



Government
Actuary's
Department

We are GAD

Professional, reliable and trusted

We're financial risk professionals and modelling experts. Our skills can help government in complex areas around long-term risk and uncertainty. We apply these specialist skills in insurance, investment, modelling, quality assurance, pensions and social security.

We're proud to be accredited under the Institute and Faculty of Actuaries' Quality Assurance Scheme, a voluntary accreditation scheme which recognises organisations' commitment to quality actuarial work.

Social security

We advise the government and a range of other countries and jurisdictions throughout the world on their social security arrangements. We provide a comprehensive analysis of the long-term financial position of social security funds and their potential future development. Social security arrangements can represent a significant proportion of public expenditure. Policy decisions can have major implications for the future public expenditure for many years to come.

How we can help you

Analysis that we can provide to social security organisations throughout the world includes:

- demographic projections where suitable projections for a scheme or a country are not available, to assess the impact of factors such as migration or increasing longevity
- cash flow projections of the scheme's income and expenditure to assess the scheme's financial position and future contribution requirements
- where appropriate, calculations of 'actuarial deficits' of social security schemes, advice on their implications and recommendations to manage or remove them
- advice on the financial implications of policy decisions including changes to contribution rates, benefit levels, retirement ages and other qualifying conditions



Case study: Isle of Man schemes

Social security and national insurance scheme review

We tested potential options for reform of the Isle of Man's social security and national insurance schemes with reference to the Great Britain National Insurance Fund. Among the options that GAD's experts considered were:

- introducing a single tier, flat-rate pension approach like the UK
- linking future benefits increases (except for the pension supplement) to the increase in average earnings

We analysed the options using different scenarios for earnings, consumer price index increases and other economic assumptions. [Our report provides estimates](#) of the projection of contributions, benefits and fund balance to 2072 under the range of potential reform options.

Case study: Quinquennial Review

GAD examines the National Insurance Fund's future

GAD produces the Quinquennial Review of the Great Britain National Insurance Fund every 5 years. This review investigates the future of the Fund through long-term financial projections under a range of scenarios.

Our report includes projections of future National Insurance contribution receipts and benefit expenditure from the Fund, over the next 65 years, to highlight the factors likely to affect the future development of the Fund.

The [most recent Quinquennial Review](#) (published in October 2017), concludes the position is much like the previous review. Projections indicate that the long-term benefit expenditure is expected to exceed National Insurance contribution receipts by an increasing amount, equivalent to around 1% to 1.3% of GDP because of the:

- increasing levels of life expectancy and the large cohorts of people reaching the state pension age from around 2030
- projected increase in the average state pension for people who start to receive their state pensions
- increases in the standard rate of basic state pension and new state pension relative to the increase in earnings because of the 'triple-lock' policy

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