

Contributions: People over pension age no. 21

This leaflet details the contribution requirements
for people over pension age.



States of Guernsey
Social Security

If, after reading this leaflet, you still have unanswered questions, please contact us on **732504**.

This leaflet should be read with Leaflet 50, which contains all the current benefit payments and contribution rates, available from www.gov.gg/non-employedcontributions

Contents

Where you fit in.....	4
Making an application.....	4
Allowance.....	5
How and when must I pay?.....	6
Payment by direct debit.....	6
Periods out of the island.....	7
What if I work?	7
How much do I pay?.....	7
How do I apply to pay contributions based on my income?	8
Retiring at pension age	9
Investment company income.....	10
Appendix: Income	11
For further information	12
What to do if you have a complaint.....	13
How we collect and use information.....	14

This leaflet is for guidance and must not be treated as a complete and authoritative statement of the law.

Where you fit in

If you are over pension age you do not have to pay social insurance contributions but you do have to pay health insurance and long term care contributions towards the Specialist Health Insurance and Long-term Care Schemes. These contributions are based on personal income.

This leaflet is about non-employed people over pension age and their liability to pay contributions to the Health Service Fund and Long-term Care Insurance Fund. Entitlement under the schemes provided by those Funds is described in Leaflet 2 and Leaflet LTC1.

Making an application

People who do not make an application to pay on the basis of their actual income will be charged at the full weekly contribution rate.

If you are married and both partners want to pay income-related contributions at less than the maximum rate you must make separate income-related applications, even if, as a married couple, you declare your income to Income Tax on the same form. In these cases, Income Tax will tell us the amount of income of each spouse.

It is therefore very important that you complete an application form if you want your contributions to be based upon your income, or if you believe your income to be below the Lower

Income Limit and wish to be excused from payment. The application form will also authorise the Director of Income Tax to disclose to the Administrator of Social Security the amount of your assessable income for the current and future years.

This information is only used for the assessment of how much you will have to pay for your contributions, and for no other reason.

Allowance

If you have made an income related claim, the value of the allowance will be deducted from the income figure provided by Income Tax, and your rate of contribution will be calculated based on the balance. If your income before the deduction of the allowance is less than the Lower Income Limit you will not have to pay a contribution. See Leaflet 50 for details of the allowance, along with current annual income limits and percentage rates.

Social Security will not be able to decide if you must pay at all, or if you can pay at a rate less than the maximum, until details of your income are received from Income Tax.

How and when must I pay?

Payment of contributions is by quarterly invoice which is sent to you on or around the 16th of the month following the end of each quarter. You then have 28 days in which to make the payment. For example, the invoice for the first 13 weeks of the year will be sent to you on, or around, 16 April, and payment should be made by no later than 14 May.

Payment by direct debit

If you decide to pay your contributions by Direct Debit you will not be issued with an invoice. Instead, payment will be sent to us automatically by your bank or building society.

You will be able to choose between quarterly and monthly payments, which will take place on the last day of the month following the quarter, or the last day of the following month if you pay monthly. You will always be notified in advance of the amount and date of each debit from your account and you will always be able to cancel your Direct Debit instruction at any time.

In addition to making payments by cheque or Direct Debit, payments can also be made by debit or credit card in the office, over the telephone, or online. Pay by debit/credit card by phoning **732504** or log on to: www.gov.gg/howtopaycontributions.

Periods out of the island

You do not have to pay contributions for any period you are out of the Island for 13 complete contribution weeks or more. You should inform Social Security of the dates so that your liability can be adjusted accordingly.

What if I work?

If you work for an employer, or carry out self-employed work, you will be liable to pay a non-employed contribution based upon your total personal income, rather than an employee contribution based upon your earnings.

If you work for an employer and earn more than the Lower Earnings Limit, you should obtain and pass to your employer an orange registration card. Although you will not have to pay an employee's contribution, your employer will still be required to pay an employer's contribution, which will be at the same percentage rate as that payable for employees who are under pension age.

How much do I pay?

The maximum rate of contribution payable is calculated by deducting the allowance from the annual Upper Income Limit, dividing it by 52 weeks, and multiplying it by the percentage rate set for the year. See Leaflet 50 for details of the allowance, along with the current annual Upper Income Limit and percentage rate.

If you have made an income related claim, and your income is equal to or above the Lower Income Limit, the value of the allowance will be deducted from the income figure provided by Income Tax from 2 years previous (see Appendix). Your rate of contribution will be calculated based on the balance. If your income, before the deduction of the allowance, is less than the Lower Income Limit you will not have to pay contributions.

How do I apply to pay contributions based on my income?

Simply fill in an application form available from Social Security or the Alderney States Office. The form contains an authorisation for the Director of Income Tax to disclose to the Administrator of Social Security the amount of your assessable income in the relevant year of charge. You will be issued annually with a notification showing your income and the weekly rate of contribution for the year.

Your contributions must be paid within 28 days of the quarterly invoice being issued to you, or by direct debit. If however, your assessable income is not available from Income Tax, we will estimate a figure. This figure will be based upon your assessment for the previous year, and increased by a percentage to be decided by the Committee each year. A refund or account will be issued when your actual weekly liability is established.

We will not provide an estimated figure for more than 3 years, and where no assessment is available for a fourth consecutive year, you will be charged at the maximum rate for that year. You are advised to submit your tax return early so that the information needed to accurately assess your rate of contribution is available in good time.

Retiring at pension age

In this case, there is likely to be a delay before your Income Tax assessments reflect your new circumstances. Social Security will therefore use estimates of your income for up to the first three years.

Your contribution rate will be revised as soon as your actual income has been established. If your income, as assessed by Income Tax, exceeds the Social Security estimate of your income, you will be required to make up the amount of contributions underpaid. On the other hand, you will receive a refund if your actual income is less than the estimate.

Investment company income

If you have a beneficial interest in an investment company, the appropriate income from that company will be included in your assessment as well. If total income is below the annual Upper Income Limit and you wish to pay income related contributions, the name of the investment company (or companies) and the extent of that beneficial interest will need to be provided. You will need to complete a release form allowing Income Tax to disclose the relevant details of the investment company.

Appendix: Income

For the purposes of income-related contributions, income means total personal income, as assessed by Income Tax, for the relevant year of charge before any deductions of tax allowances.

Where a contributor retires at pension age, special rules will apply for the year of retirement and the two following years, as shown in the table below:

Income Tax Year of Charge	Contribution Year 1 Jan - 31 Dec
2018	2018
2019	2019
2019	2020

Other than for newly non-employed people where the rules set out in the previous table apply, we use income from the 2 years previous to establish your rate of contribution for the current year, as set out in the table below:

Financial Year Ending	Income Tax Year of Charge	Contribution Year 1 Jan - 31 Dec
2016	2016	2018
2017	2017	2019
2018	2018	2020

Leaflet 50 sets out the current contribution rates for employed, self-employed and non-employed people. It also details the earnings and income limits.

For further information

If you are unsure of the meaning of any particular point in this leaflet, please contact Social Security, or the Alderney States Office, where staff will be pleased to help you, and from where copies of other leaflets may be obtained.

More information is also available on the States website here: www.gov.gg/non-employedcontributions.

If you are writing to Social Security, please quote your social insurance number, if known.

What to do if you have a complaint

If you are dissatisfied with any aspect of our services please let a member of staff know at the time so that we can try to resolve the issue immediately. If you wish to make a formal complaint to Social Security, please contact us for a complaints leaflet and return the completed complaints form to **Social Security, Edward T. Wheadon House, Le Truchot, St Peter Port, GY1 3WH.**

You can also request more information by email and return your complaint form to socialsecuritycomplaints@gov.gg or send your complaint or a compliment to us online at the States website, by visiting www.gov.gg/ccs and completing the electronic form.

How we collect and use information

Social Security processes personal information for social security purposes in order to carry out functions relating to the relevant social security and associated legislation that it administers. The information collected will depend on your business with us, but will be no more than is required for that purpose. We may get information about you from others for any of our purposes if the law allows us to do so. We may also share information with certain other organisations if the law allows us to. Any personal information you give to us will be processed in accordance with the Data Protection (Bailiwick of Guernsey) Law, 2001. If you wish to know more about the information we have about you, or about the way we use it, you can ask at the Office of the Committee for Employment & Social Security or by emailing:

employmentandsocialsecurity@gov.gg

This leaflet is for guidance and must not be treated as a complete and authoritative statement of the law.