

Contribution Rates FAQ



Q What are the changes to the NIS, and when will these changes be implemented?

A Effective September 5, 2016, NI contribution rates will be increased from 12% of insurable earnings to 13.2% of insurable earnings whilst the maximum insurable earnings will be increased from \$12,000.00 to \$13,600.00 per month.

Q Why was the decision taken to increase contribution rates?

A This increase was recommended by the actuaries who conducted the 9th Actuarial Review as an initial measure to bring the level of benefit expenditure and contribution income back into balance. The 1.2 percent increase is intended to balance the needs of customers with the long term sustainability of the NI Fund.

Q Why was the decision taken to increase the level of Maximum Insurable Earnings (MIE)?

A This approach was recommended by the actuaries who conducted the 9th Actuarial Review as an initial measure to bring the level of benefit expenditure and contribution income back into balance. In the short term, an increase in the MIE will result in greater contribution income collection. In the long term, the increased MIE will result in greater protection for employees since a greater proportion of their income is insured. The NIBTT will be better able to maintain the level of benefits into the future.

Q How will these increases affect employees living on constant salaries?

A Contributions are linked to salaries received. Persons earning higher salaries will pay higher contributions up to the maximum insurable earnings. National Insurance contributions are collected based on an earnings class system. Currently there are sixteen contribution classes or bands. An individual's weekly contribution is determined by the class into which his weekly (or monthly) income falls. Each employee's salary will be placed accordingly.

Q How hard will this increase hit the pockets of employees and employers?

A Increases range from \$7 per week in class one (i.e. \$2.23 per week for employees and \$4.47 per week for employers) to \$81.90 in class sixteen, (i.e. \$27.30 per week for employees and \$54.60 for employers). In some cases persons will see a reduction in contributions to the NIBTT at their existing level of income, depending on the earnings class they fall into, based on the new contribution class table.

Q Are there going to be any increases to benefits?

A The following benefits rates will be increased as a result of the change in Maximum Insurable earnings:

1. Retirement
2. Invalidity
3. Survivor's
4. Sickness
5. Maternity Allowance
6. Employment Injury Allowance and related benefits (Disablement pension and death benefit) except disablement grant and medical expenses.

These benefit increases will apply to contingencies that arise on or after September 5, 2016.

Q While you speak of the need to increasing the contribution rates and the maximum insurable earnings, what are the disadvantages and who will suffer most?

A While it may result in a small loss of disposable income today, the revised contribution rates and earnings classes are intended to promote sustainability of the NIS, and to ensure adequate coverage of employee's earnings. A sustainable NIS means that the NIBTT will be able to continue to pay its current level of benefits, and to make these benefits more socially relevant for generations to come.

Employees continue to receive 70% tax deductions on all National Insurance contributions.

Employers continue to receive 100% tax deductions on all National Insurance contributions paid on behalf of their employees.

National Insurance Earnings Classes and Contributions from September 5th 2016 (Based on a contribution rate of 13.2%)



Earnings Class	Weekly Earnings	Monthly Earnings	Assumed Average Weekly Earnings	Employee's Weekly Contribution	Employer's Weekly Contribution	Total Weekly Contribution	Class Z Weekly
	\$	\$	\$	\$	\$	\$	\$
I	200.00 - 339.99	867.00 - 1,472.99	270.00	11.90	23.80	35.70	1.79
II	340.00 - 449.99	1,473.00 - 1,949.99	395.00	17.40	34.80	52.20	2.61
III	450.00 - 609.99	1,950.00 - 2,642.99	530.00	23.30	46.60	69.90	3.50
IV	610.00 - 759.99	2,643.00 - 3,292.99	685.00	30.10	60.20	90.30	4.52
V	760.00 - 929.99	3,293.00 - 4,029.99	845.00	37.20	74.40	111.60	5.58
VI	930.00 - 1,119.99	4,030.00 - 4,852.99	1,025.00	45.10	90.20	135.30	6.77
VII	1,120.00 - 1,299.99	4,853.00 - 5,632.99	1,210.00	53.20	106.40	159.60	7.98
VIII	1,300.00 - 1,489.99	5,633.00 - 6,456.99	1,395.00	61.40	122.80	184.20	9.21
IX	1,490.00 - 1,709.99	6,457.00 - 7,409.99	1,600.00	70.40	140.80	211.20	10.56
X	1,710.00 - 1,909.99	7,410.00 - 8,276.99	1,810.00	79.60	159.20	238.80	11.94
XI	1,910.00 - 2,139.99	8,277.00 - 9,272.99	2,025.00	89.10	178.20	267.30	13.37
XII	2,140.00 - 2,379.99	9,273.00 - 10,312.99	2,260.00	99.40	198.80	298.20	14.91
XIII	2,380.00 - 2,629.99	10,313.00 - 11,396.99	2,505.00	110.20	220.40	330.60	16.53
XIV	2,630.00 - 2,919.99	11,397.00 - 12,652.99	2,775.00	122.10	244.20	366.30	18.32
XV	2,920.00 - 3,137.99	12,653.00 - 13,599.99	3,029.00	133.30	266.60	399.90	20.00
XVI	3,138.00 and over	13,600 and over	3,138.00	138.10	276.20	414.30	20.72