

Union Street | St Helier
Jersey | JE2 3DN

Deputy Beatriz Porée
Chair, Health and Social Security Scrutiny Panel

Sent by email

8 October 2026

Dear Chair

Re: Social Security Contributions for self-employed individuals

Thank you for your letter dated 1 October relating to Social Security Contributions for self-employed individuals. As you are aware I have only been in my position as Minister for a relatively short time. I do intend to look at various aspects of the Social Security system during my tenure and have asked officers to prioritise this. However, at this point the work is at an early stage.

I have responded to each of your questions in turn:

What is the policy rationale for requiring self-employed individuals to pay both the employee and employer elements of Social Security contributions?

Contributions to the Social Security Fund are intended to represent a standard monthly amount required per working age person to provide the Fund with the income needed to meet its current commitments. Where a person is employed, the contribution is divided between the employee and employer. In the case of a self-employed person, or indeed any other person required to pay Class 2 contributions, the cost is borne by that person alone. This has been the position for very many years.

Does the Minister consider the current contribution structure to strike an appropriate balance between fairness for employees, employers and the self-employed?

The basis of the contribution structure was established in 1975 when the current legislation was enacted.

It assumes that an employer will benefit financially from the work of their employees, and so it is justifiable to ask them to contribute towards their employees' social security. A self-employed person is the sole beneficiary of their own work and so it is consistent that they pay both parts of the contribution themselves.

A potential inference from your questions is that the contributions of the self-employed should be reduced. If this were to happen it would mean that we would be asking either the employed and their employers to contribute more, to subsidise the lower contributions of the self employed, or for the general body of taxpayers to contribute more to the self-employed.

It is also important that Social Security is neutral towards employment and self-employment and does not influence peoples' decisions. They are both equally valuable forms of employment with pros and cons to each. The contribution rates in Social Security are consistent with this because the employee/employer and self-employed person are both required to pay the same total contribution rate.

For example, reducing the contributions for self-employed individuals could have significant adverse unintended consequences, with employers choosing not to employ as many people but to engage them as self-employed contractors, with the loss of employment rights and job security.

Has the Department undertaken any recent assessment of the impact that Social Security contribution rates may have on entrepreneurship, self-employment and the attractiveness of Jersey as a place to establish a business?

I am not aware of any recent assessment of these impacts having been undertaken but this is something that may be considered as we review the position for business start-ups. There is nothing to suggest that contributions are stopping people becoming self-employed.

Has the Government considered any measures to reduce the contribution burden on self-employed individuals while maintaining the long-term sustainability of the Social Security Fund?

I am interested in finding out how well the Startup Plan is working for self-employed people and if there is anything we can do improve it. The [Startup Plan](#) has been in place since 2012 and helps to make sure that contributions are low and manageable for self-employed people in the first years of a new business.

The submissions raise concerns that individuals who move to Jersey later in life may be unable to accrue a full contribution record before reaching pension age and therefore receive only a proportion of the full State Pension. Does the Minister consider the current arrangements appropriate in these circumstances, and has any consideration been given to alternative approaches?

Receipt of a full State Pension requires a person to contribute throughout their working years (or to have received credits for periods when they were not working such as when they were students or had preschool children). If a person comes to Jersey later in life, they will not be able to build up a full Jersey contribution record. I consider this appropriate, in that if they have worked in and contributed into another jurisdiction's scheme, then they will have built up a pension entitlement in that jurisdiction which will complement their Jersey State Pension entitlement. It is a fundamental principle of any contributory scheme that people need to pay into the scheme to be able to take out from the scheme. It would be very unfair if people who came to Jersey later in life received the same pension as those who had worked here and contributed throughout their life. Jersey holds reciprocal agreements with a range of jurisdictions which help to manage access across different national pension schemes.

Has the Department undertaken any comparative analysis of Jersey's contribution regime for self-employed individuals against other jurisdictions, and if so, what conclusions were reached?

Officers consider the approaches in other jurisdictions as part of their work. However, social security regimes are complex balances of benefit entitlements and contributions, developed to

meet the specific circumstances of their jurisdictions, and so comparing whole regimes is rarely helpful.

More generally, is the Minister satisfied that the current Social Security contribution framework adequately recognises the differing circumstances, risks and responsibilities associated with self-employment?

As indicated above, I am asking officers to look at various aspects of the social security system, particularly with a view to new business start-ups. I will have an open mind to any potential adjustments that could improve the system, including for the self-employed, depending on the outcomes of that work.

Yours sincerely

A handwritten signature in black ink, appearing to read 'E. Millar', with a stylized, cursive script.

Senator Elaine Millar
Minister for Social Security