,204	229,696	280,655	270,391	254,154	240,980	232,076	219,088
Benefit expenditure	259,466	278,712	297,383	334,225	339,766	324,752	311,247	314,138
Admin expenditure	6,094	6,968	7,435	8,356	8,494	8,119	7,781	7,853
Total expenditure	265,560	285,679	304,817	342,580	348,260	332,870	319,028	321,991
Excess of contribution income over expenditure	-72,356	-55,983	-24,162	-72,189	-94,106	-91,891	-86,952	-102,904
Investment returns (2021 report)	230,468	66,509	48,628	49,031	42,357	31,766	20,176	4,977
Lower investment returns due to lower fund balance		-3,921	-5,966	-8,264	-11,019	-14,311	-18,288	-4,977
Updated investment return	230,468	62,588	42,662	40,767	31,338	17,456	1,888	-
Closing fund balance	2,329,912	2,120,666	2,163,601	2,042,844	1,550,930	844,067	52,619	-
Closing fund balance (2021 report)	2,329,912	2,284,199	2,470,168	2,466,565	2,114,995	1,575,870	987,212	203,898

14. The chart below shows the impact of the proposed States Grant and changing the investment return assumption, on the +325 net inward migration scenario (the key shows the annual return in excess of earnings growth).



Observations on results

15. The update to the fund balance as at 31 December 2024 has a limited impact on both the general shape of the projection and the date at which the fund is projected to reach zero.

16. Allowing for the proposed changes in States Grant payments between 2025 and 2029 inclusive results in a reduction in Fund value between 2026 and 2029. However, beyond this period, investment returns are lower due to the lower Fund balance. The States Grant from 2030 onwards is also slightly lower than in the 2021 report in line with updated economic assumptions. The cumulative effect of this over time is that:

- In the +325 net inward migration scenario the projected fund exhaustion point comes forward from 2082 to 2072.
- With nil migration the projected fund exhaustion point comes forward from 2066 to 2061.
- With +700 net inward migration the fund is projected to decline albeit the fund exhaustion point remains beyond the 60 year projection period.

17. When considering alternative investment return assumptions for the +325 net inward migration scenario, there are a range of outcomes. If investment returns are assumed to be 1% in excess of earnings growth, the Fund is projected to be extinguished in 2062. If investment returns are assumed to be 3% more than earnings growth, the Fund is projected

to decline more slowly and not be exhausted within the 60 year projection period. Higher or lower assumed investment returns could result in materially different projections.

18. The long term fund balance is particularly sensitive to both the investment return assumption and the assumed level of migration.

Limitations and compliance

19. The results in this letter are sensitive to the assumptions used including the level of assumed investment return for the SSF. This letter does not consider what a current recommendation for a best estimate assumption for investment growth would be (‘best estimate’ meaning with no explicit allowance for prudence or optimism).

20. This letter is based on the projections in the 2021 report. This letter should be read in conjunction with that report and the limitations in the 2021 report also apply to the analysis in this letter. The methodology, data and assumptions used in this letter are as described in the 2021 report, except where explicitly stated otherwise in this letter. In particular, there have been no updates to reflect experience since 2021 except where stated otherwise.

21. This report has been prepared for the use of the Government of Jersey and must not be reproduced, distributed or communicated in whole or in part to any other person without GAD’s prior written permission. Other than the Government of Jersey, no person or third party is entitled to place any reliance on the contents of this letter, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this report.

22. This work has been carried out in accordance with the applicable Technical Actuarial Standards:

- TAS 100 issued by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

- APS X4 issued by the Institute and Faculty of Actuaries

Jonathan Andrews
Actuary

Annex A: Use of ‘real earnings’ and the September 2025 letter

A1. The 2021 report has an effective date of 31 December 2021. The analysis in that report is in real earnings terms. Using real earnings terms means that no allowance is used for future earnings growth. This approach allows ease of comparison of values near the start of the projection, with those later in the projection. By way of illustration, if results were expressed in nominal terms and increased every year for earnings growth then the weekly state pension in Jersey, currently around £300, is projected to be over £1,500 by the 2080s. By excluding earnings growth, figures can be expressed in a more meaningful way.

A2. For this letter I have been provided with values of the States Grant that are expected to be paid in the future in nominal terms. To incorporate these into the projections used in the 2021 Report, I have had to strip out earnings growth between 31 December 2021 and the point in the future when the grant would be paid. This stripping out is done using a formula that includes earnings growth.

A3. Earnings growth to June 2025 has been published (to June 2024 and 2024-2025), so has been used for all the relevant periods up to June 2025. The assumptions between June 2025 and future payment date are as in the table below which is a projection produced by Jersey's independent Fiscal Policy Panel in their May 2025 annual report (p21):

Year	Assumed earnings growth in year to June
2026	4.8%
2027	3.6%
2028	3.2%
2029	3.1%

A4. Although expressed in real earnings terms, the results in this letter are dependent, though are not highly sensitive to, the earnings growth assumption. This is because these earnings growth assumptions affect the assumed long term level of States Grant.

A5. I estimate that using a 1% per annum higher earnings growth assumption would result in fund exhaustion occurring around 2 years earlier in the +325 net inward migration scenario.

A6. The September 2025 letter used a different earnings assumption, based on an historic average, of 4.2% per annum from June 2025 onwards and only used actual earnings figures to 2024.

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Dear [redacted]

Subject: Variant to the principal projection of GAD's 2021 Actuarial review of the Jersey Social Security Fund

1. Thank you for your and [redacted] emails up to and including 15th August 2025, in which you requested that GAD update the 2021 actuarial projections of the Jersey Social Security Fund ('SSF') to show the projected fund balance for an updated fund closing balance up to 31 December 2024, an updated investment return assumption which you have specified, and updated proposed amounts for the States Grant. This letter has been prepared to assist the Government of Jersey and the Minister for Social Security in understanding the impact on the fund balance of potential decisions to legislate for changes to the States Grant amounts.

Assumptions

2. This letter shows calculations of the projected SSF balance as at 31 December 2021. The charts in this letter are based on projections included in GAD's "Report by the Government Actuary on the Jersey Social Security Fund as at 31 December 2021" ("the 2021 report"), with the following changes in data and assumptions:

    a. Using known closing SSF balances for years up to and including 2024.

    b. Increasing the investment returns assumption by 1% p.a. throughout the projection period. The new assumption for investment returns is equal to the rate of earnings increases plus 3% p.a..

    c. Set the future States Grant to

i. £30.4m in 2025;

ii. £22.8m in 2026;

iii. £52m in 2027 and then increased with earnings thereafter.

3. In the case of 2(a) and 2(c), values are adjusted to 2021 earnings levels terms. This is done by reducing them in line with observed and assumed earnings increases after 2021. Future earnings increases have been assumed to be 4.2%, which is the average earnings increase since 1990.

4. In the 2021 report the migration scenarios underlying the population projections were specified by the Government of Jersey. As requested for this analysis, we have considered three of those migration scenarios for this analysis..

   a. net migration of zero people a year from 01/01/2022

   b. net inward migration of 325 people a year from 01/01/2022

   c. net inward migration of 700 people a year from 01/01/2022

5. The updated projections otherwise use the same assumptions (and data and methodology) as used in the 2021 report. In particular, there have been no other updates to reflect experience since 2021.

Results

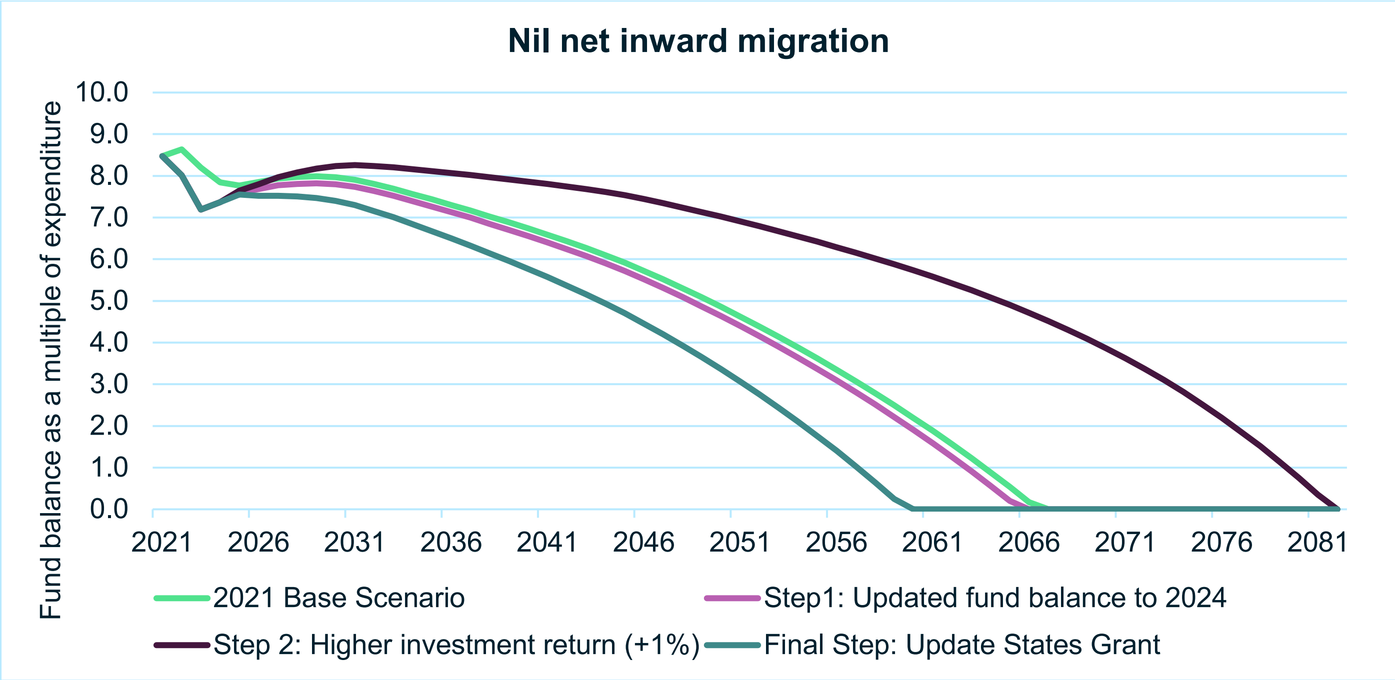
6. The three charts below show the changes in the projected fund balance when the step-by-step changes highlighted below are applied cumulatively:

   a. 2021 Base Scenario – This corresponds to the central projections in the 2021 report;

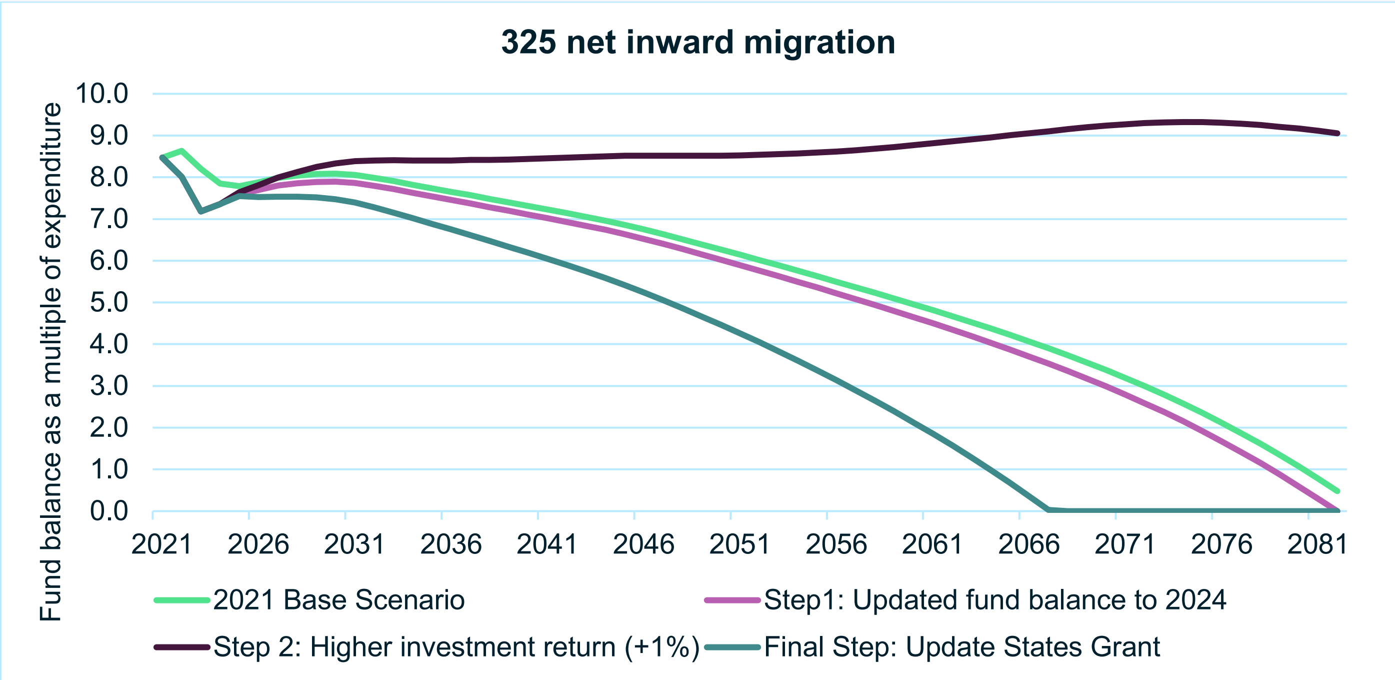
   b. Step 1: Updated fund balance to 31 December 2024 – We have updated for the known fund values up until 31 December 2024;

   c. Step 2: Higher investment return (+1%) – We allow for the increase in the assumed investment return by 1% p.a.. This applies from 31 December 2024 onwards. The new long term assumption is earnings increases + 3% p.a.;

   d. Final Step: Update States Grant – Update the States Grant to be £30.4m in 2025, £22.8m in 2026, and £52m in 2027 and beyond (increased in line with earnings growth in 2028 and thereafter).



Nil net inward migration
Fund balance as a multiple of expenditure
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
2021
2026
2031
2036
2041
2046
2051
2056
2061
2066
2071
2076
2081
2021 Base Scenario
Step1: Updated fund balance to 2024
Step 2: Higher investment return (+1%)
Final Step: Update States Grant



325 net inward migration
Fund balance as a multiple of expenditure
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
2021
2026
2031
2036
2041
2046
2051
2056
2061
2066
2071
2076
2081
2021 Base Scenario
Step1: Updated fund balance to 2024
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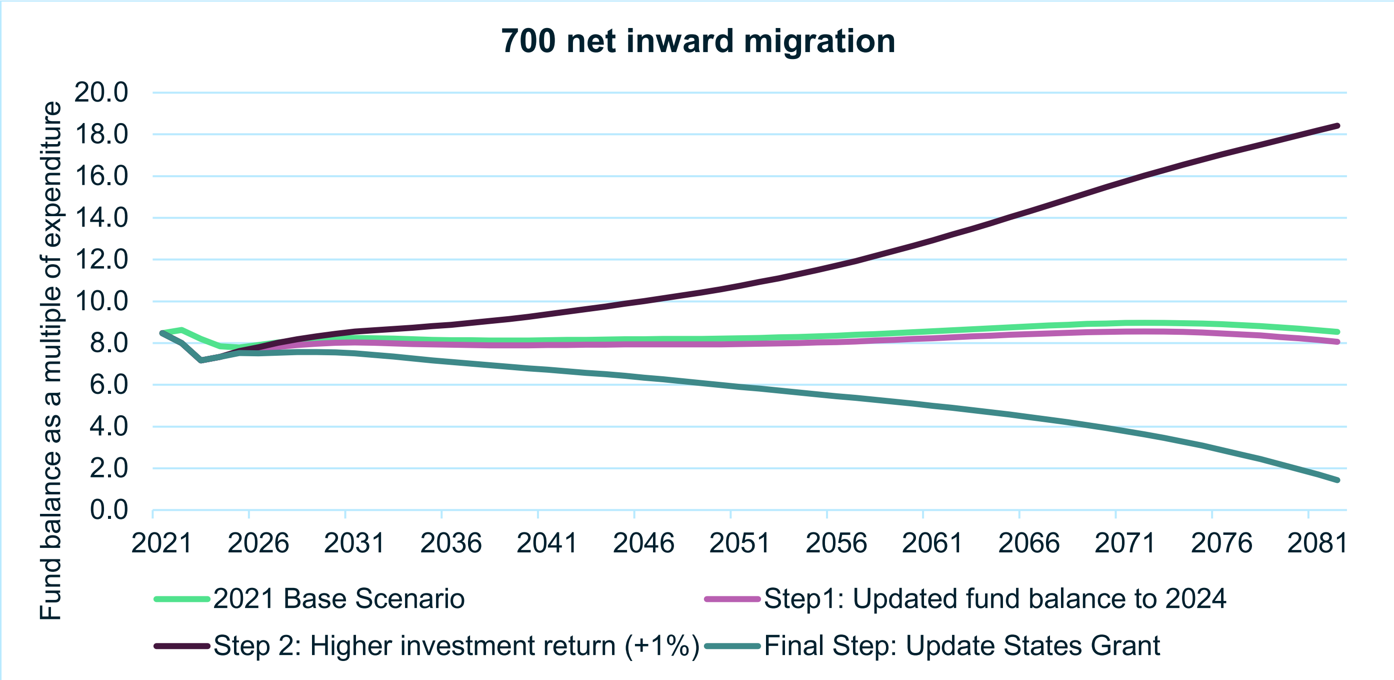
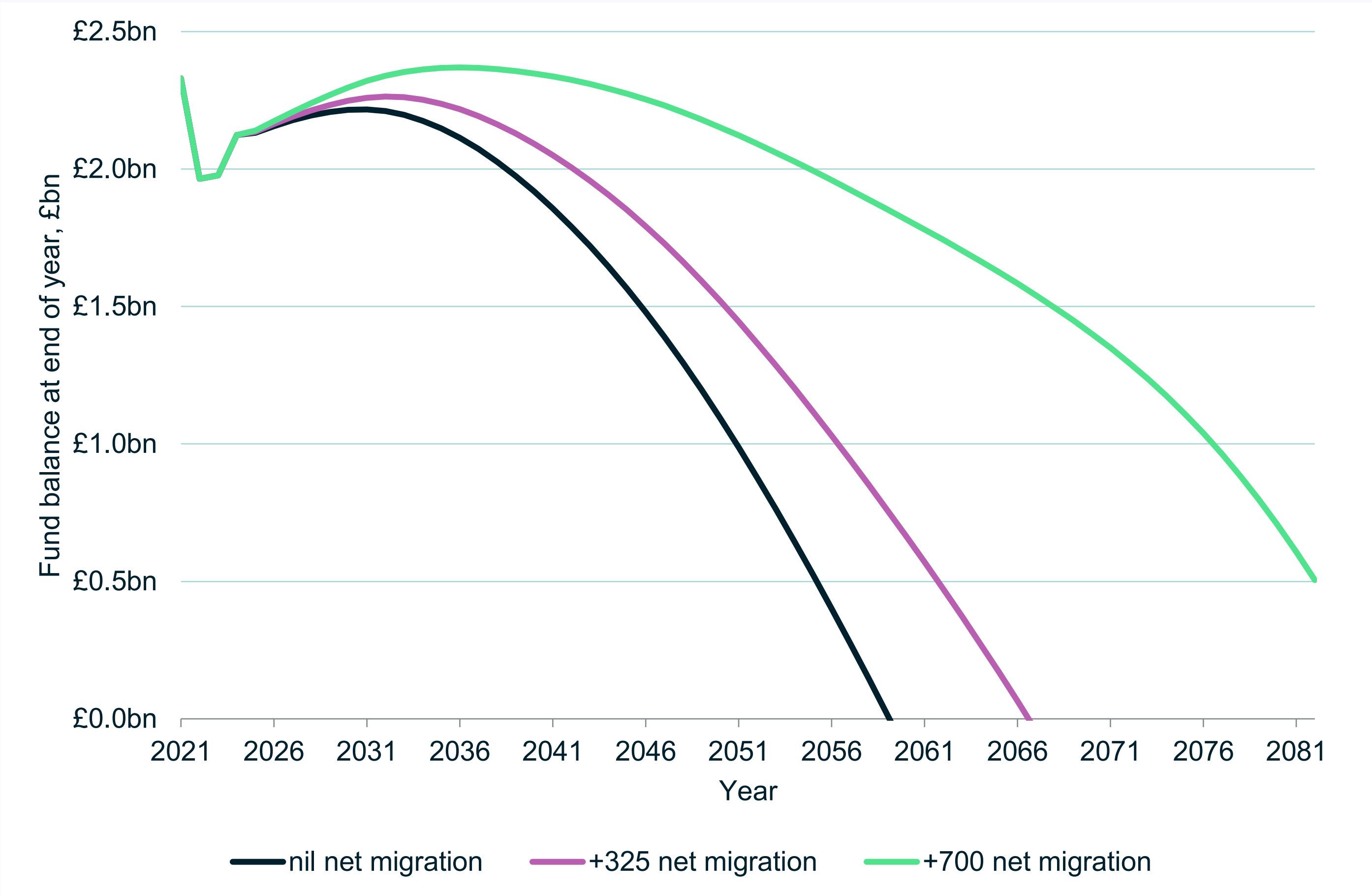
Final Step: Update States Grant



7. The following chart shows the three fund projections, each reflecting all three steps set out in paragraph 6 above (the known fund balance at 31 December 2024, higher assumed investment returns and an updated States Grant), expressed in 2021 "£" terms rather than multiples of expenditure. Expressing the values in 2021 "£" terms in the chart below allows comparison with the principal projections in Chart 2.1 of the 2021 report.



8. The following table is an updated version of Table F.1 from the 2021 Report. It has been extended to show the financial impact of changing the investment return assumption and changing the States Grant assumption. The rows in red text show the effects of changes to assumptions.

9. The effect of updating the fund balance for 31 December 2024 is relatively minor, and has therefore not been listed in the table.

10. In the case of investment returns, this change has been further broken down into the effect of changing the rate of return (assuming investment returns increased but the fund balance was the same as in the 2021 report) and the effect of the fund balance being different to the 2021 report.

£ thousand	2021	2026	2031	2041	2051	2061	2071	2081
F.1								
Opening fund balance	**2,169,134**	**2,135,144**	**2,249,049**	**2,091,799**	**1,520,392**	**665,296**	**-**	**-**
Contribution income (2021 report)	193,204	287,086	285,215	274,847	258,298	244,881	235,877	222,668
Effect of updated States Grant	-	-57,237	-36,490	-34,768	-29,602	-25,596	-23,944	-20,295
Updated contribution income	**193,204**	**229,849**	**248,725**	**240,079**	**228,696**	**219,285**	**211,933**	**202,373**
Benefit expenditure	259,466	278,712	297,383	334,225	339,766	324,752	311,247	314,138
Admin expenditure	6,094	6,968	7,435	8,356	8,494	8,119	7,781	7,853
Total expenditure	**265,560**	**285,679**	**304,817**	**342,580**	**348,260**	**332,870**	**319,028**	**321,991**
Excess of contribution income over expenditure	-72,356	-55,830	-56,092	-102,501	-119,564	-113,585	-107,095	-119,618
Investment returns (2021 report)	230,468	66,509	48,628	49,031	42,357	31,766	20,176	4,977
Effect of higher returns		22,170	24,314	24,516	21,178	15,883	10,088	2,488
Effect of change in fund balance		-4,379	-6,305	-12,319	-19,704	-29,382	-30,264	-7,465
Updated investment return	**230,468**	**84,300**	**66,636**	**61,228**	**43,832**	**18,268**	**-**	**-**
Closing fund balance	**2,329,912**	**2,163,613**	**2,259,593**	**2,050,526**	**1,444,659**	**569,979**	**-**	**-**
Closing fund balance (2021 report)	*2,329,912*	*2,284,199*	*2,470,168*	*2,466,565*	*2,114,995*	*1,575,870*	*987,212*	*203,898*

Observations

11. The update to the fund balance as at 31 December 2024 has a limited impact on both the general shape of the projection and the date at which the fund is projected to reach zero.

12. Increasing the investment return assumption has a more material impact on the projection of the fund (in every migration scenario). In the +325 net inward migration scenario the higher assumed investment returns stabilise the fund projection when expressed as a multiple of expenditure. With nil migration this extends the projected fund exhaustion point from 2066 to 2082. With +700 net inward migration the fund is projected to grow over the projection period.

13. When the proposed changes in the expected future States Grant payments are allowed for these more than offset the positive impact on the fund projection caused by assuming

higher investment returns. In the +325 net inward migration scenario the projected fund exhaustion point comes forward to 2067. With nil migration the projected fund exhaustion point comes forward from 2082 to 2060. With +700 net inward migration the fund is projected to decline albeit the fund exhaustion point remains beyond the 60 year projection period.

14. In the +325 migration scenario, the overall result of the three changes is that the year that the fund would reach zero reduces from 2082 to 2067.

Limitations and compliance

15. The results in this letter are sensitive to the level of assumed investment return for the SSF. This letter does not consider what a current recommendation for a best estimate assumption for investment growth would be ('best estimate' meaning with no explicit allowance for prudence or optimism). How the assumption in the 2021 report may need updating for the passage of time, an analysis of recent investment experience and the reasonableness of an assumption of 1% p.a. higher investment returns are all matters that GAD can provide further advice on if that would be helpful.

16. The results in this letter will also be sensitive to the earnings growth assumption described in paragraph 3. GAD would be happy to provide further advice on this assumption.

17. This letter is based on the projections in the 2021 report. This letter should be read in conjunction with that report. The methodology, data and assumptions used in this letter are as described in the 2021 report, except where explicitly stated otherwise in this letter. In general the limitations in the 2021 report also apply to the analysis in this letter.

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19. This work has been carried out in accordance with the applicable Technical Actuarial Standards:

    a. TAS 100 issued by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

    b. APS X4 issued by the Institute and Faculty of Actuaries

Jonathan Andrews
Actuary