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Work and Pensions Committee

Communication of state pension age changes

Seventh Report of Session 2015–16

Report, together with formal minutes relating to the report

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Work and Pensions Committee

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Summary

Having been left untouched for 70 years, state pension age has been changed by successive governments to take account of rising longevity, gender equality and the rising impact of pension bills on government finances. The changes currently occurring were legislated for in 1995 and 2011.

This Report considers alleged failures and shortcomings in the communication of those changes, and the impact both of this and of later access to pensions, especially on women born in the 1950s.

Our primary recommendation is about communication. Although there may always be communication issues between government and citizens when laws change, more could and should have been done, especially between 1995 and 2009. Noting the Government has launched a new independent review to consider in 2017 the state pension age beyond 2028, we highlight suggestions on what should be done in the future. It is critical that people affected by any future changes in the state pension age are fully and properly informed.

Our inquiry was not set up to take evidence or address options for ameliorating the impact on those worst affected by the 1995 and 2011 changes. However, we took evidence from WASPI and several debates in the House have highlighted potential options for addressing the issue, should the Government choose to do so.

Some of those options, for example re-calculating all women's pensions for those born in the 1950s as if they had been born before 1950, would be prohibitively expensive and could have damaging wider consequences.

We were, however, interested in an idea that was proposed of permitting early retirement, from a specified age and for a defined cohort of women, on an actuarially neutral basis. This arrangement, which features in some defined benefit occupational pension schemes, would permit women in that specified age group to choose to take a state pension sooner than scheduled in return for lower weekly payments for the duration of their retirements. The actuarial reduction factor used should ensure that, on average, over the lifetimes of the pensioners concerned, there would be no additional pension costs to the exchequer.

There are several questions which would need to be addressed before such an idea could be progressed. The details and limits of eligibility, and the rationale for this relative to those earlier or later, would need to be determined, including the position of men at 65. It would bring forward some public spending, as an unknown number of women would take their state pension early. This would increase public sector net borrowing in the short term in return for a longer term reduction. The total fiscal impact would not be known until all the relevant pensions ceased to be paid.

This factor, added to the unknown take-up rate, would add to budgeting uncertainty. The scheme would also need to be properly administered, which has cost implications. Any changes would need to be assessed for their wider impact on tax and benefits. It

may be that any increased costs to the public purse could be incorporated in the factors used to reduce weekly pensions to make the policy more likely to be fiscally neutral in the long term.

As this was not the focus of our inquiry the committee has not taken much evidence on this idea. We intend to in the coming weeks. It is, however, an interesting option and one the Government should explore.

1 Introduction

1. The last few decades have seen substantial reform to the state pension system. Successive Pensions Acts have legislated to equalise state pension age for men and women, further increase state pension age and accelerate that increase. The latest Pensions Act, passed in 2014, created the new state pension, which will be introduced in April 2016. This will simplify what had become a highly complex system and provide a higher state pension for many people currently approaching retirement.

2. We launched our inquiry into *Understanding the new state pension* amid concerns about the adequacy of Government communications. In part, our work follows up on a 2013 inquiry by our predecessor Committee.[1] Drawing on that valuable work, we were particularly interested in the steps the Department for Work and Pensions (the Department, DWP) had taken to communicate with groups of people most affected by the reforms. These groups included women who were affected by increases in the state pension age being introduced between 2010 and 2020.[2]

3. In the course of our work our attention was particularly drawn to the adequacy of DWP communication to women born in the 1950s, especially regarding increases to their state pension age. This issue, which has been effectively highlighted by the Women Against State Pension Inequality (WASPI) campaign group, was cited by all our witnesses during our first oral evidence session[3] and accounted for a large volume of our written evidence.[4] MPs representing constituencies across the UK have been overwhelmed by correspondence from women in this age group who consider themselves disadvantaged. We subsequently took oral evidence from WASPI representatives[5] and there were several debates in the House of Commons on their concerns.[6]

4. This Report, which follows an earlier *Interim report on state pension statements*,[7] covers communication of changes to state pension age. We will shortly consider communication of the new state pension in a further report. We are grateful to everyone who has participated in our inquiry, particularly those many ordinary members of the public who found the time to contribute.

1 Work and Pensions Committee, Fifth Report of Session 2012–13, *The Single-tier State Pension: Part 1 of the draft Pensions Bill*, HC1000, March 2013
2 Work and Pensions Committee, Terms of reference: Understanding the new State Pension, October 2015
3 Q21 (Steve Webb); Q37 (Sally West); Qq38-41 (Paul Lewis)
4 For example Women Against State Pension Inequality (USP0084); Brenda O'Brien (USP0001); Mrs Rosemary Ingram (USP0030); Shelagh Simmons (USP0051); Teresa Tickner (USP0065); Elaine Tasker (USP0105); Mrs Jocelyn Tucker (USP0127)
5 Qq58-82 (Anne Keen and Lin Phillips)
6 HC Deb, 2 December 2015, cols 123-148WH; HC Deb, 7 January 2016, cols 454-512; HC Deb, 1 February 2016, cols 249-300WH; HC Deb, 24 February 2016, cols 318-375
7 Work and Pensions Committee, Sixth Report of Session 2015–16, *Understanding the new state pension - interim report on pension statements*, HC550, January 2016

2 State pension age policy

5. A series of Pensions Acts since 1995 have increased state pension age:

- The Pensions Act 1995 increased state pension age for women from 60 to 65 in stages between May 2010 and March 2020, to bring it into line with that for men. The decision to equalise upwards to 65 (rather than downwards to 60 or at an age in between) was attributed to demographic changes, fiscal pressure and comparisons with both other countries and occupational schemes.[8]
- The Pensions Act 2007 increased state pension age from 65 to 68 in stages between 2024 and 2046. The Government argued this was necessary owing to "a growing pensioner population resulting from increasing longevity and falling birth rates".[9]
- The Pensions Act 2011 accelerated the timetables set in both the 1995 and 2007 Acts, bringing forward equalisation at age 65 to November 2018 and the rise to age 66 to October 2020, on the grounds of increasing life expectancy.[10] The Government amended the legislation in its final stages in Parliament to cap the maximum increase in state pension age relative to the timetable in the 1995 Act at 18 months rather than the two years in the original Bill.[11]
- The Pensions Act 2014 brought forward the increase in state pension age to 67 to between 2026 and 2028.[12] In a 2014 speech, the Chancellor of the Exchequer described state pension age increases as the biggest fiscal saving the Government had made.[13]
- The Pensions Act 2014 also made provision for future periodic reviews of state pension age to consider changes in life expectancy and other relevant factors.[14] On 1 March 2016, John Cridland CBE was appointed to lead the first such review. It will not consider the existing timetable to increase the state pension age to 67 by 2028.[15] There is a case for it considering differences in life expectancy across the UK and trends in the gap between life expectancy and healthy life expectancy. The Committee will take a keen interest in the review.

Annex 1 details the changes to state pension age for women born in the 1950s. In total across the UK, 1.1 million women born between 6 April 1950 and 5 April 1953 had their state pension age increased as a result of the Pensions Act 1995 alone. A further 2.7 million women have had their state pension age increased by both the Pensions Act 1995 and the Pensions Act 2011.[16]

8 *Equality in State Pension Age*, Cm 2420, December 1993 and HL Deb, 24 January 1995, col. 977. There is a misconception that state pension age equalisation was required under European law. In fact, there was a specific derogation for state pensions in Council Directive (EEC) 79/7 on the progressive implementation of the principle of equal treatment for men and women in matters of social security. Occupational schemes were required to equalise pension ages. It is questionable how long state pension age equalisation could have been resisted in practice. For further detail, see House of Commons Library Research Paper RP 95/47, *The Pensions Bill: Social Security Aspects*

9 Pensions Act 2007 Explanatory Notes

10 DWP, *A sustainable State Pension: when the State Pension age will increase to 66*, Cm 7956, November 2010

11 DWP Pension Bill 2011 fact sheet 1 – Government amendment to Clause 1 of Pensions Bill 2011, October 2011

12 Pensions Act 2014, s26

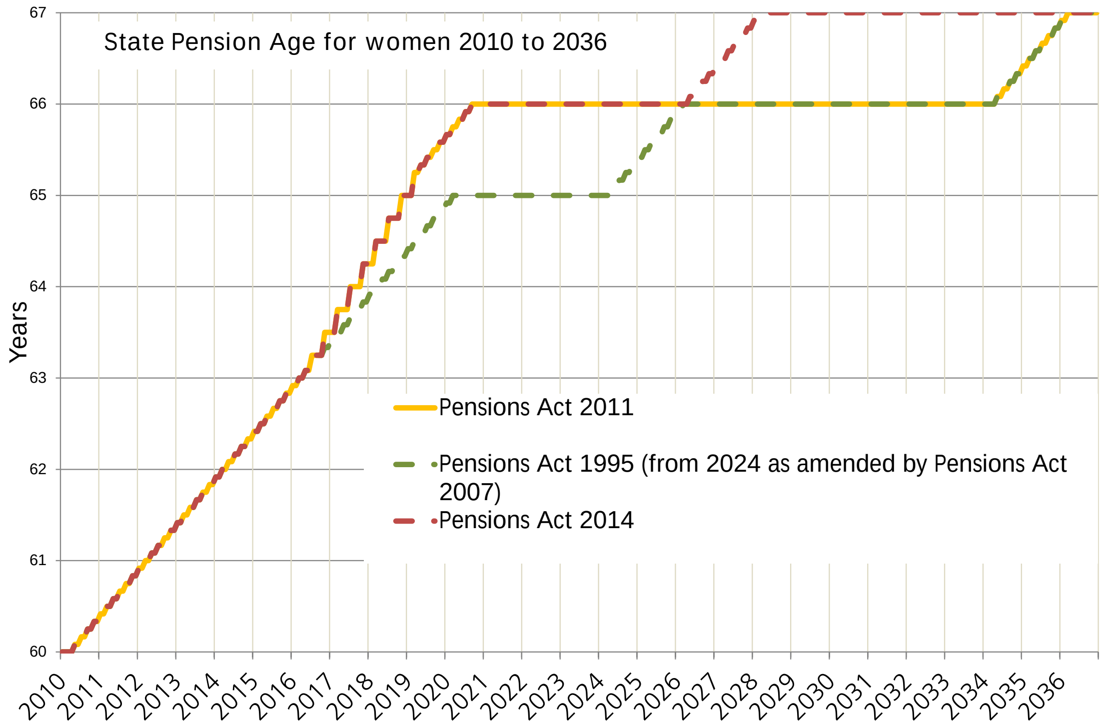
13 Speech by Rt Hon George Osborne MP to the Economic Club of New York, 15 December 2014

14 Pensions Act 2014, s.27

15 HCWS562, 1 March 2016

16 Office for National Statistics mid-year population estimates 2014

Fig 1. Increases in the state pension age for women



6. **We strongly support state pension age equalisation and increases in the state pension age as life expectancy rises.**

3 Communication of changes

Communications and awareness

Planning for retirement

7. Adequate notice of changes to state pension age is necessary to enable individuals to plan for retirement. This may involve decisions about work, caring commitments, the age of a partner's retirement and saving.[17] The Department told us that it aims to give people "a clearer idea of the support they will receive from the State in later life [to] help people to judge how much additional saving they will need to make".[18]

8. Annex 1 details the changes to state pension age for women made by the Pensions Acts 1995 and 2011. The then Chancellor of the Exchequer announced his intention to equalise the state pension age at 65 in his 1993 Budget statement.[19] The 1995 Act was given Royal Assent in July 1995 and the first increases in state pension age as a result occurred in May 2010, nearly 15 years later. In November 2010, the then Government signalled its intention to accelerate the state pension age increase to 66.[20] The Pensions Act 2011, which was given Royal Assent in November 2011, legislated for increases in state pension age from July 2016,[21] just under five years later. Baroness Altmann, the current Pensions Minister (the Minister) confirmed the Government intends to give at least 10 years' notice of any further changes to state pension age.[22]

9. The WASPI campaign told us that the increases in the state pension age are occurring too fast and with insufficient notice. It also contended that communications by successive Governments had been insufficient to ensure that women were aware of the changes:

> It is reasonable to expect the Government to take appropriate steps to communicate significant changes to women's State Pension Age in a timely and effective way to enable them to financially re-plan for their retirement. In the case of the 1950's women, this did not happen and as a result, this decade of women had their State Pension Age delayed - in some cases twice and by up to six years in total - without proper notice.[23]

We consider Government communications, media coverage of state pension age increases and evidence of awareness levels in the remainder of this section.

17 For example Ms Rosalyn Morgan (USP0125); Miss Trisha Snowling (USP0124); Yvonne Jebson (USP0063)
18 DWP(USP0137)
19 HC Deb, 30 November 1993, Col. 929
20 DWP, *A sustainable State Pension: when the State Pension age will increase to 66*, Cm 7956, November 2010
21 The first group affected, women born between 6 April 1953 and 5 May 1953, are scheduled to reach pension age on 6 July 2016.
22 Q173 (Baroness Altmann)
23 WASPI (USP0084)

Box 1: Case studies

Mrs Lena MacLeod: "At 59 I discovered by chance that I would be 65yrs and 6mths before getting my State Pension. I have 44 yrs NI. This was supposed to be introduced over a 10 year period. I am too old and tired to do my job effectively and I am keeping a young person out of work. I have already had a lot of time off work due to exhaustion and ill health but cannot afford to retire on no pension".[(A)]

Kate Hardcastle: "I honestly feel and believe that the jump from 60 years to 66 years has been far too severe in its time scale. If I can give an example; I have three older sisters, albeit that there is only a maximum of 18 months between us, my eldest sister received her State Pension at 60. My second sister at 62, and third sister at 63, even though she is only 18 months older than me I do not receive my State Pension until I am 66. Why do I have to wait a further 3 years when in fact I am only 18 months older? This along with the additional National Insurance I am paying I have calculated that I have lost a minimum of £60,000.00 over the 6 year wait. I look to your support and understanding of the full 83of this massive jump of 6 years that I only became fully aware of at the age of 59/60. As stated previously I have worked and contributed all of my adult life and feel aggrieved, upset and let down".[(B)]

(A) Mrs Lena MacLeod (USP0042)
(B) Kate Hardcastle (USP0169)

Government communications

10. We asked the DWP for a chronology of official communications regarding state pension age changes and for examples of those communications. These are shown in Annexes 2 and 3 respectively.

1995–2009: information on request

11. Until 2009, direct communication with people affected by increases in state pension age was very limited. Leaflets explaining the changes were available from the Benefits Agency from 1995 and accompanied any state pension forecasts that were requested.[24] The Department told us that 11.5 million state pension statements have been issued on request since April 2000.[25] These included the date (but until recently, not the age) at which the individual was due to reach state pension age under the legislation at that point.[26] Between 2001 and 2004 the DWP ran a broad pensions education campaign which incorporated state pension age equalisation:

> The pensions education campaign ran in waves and used TV and press advertising, and direct marketing. One of the press adverts in 2004 was specifically about the equalisation of State Pension age and was featured in women's magazines and national newspaper supplements.[27]

12. Between 2004 and 2006, the Department issued around 16 million unprompted letters, known as Automatic Pension Forecasts, projecting state pension entitlements, including

24 DWP (USP0162). The Benefits Agency was an executive agency of the Department for Social Security, the predecessor Department of the DWP.
25 DWP (USP0153)
26 Q170 (Duncan Gilchrist)
27 DWP (USP0162)

to women aged over 50.[28] This forecast did not include any details of state pension age, or mention that state pension age was changing. Lin Phillips, a WASPI representative, told us:

> I received [an Automatic Pension Forecast] in 2005 and it just said, "Based on today's state pension rate, this is what you will receive when you retire". Nowhere in that letter did it say, "You will retire on this date".[29]

Information on state pension age changes was contained on the second page of one of two accompanying leaflets under the heading "what is the state pension age?".[30]

13. We heard from women who thought that the Government should have been more direct in informing individuals of their changed circumstances. Ms Helen Cherry, who was born in 1954, told us:

> Why would I have been seeking out information about my retirement age when I had known all my life that women retired at 60? It was an absolute.

Sally West of Age UK concurred that "people did not ask what their pension age would be because they thought they knew it".[31] This perception may have been reinforced by the absence of any state pension age increase from the Automatic Pension Forecasts.

2009–2014: personalised letters

14. Between April 2009 and March 2011, 1.2 million personalised letters were sent to women born between 6 April 1950 and 5 April 1953. These letters included the earliest date when the individual could expect to be entitled to a state pension. The women contacted were the first to be affected by changes to state pension age in the Pensions Act 1995. Paul Lewis, a financial journalist, calculated that these letters were sent, on average, one year and four months before the women turned 60.[32] The distribution of letters was paused in 2011 as the Government consulted on further changes to the state pension age and the Pensions Act 2011 passed through Parliament.

15. In January and February 2012 the Department issued 1.3 million personalised letters to people born between April 1953 and April 1955.[33] Women in this group were subject to a maximum increase in state pension age of 18 months as a result of the Pensions Act 2011. In addition, their state pension ages were increased by between three and five years by the Pensions Act 1995. In total, their state pension ages will be between 63 years and two months and 66 years (for those born after 5 October 1954). Paul Lewis calculated:

> They were told at the age of 57 or 58 about this double effect two changes to their pension age. The letters were sent on average two years before they were 60.[34]

28 Q160 (Richard Caseby); DWP (USP0162)
29 Q62 (Anne Keen)
30 DWP (USP0162)
31 Q37 (Sally West)
32 Paul Lewis (USP0114)
33 DWP (USP0153)
34 Paul Lewis (USP0114)

16. Mr Lewis justified using the length of time between receipt of a personalised letter and the woman's 60th birthday as a measure of notice because for many women, the letters sent from 2012 were "the first time they were told about any change at all and certainly the first time they were written to specifically to inform them of their personal pension age".[35]

17. Between October 2012 and November 2013 a further batch of personalised letters was sent to 4.5 million people born between 6 April 1955 and 5 April 1960, the remainder affected by state pension age changes in the Pensions Act 2011.[36] The oldest members of this group were told at the age of around 57½ that their pension age would be 66.[37]

18. Anne Keen, a WASPI representative, described the Pensions Act 1995 as the "crux" of the matter:

> The Government have said on numerous occasions that people have only had to wait 18 months. That is not the case. It is up to six years.[38]

Steve Webb made a similar point:

> when we wrote to them to tell them about the changes we made in the 2011 Act, which increased pension ages by up to 18 months, for some of them it was the first time they had heard about the 1995 Act, which increased their pension age by four and a half years or something like that. We got the flak for six years of pension rise.[39]

Box 2. Case study

Marilyn Byrne: "I had worked for the NHS for over 20 years, to provide for my future I contributed to a NHS pension. I took early retirement in 2009 from the NHS but I planned to continue to work on a casual basis outside the NHS until I was entitled to claim my State Pension in 2014. "To my shock and horror I received a letter from the DWP in February 2012 stating that the year I could claim a State Pension had moved to 2020. This had given me just over 2 years' notice of a 6 year rise. I could never make up this shortfall in my finances with that very short amount of notice. "If I had known this the financial planning for my retirement would have been very different, with very different choices being made".[(A)]

(A) Marilyn Byrne (USP0032)

Recent concerns

19. We also heard evidence that many women did not receive a personalised letter.[40] The DWP wrote to people at the latest address held by HM Revenue and Customs (HMRC).[41]

35 Paul Lewis (USP0114)
36 DWP (USP0153)
37 Paul Lewis (USP0114)
38 Q59 (Anne Keen)
39 Q5 (Steve Webb)
40 For example, Q38 (Paul Lewis); Mrs Susan Bissmire (USP0090); Victoria van Cleak (USP0037); Ms Linda Tomlinson (USP0062)
41 Q165 (Baroness Altmann)

This list was inevitably inaccurate or out-of-date in some cases. Both the current and previous Pensions Minister acknowledged that some people would not have received letters.[42] Steve Webb told us:

> I am sure we missed people. So if someone says, "I never got a letter," they are probably telling the truth; I don't dispute that. We did everything we could on the 2011 Act to tell the people affected by that Act.[43]

Paul Lewis disagreed that the then Government took all necessary steps, suggesting that, if letters were returned, the Department should have made more effort to contact the individual concerned.[44] Richard Caseby, DWP Director of Communications, cautioned that DWP analysis suggested unprompted letters are read by just one-in-three recipients.[45]

20. Mr Caseby said that use of online tools had been high. Since 2013, 5 million people, of whom 2.4 million were women, had used the Department's online state pension calculator.[46] WASPI, however, drew our attention to the Government Gateway website still displaying the state pension age for women as 60 in January 2016.[47]

Media coverage

21. Paul Lewis told us that media coverage of forthcoming state pension age changes had been very limited:

> There was little mention in the press at the time. A cuttings search I did found a few references in 1995, often just a single paragraph in a longer piece and mainly on the business or finance pages of broadsheet newspapers.[48]

Lin Phillips concurred, telling us:

> We did not have the internet and things like that in 1995. There was not much in the newspapers, only maybe a little bit in the business pages.[49]

22. Josephine Cumbo, the *Financial Times* Pensions Correspondent, used a press database to contest this evidence. She found there had more than 600 mentions of state pension age equalisation in the national broadsheet and tabloid press between 1993 and 2006, an average of just under one per week. There were 54 mentions in 1995, the year in which equalisation was legislated for. She noted:

> The mentions were on the front pages, News and City sections as well as personal finance pages. Mentions could be also found in the Letters section and Comment pages as the state pension age changes were highly controversial at the time. The coverage was most concentrated in 1993–95 and again from 2005–06, when Lord Turner proposed raising the retirement age for all from 65 to 67.[50]

42 Q5 (Steve Webb); Q165 (Baroness Altmann)
43 Q5 (Steve Webb)
44 Q39 (Paul Lewis)
45 Q162 (Richard Caseby)
46 Q170 (Richard Caseby)
47 WASPI (USP0140). This was rectified shortly afterwards.
48 Paul Lewis (USP0114)
49 Q64 (Lin Phillips)
50 Josephine Cumbo (USP0156)

23. Richard Caseby, a *Sunday Times* journalist before he was DWP Director of Communications, said that coverage of state pension age changes "certainly was out there", adding that it "was a point of conversation within the money pages".[51] Some examples of press coverage are included in Annex 4.

Survey evidence

24. A 2004 DWP survey asked working age adults about awareness of state pension age equalisation. It found that, among respondents who were aware of the reforms, television (47%) and newspapers (37%) were the main sources of information. The DWP or the Pension Service, part of the Department, were cited by just 2%.[52]

25. That survey gave a mixed picture of awareness levels. Almost three-quarters (73%) of female correspondents in the cohort set to be affected by equalisation were aware of it. Of those affected women, however, only 43% were aware of *their own* state pension age being 65 or between 60 and 65. The DWP report commented:

> This low figure provides cause for concern and shows that information about the increase in SPA is not reaching the group of individuals who arguably have the greatest need to be informed.

Furthermore, awareness of own state pension age was lower in certain groups, including economically inactive women and those in routine and manual occupations.[53]

26. Sally West told us about some 2011 Age UK research that found that "most people had some awareness of the increase in State Pension age but there were still a fifth of women who did not know". This minority, she said, was a concern because "people who are most reliant on their State Pension are often the people who perhaps are carers, perhaps have ill health, and perhaps don't have the time or the ability to find out what their State Pension will be".[54]

27. The DWP's latest *Attitudes to Pensions* survey report, based on fieldwork in early 2012, showed that 26% of women within 10 years of state pension age had correct expectations of their pension age while 59% expected to reach state pension age earlier than they would. Just 6%, however, still expected to reach state pension age at 60.[55]

28. Steve Webb encapsulated the uncertainty about levels of awareness about state pension equalisation:

> In theory, passing a law with 15 years' notice ought to be absolutely fine. Of course, if people do not know you have passed the law that is the problem and that is what has happened. A minority, I think, did not know and have found out quite late. Partly they found out because of the letters we sent about the 2011 Act.[56]

51 Q170 (Richard Caseby)
52 DWP Research Report No. 221, *Public awareness of state pension age equalisation*, 2004, Table 2.4
53 DWP Research Report No. 221, *Public awareness of state pension age equalisation*, 2004, para 2.2.2
54 Q37 (Sally West). Written evidence by WASPI (USP0142) contains references and links to survey data from yet more sources.
55 DWP Research Report No. 813, *Attitudes to Pensions: The 2012 survey*, 2012
56 Q8 (Steve Webb)

He emphasised, however, that "it is abundantly clear that there are a set of women […] who did not know. There is no question about that".[57]

Conclusion on communication and awareness

29. **We will never know how many women did not know, or could not be reasonably expected to know, that their state pension age was increasing. What is apparent with hindsight is that previous governments could have done a lot better in communicating the changes. Well into this decade far too many affected women were unaware of the equalisation of state pension age at 65 legislated for in 1995. While the last and current Governments have done more to communicate state pension age changes than their predecessors, this has been too little too late for many women, especially given increases in the state pension age have been accelerated at relatively short notice. Many thousands of women justifiably feel aggrieved.**

Women born in the 1950s and the labour market

30. Receiving a state pension later than expected is likely to be more keenly felt if the individual concerned is not in employment. While the employment rate of women aged 50–64 has increased markedly in recent years (from 58.9% in 2010 to 64.4% in 2015), it is considerably lower than that of men of the same age (which increased from 75.5% to 78.8% over the same period).[58] There are significant regional and national variations in UK employment rates: for example in October–December 2015 the employment rate for women aged 50–64 ranged from 53.0% in Northern Ireland to 69.4% in South West England.[59]

31. Women born in the 1950s began their working lives in a labour market, and wider society, very different to that experienced by young women today. This was described by Mrs Margaret Barry, who was born in 1953:

> When I started work at the age of 14, I expected to retire at 60. Women were expected to take low paid jobs and find a husband. That would be our pension plan. We were expected to bring up our own children and did not have the benefit of child care vouchers. We were encouraged to pay the "married women's stamp" because there was no situation that could be foreseen where women could not rely on their husband's contributions. […] We did not expect and did not get equal pay to men for doing the same work. We were not offered places on company pension schemes …[60]

Such circumstances may make it more difficult for some women to manage an unexpected additional wait for their state pension. Mrs Barry had found work in her 60s but found it very draining.[61] Other women were struggling hard to find employment and cope with the requirements for receiving Jobseekers' Allowance.[62]

57 Q5 (Steve Webb)
58 Office for National Statistics labour market data, table A05
59 Office for National Statistics, Regional labour market statistics: X01 Regional employment by age (experimental, non-seasonally adjusted figures)
60 Mrs Margaret Barry (USP0020)
61 Mrs Margaret Barry (USP0020)
62 Q67 (Lin Phillips)

Options for transitional arrangements

32. The WASPI campaign has requested "fair transitional arrangements" for women born after 6 April 1951 and subject to increases in their state pension age with inadequate notification.[63] In oral evidence to us, Anne Keen suggested that women affected should be placed in "exactly the same position they would have been in had they been born on or before 5 April 1950".[64] This implies a reversion to the state pension age of 60 that predated the Pensions Act 1995. In renewing its call for transitional arrangements in subsequent written evidence to the Committee, however, WASPI stressed that it did not want to "undo the 1995 Act" and supported both equalisation and a sustainable state pension system that accounts for changes in longevity.[65]

Reverting to pre-1995 or 2011 state pension ages

33. We asked the DWP how much it would cost to allow women born in the 1950s after 6 April 1951 to take their state pension at 60. They estimated that such a measure would cost £28.6 billion in 2016–17, incorporating the cumulative costs for the years from 2010–11 which have seen increases in the state pension age for women. If retained for a further four years from 2017–18 and 2020–21, it would cost an additional £48.6 billion in total. The Department stated these figures were likely to be underestimates.[66]

34. The cost of reversing the accelerated increases in state pension age in the Pensions Act 2011 can be seen in the Impact Assessment accompanying the legislation. The DWP estimated its costs would gradually rise from around £300 million in 2016–17 alone to a peak of around £5 billion per year in the early 2020s as more people took their state pensions earlier than they could under the current timetable. In cumulative total over the ten years between 2016–17 and 2025–26, reversing the changes would cost around £30.6 billion in additional DWP spending. Tax and NI receipts would also be £8.3 billion lower in cumulative total over that period.[67] These are not small sums of money.

35. **Reverting to the state pension ages in place before the 1995 Pensions Act would be ill-targeted and prohibitively expensive policy.**

Other possible options

36. A less costly alternative would be to extend the timetable for increasing state pension age. Steve Webb told us that he had lobbied within Government to do this during the passing of the Pensions Act 2011.[68] The timetable could be changed in any number of ways.[69] One option, recently advocated in the *Daily Telegraph* by pensions consultant John Ralfe, is to extend the timetable for increasing state pension age from 65 to 66 to April 2022 rather than October 2020. This would notably ameliorate some of the impact of state pension age changes on women born in 1954 who will reach state pension age 18

63 UK Government and Parliament petition 110776
64 Q60 (Anne Keen)
65 WASPI (USP0167)
66 DWP (USP0158). Figures are in 2015–16 prices.
67 DWP, Pensions Act 2011 Impact Assessment A: State Pension Age, tables 3 and 4. Costings are in 2011–12 prices.
68 Q8 (Steve Webb)
69 An alternative option was costed in response to a Parliamentary Question, HL Deb 9 March 2011, col. WA415

months later than the timetable before the Pensions Act 2011 and up to six years later than scheduled before the Pensions Act 1995. Mr Ralfe estimates this would have a total cumulative cost of £8.5 billion.[70]

37. A further suggestion is to maintain the qualifying age for pension credit, a means-tested benefit that incorporates a minimum guaranteed income for eligible single people and couples, on the state pension age timetable that was in place before the Pensions Act 2011. This proposal was tabled, and defeated, as an amendment to the Bill that became that Act.[71] The guaranteed minimum for single people will be £155.60 in 2016–17, just below the level of the full new state pension.[72] This measure would offer targeted protection for people both affected by the state pension age changes in the 2011 Act and on low incomes. An extension of means-tested support is, however, opposed by the WASPI campaign as they perceive it as penalising women with small amounts of private savings or employment income who may not therefore qualify for means-tested support.[73]

38. In 2011, the cost of the increasing the qualifying age for pension credit to 65 on the state pension age timetable in place before the Pensions Act 2011 was estimated to rise from £40 million in 2016–17 to a plateau at £220 million in 2019–20. The cumulative total cost in the ten years between 2016–17 and 2025–16 was estimated to be £1.9 billion,[74] though the Government has since indicated this may be an underestimate.[75] This would fall to around £800 million should the age of eligibility be increased to 66 by 2022.[76]

39. **Extending the timetable for increases in the state pension age or widening eligibility for pension credit would be prohibitively expensive and could have significant unintended consequences.**

Actuarially neutral early retirement.

40. We also explored enabling people to take a reduced state pension at an earlier age. Ms Pauline Clark, who was born in the 1950s, said this could be a "life-line" for people unable to work to state pension age for personal or family reasons. It would also alleviate the disruption to the plans of women who had intended to spend "quality time" in retirement with their older husbands. Alan Higham, a pensions expert, advocated this as a means providing an "entitled income today" to people subject to sharp rises in their state pension age that "would be fiscally neutral over the expected lifetimes of this group".[77]

41. We calculated indicative reduced state pension payments to individuals who chose to take their pension early on an actuarially-neutral basis. In simple terms, this means weekly payments are reduced to ensure that, on average, a person receives the same

70 *The Daily Telegraph*, 22 January 2016, *500,000 women deserve a better state pension deal, by* John Ralfe
71 PBC Deb, 7 July 2011, c142-5
72 HM Treasury, Spending Review and Autumn Statement 2015, Cm9162, November 2015, para 1.135
73 WASPI (USP0166)
74 PBC Deb, 7 July 2011, c142-5
75 PQ23297, 27 January 2016
76 Dep 2011–1182
77 Alan Higham (USP0151)

amount total amount of pension over a longer time period. This option is common for workplace pensions.[78] We have considered examples from age 63, state pension age for women retiring in April 2016, using the reduction formula used for MPs' pensions.[79]

Box 3. Actuarially neutral early retirement examples

Example A: 9 months early

A woman born on 6 January 1955 is scheduled to reach state pension age on 6 January 2021, aged 66. If she chose to take her state pension 9 months earlier on 6 April 2020:

- If she would otherwise have qualified for the full new state pension of £155.65, she would receive £149.58 per week in 2016–17, a reduction of £6.07.
- If she would otherwise have qualified for a new state pension of £119.30,[(A)] she would receive £114.65 per week in 2016–17, a reduction of £4.65.

Example B: 18 months early

A woman born on 6 January 1954 would have reached state pension age under the Pensions Act 1995 of 63 years and 9 months on 6 November 2017. Under the Pensions Act 2011, she is scheduled to reach state pension age 18 months later on 6 May 2019. If she chose to take her state pension at the earlier date:

- If she would otherwise have qualified for the full new state pension of £155.65, she would receive £143.66 per week in 2016–17, a reduction of £11.99.
- If she would otherwise have qualified for a new state pension of £119.30, she would receive £110.11 per week in 2016–17, a reduction of £9.19.

(A) Someone who had 35 years of NI contributions and had been contracted-out throughout would be entitled to this rate in 2016–17.

42. The actuarial adjustment would aim to make aggregate pension costs neutral over the lifetimes of the recipients. This process would be uncertain. The Government could not be certain what proportion of women eligible would take up the option. There would be unpredictable and currently unbudgeted up-front costs.

43. If some women over state pension age on a reduced state pension had total income below the guaranteed minimum and claimed pension credit, there would be some ongoing costs unless eligibility for that means-tested benefit was adjusted. Income tax and NI revenues would be reduced if women chose to take their state pension rather than work, though costs of working age benefit payments such as Jobseeker's Allowance would fall. There would also be some costs in administering the scheme. Projections of additional costs could potentially be incorporated into reduction factors to ensure fiscal neutrality.

78 For example, in its *Occupational Pension Schemes Survey Annual Report 2011*, the Office for National Statistics noted: "In 2011, a pension on early retirement was available for 98 per cent of active members of private sector defined benefit schemes. There were variations in levels of benefits offered, which might depend on whether early retirement is on the member's own initiative or as a result of the employer asking the employee to take early retirement, as well as on the specific options available in each scheme."

79 This works out as a reduction of around 5.2% per year taken early. This is typical of defined benefit occupational pensions.

44. Enabling early access to a state pension would add some further complexity to the system. This could, however, be time-limited and would occur at a time of transition when only a small minority of new women state pensioners will receive the full and simple flat rate pension, regardless of this change.[80] There is established precedent for different state pension ages in practice through deferral and even the option to "un-retire".[81]

45. **We are long past the stage where an ideal outcome to the necessary process of equalising and increasing the state pension age could be achieved. We are aware both that the Government is operating under severe fiscal constraint and that the original rationale for changes to state pension age was to ensure the fiscal sustainability of the system. The Government has maintained that it is unwilling to devote additional resources to providing transitional arrangements for women affected by the state pension age changes. We have borne this in mind in our assessment of the options available.** ***We recommend that, if the Government is subsequently able to allocate further funding, it should commission an independent assessment of the merits of the following options:***

- ***slowing the increase in the state pension age to 66;***
- ***revising the timetable for increases in the state pension age to reach 65 by April 2019 and 66 by April 2021;***
- ***retaining the Pensions Act 1995 timetable for increases in the qualifying age for pension credit; and***
- ***a transitional pension benefit.***

46. ***We are interested in an idea that was proposed of permitting early retirement, from a specified age and for a defined cohort of women, on an actuarially neutral basis. This arrangement, which features in some defined benefit occupational pension schemes, would permit women in that specified age group to choose to take a state pension sooner than scheduled in return for lower weekly payments for the duration of their retirements. The actuarial reduction factor used should ensure that, on average, over the lifetimes of the pensioners concerned, there would be no additional pension costs to the exchequer.***

47. ***There are several questions which would need to be addressed before such an idea could be progressed. The details and limits of eligibility, and the rationale for this relative to those earlier or later, would need to be determined, including the position of men at 65. It would bring forward some public spending, as an unknown number of women would take their state pension early. This would increase public sector net borrowing in the short term in return for a longer term reduction. The total fiscal impact would not be known until all the relevant pensions ceased to be paid. This factor, added to the unknown take-up rate, would add to budgeting uncertainty. The scheme would also need to be properly administered, which has cost implications. Any changes would need to be assessed for their wider impact on tax and benefits. It may be that any increased costs to the public purse could be incorporated in the factors used to reduce weekly pensions to make the policy more likely to be fiscally neutral in the long term.***

80 DWP, *Impact of New State Pension (nSP) on an Individual's Pension Entitlement - Longer Term Effects of nSP*, January 2016, fig 5
81 Q22 (Steve Webb)

48. ***As this was not the focus of our inquiry the committee has not taken much evidence on this idea. We intend to in the coming weeks. It is, however, an interesting option and one the Government should explore.***

4 Lessons to be learned

49. The Government recently announced the first periodic review of the state pension age, which will consider changes after April 2028. The Government expects to announce an acceleration of scheduled increases:

> the increase in the State Pension age to 68 is likely to come forward from the current date of 2046 to the mid 2030s, and […] the State Pension age is likely to increase further to 69 by the late 2040s.[82]

As the Government will report on the review by May 2017 it is likely to be able to have the opportunity to honour its pledge to give individuals affected 10 years' notice of any change.[83]

50. The Pensions Act 1995 legislated for state pension age changes at least 15 years before they took place. As we have established, however, many people affected by the changes "were not given vital information about their state pension age until it was too late for them to change their plans".[84] Prospect told us that it was "continually surprised at the lack of awareness of planned increases to State Pension age, and of requirements to keep this under review".[85]

51. Over the course of our inquiry, we have heard many calls for increased personalised, targeted and proactive communications from the DWP with regard to the new state pension.[86] Hargreaves Lansdown expressed concern that "the DWP has failed to learn the lessons of its communication failure in respect of the rise in women's state pension age and may be in danger of repeating the same mistakes all over again".[87] The Department, however, highlighted recent improvements to its targeted new state pension communications,[88] including a potentially revolutionary digital statement service.[89] We will soon consider communications of the new state pension in a separate report.

52. As well as finding communication of state pension age increases had been sparse, we found that data regarding awareness of those changes was also scant. With regard to the new state pension, Age UK called for "more in-depth research on people's awareness and understanding" of policy changes.[90] This applies more widely. An understanding of the effectiveness of communication campaigns is fundamental to adapting them effectively.

53. Finally, better understanding of, and greater engagement with, retirement finances is not just a necessary component of state pension changes; it is fundamental to the Government's ambitious wider programme of pensions reform. Aegon UK told us:

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82 HM Treasury, Autumn Statement 2013, Cm 8747, December 2013, para 1.123
83 Q173 (Baroness Altmann)
84 Hargreaves Lansdown (USP0023)
85 Prospect (USP0043)
86 For example, Hymans Robertson (USP0126); Aegon UK (USP0119); Savvywoman.co.uk (USP0115)
87 Hargreaves Lansdown (USP0023)
88 DWP (USP0137)
89 Q130 (Baroness Altmann)
90 Age UK (USP0026)

> Greater clarity will enable individuals to be in a better position to plan for their retirement, exercise their freedoms and understand better if they need to make higher private pension contributions to achieve the total retirement income they aspire to.[91]

54. **The state pension age will inevitably rise again. Passing legislation in good time is does not constitute sufficient notice. Governments must ensure that those affected are contacted directly to explain the effects on their individual circumstances and that there is widespread advance communication of the changes. Furthermore, they must regularly monitor awareness and adjust personalised and general communications accordingly.**

55. **The Government's pensions strategy is predicated on people better engaging with financial planning and saving for retirement. This requires greater public understanding of what can seem arcane and distant concerns. By adopting more engaging, innovative and adaptable communications and awareness-raising campaigns, this and future Governments can better support policy objectives and potentially reduce costs.**

91 Aegon UK (USP0119);

Conclusions and recommendations

1. We strongly support state pension age equalisation and increases in the state pension age as life expectancy rises. (Paragraph 6)

2. We will never know how many women did not know, or could not be reasonably expected to know, that their state pension age was increasing. What is apparent with hindsight is that previous governments could have done a lot better in communicating the changes. Well into this decade far too many affected women were unaware of the equalisation of state pension age at 65 legislated for in 1995. While the last and current Governments have done more to communicate state pension age changes than their predecessors, this has been too little too late for many women, especially given increases in the state pension age have been accelerated at relatively short notice. Many thousands of women justifiably feel aggrieved. (Paragraph 29)

3. Reverting to the state pension ages in place before the 1995 Pensions Act would be ill-targeted and prohibitively expensive policy. (Paragraph 35)

4. Extending the timetable for increases in the state pension age or widening eligibility for pension credit would be prohibitively expensive and could have significant unintended consequences. (Paragraph 39)

5. We are long past the stage where an ideal outcome to the necessary process of equalising and increasing the state pension age could be achieved. We are aware both that the Government is operating under severe fiscal constraint and that the original rationale for changes to state pension age was to ensure the fiscal sustainability of the system. The Government has maintained that it is unwilling to devote additional resources to providing transitional arrangements for women affected by the state pension age changes. We have borne this in mind in our assessment of the options available. *We recommend that, if the Government is subsequently able to allocate further funding, it should commission an independent assessment of the merits of the following options:*

    - slowing the increase in the state pension age to 66;
    - revising the timetable for increases in the state pension age to reach 65 by April 2019 and 66 by April 2021;
    - retaining the Pensions Act 1995 timetable for increases in the qualifying age for pension credit; and
    - a transitional pension benefit. (Paragraph 45)

6. *We are interested in an idea that was proposed of permitting early retirement, from a specified age and for a defined cohort of women, on an actuarially neutral basis. This arrangement, which features in some defined benefit occupational pension schemes, would permit women in that specified age group to choose to take a state pension sooner than scheduled in return for lower weekly payments for the duration of their retirements. The actuarial reduction factor used should ensure that, on average, over the lifetimes of the pensioners concerned, there would be no additional pension costs to the exchequer.* (Paragraph 46)

7. *There are several questions which would need to be addressed before such an idea could be progressed. The details and limits of eligibility, and the rationale for this relative to those earlier or later, would need to be determined, including the position of men at 65. It would bring forward some public spending, as an unknown number of women would take their state pension early. This would increase public sector net borrowing in the short term in return for a longer term reduction. The total fiscal impact would not be known until all the relevant pensions ceased to be paid. This factor, added to the unknown take-up rate, would add to budgeting uncertainty. The scheme would also need to be properly administered, which has cost implications. Any changes would need to be assessed for their wider impact on tax and benefits. It may be that any increased costs to the public purse could be incorporated in the factors used to reduce weekly pensions to make the policy more likely to be fiscally neutral in the long term.* (Paragraph 47)

8. *As this was not the focus of our inquiry the committee has not taken much evidence on this idea. We intend to in the coming weeks. It is, however, an interesting option and one the Government should explore.* (Paragraph 48)

9. The state pension age will inevitably rise again. Passing legislation in good time is does not constitute sufficient notice. Governments must ensure that those affected are contacted directly to explain the effects on their individual circumstances and that there is widespread advance communication of the changes. Furthermore, they must regularly monitor awareness and adjust personalised and general communications accordingly. (Paragraph 54)

10. The Government's pensions strategy is predicated on people better engaging with financial planning and saving for retirement. This requires greater public understanding of what can seem arcane and distant concerns. By adopting more engaging, innovative and adaptable communications and awareness-raising campaigns, this and future Governments can better support policy objectives and potentially reduce costs. (Paragraph 55)

Annex 1: State pension age changes for women born the 1950s

Changes to State Pension Age of women born between 6 April 1950 and 5 July 1952 as a result of legislation since 1995

Woman's date of birth		Pensions Act 1995 (amended by Pensions Act 2007) schedule					Pensions Act 2011 schedule (current schedule for these date-of-birth cohorts)					
		Day pensionable age attained		Age when pension age attained		Change in SPA compared with pre-1995 schedule	Day pensionable age attained		Age when pension age attained		Change in SPA compared with 1995(2007 amdt) schedule	Change in SPA compared with pre-1995 schedule
Between	And	Between	And	Between	And		Between	And	Between	And		
06 Apr 1950	05 May 1950	06 May 2010	06 May 2010	60 y 1 d	60 y 1 m	0-1 months	06 May 2010	06 May 2010	60 y 1 d	60 y 1 m	0 months	0-1 months
06 May 1950	05 Jun 1950	06 Jul 2010	06 Jul 2010	60 y 1 m 1 d	60 y 2 m	1-2 months	06 Jul 2010	06 Jul 2010	60 y 1 m 1 d	60 y 2 m	0 months	1-2 months
06 Jun 1950	05 Jul 1950	06 Sep 2010	06 Sep 2010	60 y 2 m 1 d	60 y 3 m	2-3 months	06 Sep 2010	06 Sep 2010	60 y 2 m 1 d	60 y 3 m	0 months	2-3 months
06 Jul 1950	05 Aug 1950	06 Nov 2010	06 Nov 2010	60 y 3 m 1 d	60 y 4 m	3-4 months	06 Nov 2010	06 Nov 2010	60 y 3 m 1 d	60 y 4 m	0 months	3-4 months
06 Aug 1950	05 Sep 1950	06 Jan 2011	06 Jan 2011	60 y 4 m 1 d	60 y 5 m	4-5 months	06 Jan 2011	06 Jan 2011	60 y 4 m 1 d	60 y 5 m	0 months	4-5 months
06 Sep 1950	05 Oct 1950	06 Mar 2011	06 Mar 2011	60 y 5 m 1 d	60 y 6 m	5-6 months	06 Mar 2011	06 Mar 2011	60 y 5 m 1 d	60 y 6 m	0 months	5-6 months
06 Oct 1950	05 Nov 1950	06 May 2011	06 May 2011	60 y 6 m 1 d	60 y 7 m	6-7 months	06 May 2011	06 May 2011	60 y 6 m 1 d	60 y 7 m	0 months	6-7 months
06 Nov 1950	05 Dec 1950	06 Jul 2011	06 Jul 2011	60 y 7 m 1 d	60 y 8 m	7-8 months	06 Jul 2011	06 Jul 2011	60 y 7 m 1 d	60 y 8 m	0 months	7-8 months
06 Dec 1950	05 Jan 1951	06 Sep 2011	06 Sep 2011	60 y 8 m 1 d	60 y 9 m	8-9 months	06 Sep 2011	06 Sep 2011	60 y 8 m 1 d	60 y 9 m	0 months	8-9 months
06 Jan 1951	05 Feb 1951	06 Nov 2011	06 Nov 2011	60 y 9 m 1 d	60 y 10 m	9-10 months	06 Nov 2011	06 Nov 2011	60 y 9 m 1 d	60 y 10 m	0 months	9-10 months
06 Feb 1951	05 Mar 1951	06 Jan 2012	06 Jan 2012	60 y 10 m 1 d	60 y 11 m	10-11 months	06 Jan 2012	06 Jan 2012	60 y 10 m 1 d	60 y 11 m	0 months	10-11 months
06 Mar 1951	05 Apr 1951	06 Mar 2012	06 Mar 2012	60 y 11 m 1 d	61 y	11-12 months	06 Mar 2012	06 Mar 2012	60 y 11 m 1 d	61 y	0 months	11-12 months
06 Apr 1951	05 May 1951	06 May 2012	06 May 2012	61 y 1 d	61 y 1 m	12-13 months	06 May 2012	06 May 2012	61 y 1 d	61 y 1 m	0 months	12-13 months
06 May 1951	05 Jun 1951	06 Jul 2012	06 Jul 2012	61 y 1 m 1 d	61 y 2 m	13-14 months	06 Jul 2012	06 Jul 2012	61 y 1 m 1 d	61 y 2 m	0 months	13-14 months
06 Jun 1951	05 Jul 1951	06 Sep 2012	06 Sep 2012	61 y 2 m 1 d	61 y 3 m	14-15 months	06 Sep 2012	06 Sep 2012	61 y 2 m 1 d	61 y 3 m	0 months	14-15 months
06 Jul 1951	05 Aug 1951	06 Nov 2012	06 Nov 2012	61 y 3 m 1 d	61 y 4 m	15-16 months	06 Nov 2012	06 Nov 2012	61 y 3 m 1 d	61 y 4 m	0 months	15-16 months
06 Aug 1951	05 Sep 1951	06 Jan 2013	06 Jan 2013	61 y 4 m 1 d	61 y 5 m	16-17 months	06 Jan 2013	06 Jan 2013	61 y 4 m 1 d	61 y 5 m	0 months	16-17 months
06 Sep 1951	05 Oct 1951	06 Mar 2013	06 Mar 2013	61 y 5 m 1 d	61 y 6 m	17-18 months	06 Mar 2013	06 Mar 2013	61 y 5 m 1 d	61 y 6 m	0 months	17-18 months
06 Oct 1951	05 Nov 1951	06 May 2013	06 May 2013	61 y 6 m 1 d	61 y 7 m	18-19 months	06 May 2013	06 May 2013	61 y 6 m 1 d	61 y 7 m	0 months	18-19 months
06 Nov 1951	05 Dec 1951	06 Jul 2013	06 Jul 2013	61 y 7 m 1 d	61 y 8 m	19-20 months	06 Jul 2013	06 Jul 2013	61 y 7 m 1 d	61 y 8 m	0 months	19-20 months
06 Dec 1951	05 Jan 1952	06 Sep 2013	06 Sep 2013	61 y 8 m 1 d	61 y 9 m	20-21 months	06 Sep 2013	06 Sep 2013	61 y 8 m 1 d	61 y 9 m	0 months	20-21 months
06 Jan 1952	05 Feb 1952	06 Nov 2013	06 Nov 2013	61 y 9 m 1 d	61 y 10 m	21-22 months	06 Nov 2013	06 Nov 2013	61 y 9 m 1 d	61 y 10 m	0 months	21-22 months
06 Feb 1952	05 Mar 1952	06 Jan 2014	06 Jan 2014	61 y 10 m 1 d	61 y 11 m	22-23 months	06 Jan 2014	06 Jan 2014	61 y 10 m 1 d	61 y 11 m	0 months	22-23 months
06 Mar 1952	05 Apr 1952	06 Mar 2014	06 Mar 2014	61 y 11 m 1 d	62 y	23-24 months	06 Mar 2014	06 Mar 2014	61 y 11 m 1 d	62 y	0 months	23-24 months
06 Apr 1952	05 May 1952	06 May 2014	06 May 2014	62 y 1 d	62 y 1 m	24-25 months	06 May 2014	06 May 2014	62 y 1 d	62 y 1 m	0 months	24-25 months
06 May 1952	05 Jun 1952	06 Jul 2014	06 Jul 2014	62 y 1 m 1 d	62 y 2 m	25-26 months	06 Jul 2014	06 Jul 2014	62 y 1 m 1 d	62 y 2 m	0 months	25-26 months
06 Jun 1952	05 Jul 1952	06 Sep 2014	06 Sep 2014	62 y 2 m 1 d	62 y 3 m	26-27 months	06 Sep 2014	06 Sep 2014	62 y 2 m 1 d	62 y 3 m	0 months	26-27 months

Changes to State Pension Age of women born between 6 July 1952 and 5 December 1954 as a result of legislation since 1995

Woman's date of birth		Pensions Act 1995 (amended by Pensions Act 2007) schedule: Day pensionable age attained		Age when pension age attained		Change in SPA compared with pre-1995 schedule	Pensions Act 2011 schedule (current schedule for these date-of-birth cohorts): Day pensionable age attained		Age when pension age attained		Change in SPA compared with 1995(2007 amdt) schedule	Change in SPA compared with pre-1995 schedule
Between	And	Between	And	Between	And		Between	And	Between	And		
06 Jul 1952	05 Aug 1952	06 Nov 2014	06 Nov 2014	62 y 3 m 1 d	62 y 4 m	27-28 months	06 Nov 2014	06 Nov 2014	62 y 3 m 1 d	62 y 4 m	0 months	27-28 months
06 Aug 1952	05 Sep 1952	06 Jan 2015	06 Jan 2015	62 y 4 m 1 d	62 y 5 m	28-29 months	06 Jan 2015	06 Jan 2015	62 y 4 m 1 d	62 y 5 m	0 months	28-29 months
06 Sep 1952	05 Oct 1952	06 Mar 2015	06 Mar 2015	62 y 5 m 1 d	62 y 6 m	29-30 months	06 Mar 2015	06 Mar 2015	62 y 5 m 1 d	62 y 6 m	0 months	29-30 months
06 Oct 1952	05 Nov 1952	06 May 2015	06 May 2015	62 y 6 m 1 d	62 y 7 m	30-31 months	06 May 2015	06 May 2015	62 y 6 m 1 d	62 y 7 m	0 months	30-31 months
06 Nov 1952	05 Dec 1952	06 Jul 2015	06 Jul 2015	62 y 7 m 1 d	62 y 8 m	31-32 months	06 Jul 2015	06 Jul 2015	62 y 7 m 1 d	62 y 8 m	0 months	31-32 months
06 Dec 1952	05 Jan 1953	06 Sep 2015	06 Sep 2015	62 y 8 m 1 d	62 y 9 m	32-33 months	06 Sep 2015	06 Sep 2015	62 y 8 m 1 d	62 y 9 m	0 months	32-33 months
06 Jan 1953	05 Feb 1953	06 Nov 2015	06 Nov 2015	62 y 9 m 1 d	62 y 10 m	33-34 months	06 Nov 2015	06 Nov 2015	62 y 9 m 1 d	62 y 10 m	0 months	33-34 months
06 Feb 1953	05 Mar 1953	06 Jan 2016	06 Jan 2016	62 y 10 m 1 d	62 y 11 m	34-35 months	06 Jan 2016	06 Jan 2016	62 y 10 m 1 d	62 y 11 m	0 months	34-35 months
06 Mar 1953	05 Apr 1953	06 Mar 2016	06 Mar 2016	62 y 11 m 1 d	63 y	35-36 months	06 Mar 2016	06 Mar 2016	62 y 11 m 1 d	63 y	0 months	35-36 months
06 Apr 1953	05 May 1953	06 May 2016	06 May 2016	63 y 1 d	63 y 1 m	36-37 months	06 Jul 2016	06 Jul 2016	63 y 2 m 1 d	63 y 3 m	2 months	38-39 months
06 May 1953	05 Jun 1953	06 Jul 2016	06 Jul 2016	63 y 1 m 1 d	63 y 2 m	37-38 months	06 Nov 2016	06 Nov 2016	63 y 5 m 1 d	63 y 6 m	4 months	41-42 months
06 Jun 1953	05 Jul 1953	06 Sep 2016	06 Sep 2016	63 y 2 m 1 d	63 y 3 m	38-39 months	06 Mar 2017	06 Mar 2017	63 y 8 m 1 d	63 y 9 m	6 months	44-45 months
06 Jul 1953	05 Aug 1953	06 Nov 2016	06 Nov 2016	63 y 3 m 1 d	63 y 4 m	39-40 months	06 Jul 2017	06 Jul 2017	63 y 11 m 1 d	64 y	8 months	47-48 months
06 Aug 1953	05 Sep 1953	06 Jan 2017	06 Jan 2017	63 y 4 m 1 d	63 y 5 m	40-41 months	06 Nov 2017	06 Nov 2017	64 y 2 m 1 d	64 y 3 m	10 months	50-51 months
06 Sep 1953	05 Oct 1953	06 Mar 2017	06 Mar 2017	63 y 5 m 1 d	63 y 6 m	41-42 months	06 Mar 2018	06 Mar 2018	64 y 5 m 1 d	64 y 6 m	12 months	53-54 months
06 Oct 1953	05 Nov 1953	06 May 2017	06 May 2017	63 y 6 m 1 d	63 y 7 m	42-43 months	06 Jul 2018	06 Jul 2018	64 y 8 m 1 d	64 y 9 m	14 months	56-57 months
06 Nov 1953	05 Dec 1953	06 Jul 2017	06 Jul 2017	63 y 7 m 1 d	63 y 8 m	43-44 months	06 Nov 2018	06 Nov 2018	64 y 11 m 1 d	65 y	16 months	59-60 months
06 Dec 1953	05 Jan 1954	06 Sep 2017	06 Sep 2017	63 y 8 m 1 d	63 y 9 m	44-45 months	06 Mar 2019	06 Mar 2019	65 y 2 m 1 d	65 y 3 m	18 months	62-63 months
06 Jan 1954	05 Feb 1954	06 Nov 2017	06 Nov 2017	63 y 9 m 1 d	63 y 10 m	45-46 months	06 May 2019	06 May 2019	65 y 3 m 1 d	65 y 4 m	18 months	63-64 months
06 Feb 1954	05 Mar 1954	06 Jan 2018	06 Jan 2018	63 y 10 m 1 d	63 y 11 m	46-47 months	06 Jul 2019	06 Jul 2019	65 y 4 m 1 d	65 y 5 m	18 months	64-65 months
06 Mar 1954	05 Apr 1954	06 Mar 2018	06 Mar 2018	63 y 11 m 1 d	64 y	47-48 months	06 Sep 2019	06 Sep 2019	65 y 5 m 1 d	65 y 6 m	18 months	65-66 months
06 Apr 1954	05 May 1954	06 May 2018	06 May 2018	64 y 1 d	64 y 1 m	48-49 months	06 Nov 2019	06 Nov 2019	65 y 6 m 1 d	65 y 7 m	18 months	66-67 months
06 May 1954	05 Jun 1954	06 Jul 2018	06 Jul 2018	64 y 1 m 1 d	64 y 2 m	49-50 months	06 Jan 2020	06 Jan 2020	65 y 7 m 1 d	65 y 8 m	18 months	67-68 months
06 Jun 1954	05 Jul 1954	06 Sep 2018	06 Sep 2018	64 y 2 m 1 d	64 y 3 m	50-51 months	06 Mar 2020	06 Mar 2020	65 y 8 m 1 d	65 y 9 m	18 months	68-69 months
06 Jul 1954	05 Aug 1954	06 Nov 2018	06 Nov 2018	64 y 3 m 1 d	64 y 4 m	51-52 months	06 May 2020	06 May 2020	65 y 9 m 1 d	65 y 10 m	18 months	69-70 months
06 Aug 1954	05 Sep 1954	06 Jan 2019	06 Jan 2019	64 y 4 m 1 d	64 y 5 m	52-53 months	06 Jul 2020	06 Jul 2020	65 y 10 m 1 d	65 y 11 m	18 months	70-71 months
06 Sep 1954	05 Oct 1954	06 Mar 2019	06 Mar 2019	64 y 5 m 1 d	64 y 6 m	53-54 months	06 Sep 2020	06 Sep 2020	65 y 11 m 1 d	66 y	18 months	71-72 months
06 Oct 1954	05 Nov 1954	06 May 2019	06 May 2019	64 y 6 m 1 d	64 y 7 m	54-55 months	06 Oct 2020	05 Nov 2020	66 y	66 y	17-18 months	72 months
06 Nov 1954	05 Dec 1954	06 Jul 2019	06 Jul 2019	64 y 7 m 1 d	64 y 8 m	55-56 months	06 Nov 2020	05 Dec 2020	66 y	66 y	16-17 months	72 months

Changes to State Pension Age of women born between 6 December 1954 and 5 April 1960 as a result of legislation since 1995

Woman's date of birth		Pensions Act 1995 (amended by Pensions Act 2007) schedule: Day pensionable age attained		Age when pension age attained		Change in SPA compared with pre-1995 schedule	Pensions Act 2011 schedule (current schedule for these date-of-birth cohorts): Day pensionable age attained		Age when pension age attained		Change in SPA compared with 1995(2007 amdt) schedule	Change in SPA compared with pre-1995 schedule
Between	And	Between	And	Between	And		Between	And	Between	And		
06 Dec 1954	05 Jan 1955	06 Sep 2019	06 Sep 2019	64 y 8 m 1 d	64 y 9 m	56-57 months	06 Dec 2020	05 Jan 2021	66 y	66 y	15-16 months	72 months
06 Jan 1955	05 Feb 1955	06 Nov 2019	06 Nov 2019	64 y 9 m 1 d	64 y 10 m	57-58 months	06 Jan 2021	05 Feb 2021	66 y	66 y	14-15 months	72 months
06 Feb 1955	05 Mar 1955	06 Jan 2020	06 Jan 2020	64 y 10 m 1 d	64 y 11 m	58-59 months	06 Feb 2021	05 Mar 2021	66 y	66 y	13-14 months	72 months
06 Mar 1955	05 Apr 1955	06 Mar 2020	06 Mar 2020	64 y 11 m 1 d	65 y	59-60 months	06 Mar 2021	05 Apr 2021	66 y	66 y	12-13 months	72 months
06 Apr 1955	05 Apr 1959	06 Apr 2020	05 Apr 2024	65 y	65 y	60 months	06 Apr 2021	05 Apr 2025	66 y	66 y	12 months	72 months
06 Apr 1959	05 May 1959	06 May 2024	06 May 2024	65 y 1 d	65 y 1 m	60-61 months	06 Apr 2025	05 May 2025	66 y	66 y	11-12 months	72 months
06 May 1959	05 Jun 1959	06 Jul 2024	06 Jul 2024	65 y 1 m 1 d	65 y 2 m	61-62 months	06 May 2025	05 Jun 2025	66 y	66 y	10-11 months	72 months
06 Jun 1959	05 Jul 1959	06 Sep 2024	06 Sep 2024	65 y 2 m 1 d	65 y 3 m	62-63 months	06 Jun 2025	05 Jul 2025	66 y	66 y	9-10 months	72 months
06 Jul 1959	05 Aug 1959	06 Nov 2024	06 Nov 2024	65 y 3 m 1 d	65 y 4 m	63-64 months	06 Jul 2025	05 Aug 2025	66 y	66 y	8-9 months	72 months
06 Aug 1959	05 Sep 1959	06 Jan 2025	06 Jan 2025	65 y 4 m 1 d	65 y 5 m	64-65 months	06 Aug 2025	05 Sep 2025	66 y	66 y	7-8 months	72 months
06 Sep 1959	05 Oct 1959	06 Mar 2025	06 Mar 2025	65 y 5 m 1 d	65 y 6 m	65-66 months	06 Sep 2025	05 Oct 2025	66 y	66 y	6-7 months	72 months
06 Oct 1959	05 Nov 1959	06 May 2025	06 May 2025	65 y 6 m 1 d	65 y 7 m	66-67 months	06 Oct 2025	05 Nov 2025	66 y	66 y	5-6 months	72 months
06 Nov 1959	05 Dec 1959	06 Jul 2025	06 Jul 2025	65 y 7 m 1 d	65 y 8 m	67-68 months	06 Nov 2025	05 Dec 2025	66 y	66 y	4-5 months	72 months
06 Dec 1959	05 Jan 1960	06 Sep 2025	06 Sep 2025	65 y 8 m 1 d	65 y 9 m	68-69 months	06 Dec 2025	05 Jan 2026	66 y	66 y	3-4 months	72 months
06 Jan 1960	05 Feb 1960	06 Nov 2025	06 Nov 2025	65 y 9 m 1 d	65 y 10 m	69-70 months	06 Jan 2026	05 Feb 2026	66 y	66 y	2-3 months	72 months
06 Feb 1960	05 Mar 1960	06 Jan 2026	06 Jan 2026	65 y 10 m 1 d	65 y 11 m	70-71 months	06 Feb 2026	05 Mar 2026	66 y	66 y	1-2 months	72 months
06 Mar 1960	05 Apr 1960	06 Mar 2026	06 Mar 2026	65 y 11 m 1 d	66 y	71-72 months	06 Mar 2026	05 Apr 2026	66 y	66 y	0-1 months	72 months

Annex 2: Chronology of official publications regarding changes to state pension age

Date	Action
December 1991	"Options for Equality in State Pension Age" Green Paper
December 1993	"Equality in State Pension Age" White Paper
December 1993	"Equality in State Pension Age – A Summary of the Changes" leaflet issued to advise the general public (revised and reissued as EQP1a in February 1996)
July 1995	The Pensions Act 1995 State Pension estimates were brought up to date with the latest legislation and reflected the 1995 Act
February 1996	Revised and reissued leaflet EQPla to explain SPa changes to the public. These leaflets were sent to the Benefits Agency and would have been available for our stakeholders to order.
2001–2004	DWP ran a pensions education campaign, which included informing people of the future equalisation of SPa. The campaign included: Advertising features in the press and women's magazines A "Women's Pensions Pack" containing leaflets for women about changes in State Pension age, made available through the Pensions Service Sending State Pension forecast letters and accompanying leaflet showing the person's SPa and explaining who is affected by the changes to women's SPa (issued to those who requested them) Developing an interactive State Pension date/age calculator facility on the Pensions Service website
May 2003-May 2004	Precursor to Automated Pension Forecasts (APFs) issued to self-employed people.
2004–2006	Around 16 million Automatic Pension Forecasts (APFs) issued unprompted, with accompanying leaflet highlighting and explaining important information about State Pension age, including equalisation.
Between April 2009 and March 2011	Those affected by the 1995 Act changes (born 6 April 1950 to 5 April 1953) were sent letters between 2009 and 2011, using then current address details held by HMRC
June 2010	Call for Evidence "When should the state pension age increase to 66?"
November 2010	Government response to the call for evidence "A sustainable State Pension: when the State Pension age will increase to 66"
November 2011	Pensions Act 2011
January 2012 and November 2013	Following the Pensions Act 2011, DWP wrote to all those directly affected by the changes (born 6 April 1953 to 5 April 1960) to inform them of the change to their State Pension age. This involved mailing more than 5million letters to those affected.

Source: Department for Work and Pensions (USP0162)

Annex 3: Examples of Government communications regarding state pension age change

Letter to women aged over 50, issued from 2004 to 06

The Pension Service
Part of the Department for Work and Pensions

Our address:	Retirement Pension Forecasting Team The Pension Service Whitley Road Newcastle upon Tyne NE98 1BA
Phone:	0845 3000 168
Opening hours:	Monday to Friday 8am to 8pm Saturday 9am to 1pm
Textphone:	0845 3000 169
Website:	www.thepensionservice.gov.uk
Date:	2004

xxx
xxx
xxx
xxx
xxx

Dear

Have you thought about how much money you will have when you retire?

We are writing to tell you how much State Pension you may get when you reach State Pension age. This is especially important for you, as women often have less money in retirement than men. This is because women are more likely to have years when they are not in paid work or when they do not pay into a pension because of caring responsibilities (for example, looking after children).

The State Pension will give you a start. However, to have the lifestyle you want, you might need to think about saving some more, working longer or retiring later. And remember, it is never too late to plan for your retirement.

Your State Pension forecast

If you retire at State Pension age, we estimate your total State Pension will be £0.00 a week at today's prices. This figure includes:

Basic State Pension	**£00.00**
Additional State Pension	**£00.00**

What should I do now?

1 Think about **how much money you will have** when you retire.

- If you have retirement savings, you need to check on them regularly and find out how much they will be worth to you when you retire.
- If you are part of a family, you may want to think about your money for retirement jointly with your partner. But remember, family circumstances often change over the years.

2 Think about **how much money you will need** when you retire.

- What might you need to pay for?
- What other things do you want to do that you might need extra money for?

3 Decide if your State Pension and other savings are enough. And if not – act now! The enclosed guide *Plan your retirement now* outlines some of the options available to you.

How we worked out your State Pension forecast

- We have looked at all the National Insurance contributions (NI contributions) you have paid (or been credited with) so far.
- We have taken account of any Home Responsibilities Protection you may have qualified for. See page 4 of the enclosed guide *A quick guide to State Pensions*.
- We have assumed that you will continue to pay (or be credited with) NI contributions on the same basis as the last year we have tax records for you until you reach State Pension age.
- If you have not paid enough NI contributions in at least one tax year but have been credited with NI contributions, the forecast will assume that before you reach State Pension age you will pay enough NI contributions in at least one tax year to be eligible for State Pension.
- If you are married , a civil partner, divorced, a person whose civil partnership has been dissolved, widowed or a surviving civil partner, you may be entitled to a higher State Pension based on your husband's or civil partner's NI contributions. We have not included this figure in the forecast.
- All amounts are shown at today's rates and are estimates of what you could get. The amounts shown may change if your circumstances change, or if there is a change in the law.
- State Pension includes basic State Pension and any additional State Pension you might be entitled to. (See the enclosed guide *A quick guide to State Pensions* for details about basic State Pension and additional State Pension).
- We have not included any other income your household might get from any income-related benefits or Pension Credit. See page 7 in the enclosed guide *A quick guide to State Pensions*.

- The amount of additional State Pension shown may change if you have been a member of an occupational or personal pension scheme that has been contracted out.
- You may have received a forecast from us before. Forecasts can vary. If you are worried about any differences with past forecasts, phone us on 0845 3000 168.

(If we have your National Insurance information recorded incorrectly, your forecast may be wrong. If you think any of the information in this forecast is wrong, please let us know by phoning 0845 3000 168).

Please have your National Insurance number to hand as it will help us answer your enquiry.

We hope this letter and the enclosed guides will help you plan to get the best from your retirement.

Yours sincerely

PS You can get a guide called *Are you over 50?* about all sorts of help and advice that is available from the Government and voluntary organisations. This guide is available in doctors' surgeries, libraries and Jobcentre Plus offices, or you can get it on-line at www.over50.gov.uk

Accompanying leaflet, November 2005 (first two pages)

A quick guide to state pensions

The Pension Service

Part of the Department for Work and Pensions

Contents

Page

What is the State Pension?

The State Pension is made up of:

- basic State Pension; and
- additional State Pension.

You may be able to get either or both when you reach State Pension age if you meet the qualifying conditions.

What is State Pension age?

State Pension age is:

- 65 for men;
- 60 for women born on or before 5 April 1950;
- between 60 and 65 for women born between 6 April 1950 and 5 April 1955 (depending on your date of birth); and
- 65 for women born on or after 6 April 1955.

To find out more about the State Pension age for women, please see *Pensions for women – Your guide* (PM6). See page 10 for details about how you can get a copy of this guide.

Also, you do not have to claim your State Pension when you reach State Pension age. To find out more about delaying claiming your State Pension, please see the section 'What if I want a flexible retirement?' on page 8.

Basic State Pension

How do I qualify for the basic State Pension?

You can get a basic State Pension by building up enough qualifying years before State Pension age. A qualifying year is a tax year in which you have enough earnings on which you have paid, are treated as having paid or have been credited with National Insurance (NI) contributions. In 2005/06, you need to have £4,264 or more in earnings if you are an employee or £4,345 or more if

Letter to women affected by Pensions Act 1995 changes, issued from April 2009 to March 2011

The Pension Service
Part of the Department for Work and Pensions

April 2010

Dear

Important information about your State Pension age

This letter gives you some important information about changes to the State Pension age for women and how these changes affect you - please read it carefully.

You may be aware that the law was changed in 1995 to increase the State Pension age for women from 60 to 65, so that it will be the same as for men. This will happen gradually between 2010 and 2020 and will affect all women born on or after 6 April 1950. This means your State Pension age is unlikely to fall on your birthday. You may have seen general information about this change, but this letter now explains how the change will affect you personally.

Our records show that your date of birth is 05/11/1951. Based on this information, the earliest date from which you could be entitled to any State Pension is 06/05/2013.

More changes to State Pensions

To make State Pensions more widely available, especially for women and carers, we are introducing other changes in 2010. The enclosed leaflet will tell you whether you might benefit and also how you can get a free forecast of your State Pension.

Yours sincerely

Terry Moran

Terry Moran
Chief Executive

What do I do now?

You do not need to do anything just yet. If the date of birth we have for you is wrong, please phone us straight away on 0845 3000 168

We will write to you again before you reach State Pension age to tell you more about how to claim.

For more information about the changes to State Pensions, visit our website at www.direct.gov.uk/statepension

Letter to people affected by Pensions Act 2011 changes, issued from January 2012 to November 2013

Department for Work & Pensions

May 2013

Important information about your State Pension age

Dear

This letter gives you some important information about changes to your State Pension age. Please read it carefully.

Under the Pensions Act 2011, women's State Pension age will now be 65 by November 2018. After this the State Pension age, for both men and women, will gradually increase to reach 66 by October 2020.

Your State pension age will now be your 66th birthday.

Questions you may have

The information on the back of this letter will help you with questions you may have or direct you to further information.

Yours sincerely

Graeme Wallace.

Graeme Wallace
Pensions Director

What do I do now?

You do not need to do anything yet. We will write to you again before you reach State Pension age to tell you how to claim.

If you wish to talk to us about this letter, you can call us on **0845 3000 168.** To help deal with your enquiry quickly, please have your National Insurance number to hand when you call.

For more information about State Pensions, visit: **www.gov.uk/state-pension**

To find out how much State Pension you may get based on the law as it stands now, visit **www.gov.uk/state-pension-statement**

Important information
Please see the back of this letter for important information regarding:

- Proposed changes to the State Pension **which are likely to affect you.**
- The announced increase in State Pension age to 67 **which will not affect you.**

Page 1 of 2

Other changes to State Pensions

Information

Common questions

Is the State Pension changing?
The Government has published its plans to change the State Pension by replacing the present scheme with a simpler, single-tier State Pension. If the proposals are approved by Parliament, the Government plans to introduce the new scheme in April 2016. You can find more information about these plans at **www.gov.uk/dwp/single-tier-pension**

Will I be affected by the announced increase in State Pension age to 67?
The Government has announced that the State Pension age will increase to 67 between 2026 and 2028. This needs to be agreed by Parliament before it becomes law. You are **not** affected by this proposal. Your State Pension age of 66 will not change.

Do I have to retire at State Pension age?
No, many people choose to carry on working. When you reach State Pension age you can claim your State Pension and carry on working, or put off claiming your State Pension until a time that suits you. You may be able to get more money when you do claim. Visit: **www.gov.uk/retirement-age** for more information.

Will I also have to wait longer before I can receive my workplace or personal pension?
The age when you can take a workplace pension is normally set by an employer. The earliest age you can normally get a workplace or personal pension without tax charges is 55. There are some different rules for those who have health problems. Contact your employer, previous employer or pension provider to find out when you can claim your workplace or personal pension.

How can I track down an old workplace or personal pension scheme?
The Pension Tracing Service may be able to help by providing you with up-to-date contact details for free. Visit: **www.gov.uk/find-lost-pension** or call **0845 6002 537** (textphone **0845 3000 169**).

I'm not in the pension scheme at work, should I consider joining?
To help people save more for their retirement, a new law has been introduced. It requires all employers to automatically enrol their workers into a workplace pension scheme, if they are not already in one. Being in a workplace pension is worth considering - even if you think you're too old, there's still time to build up some money. Visit **www.gov.uk/workplacepensions** for information.

If I get benefits, will I be able to claim them until I can collect my State Pension?
Yes. The age up to which you can get certain benefits, like Jobseeker's Allowance, Income Support or Employment and Support Allowance, is increasing in line with women's State Pension age. The earliest age for claiming benefits like Pension Credit and Winter Fuel Payments is also increasing in line with women's State Pension age. You will still need to meet certain conditions to claim benefits.

What can I do if I haven't paid enough contributions to get a full State Pension?
You may be able to pay voluntary contributions to fill in any gaps in your National Insurance record. Voluntary contributions count towards some state benefits and can also increase the amount of benefit you'll get. Check your own circumstances as it isn't always necessary or beneficial for you to pay voluntary contributions. Whether or not you'll benefit depends on several things, including how much you've contributed already and the date you reach State Pension age. You should also consider the Government's proposals for simplifying the future State Pension. Visit:**www.hmrc.gov.uk** and click on National Insurance for more information.

This information is correct at the time of printing in May 2013. It is only a guide and does not cover every circumstance. We recommend that you get independent advice before making financial decisions based on this information. This information is available in other formats on request. Call 08457 31 32 33 (textphone 0845 604 0210).

Leaflet on state pension age changes which accompanied letters from 2009

Changes to the State Pension age

From 2010, the State Pension age for women will increase gradually to 65. This is to bring it into line with the State Pension age for men. It also reflects women's changed role in the workplace in recent years, and the fact that people are living longer on average.

Over time, we are writing to all women affected by this gradual increase with more information about the changes. When you get your letter will depend on your date of birth.

The State Pension age for women born after 5 April 1955 will be 65. More changes will be introduced from April 2024, when the State Pension age for everyone born after 5 April 1959 will increase.

Other changes to State Pensions

As well as an increase in State Pension age for women, further changes will improve the State Pension and mean more people will get it. These changes only apply to people who reach State Pension age on or after 6 April 2010.

If you do, you may be able to benefit from the changes below.

- The number of 'qualifying years' of paid or credited National Insurance contributions you need for a full basic State Pension will be reduced to 30 for both men and women.
- You need only one qualifying year to get some basic State Pension.
- If you are a parent or carer, you may be able to build up entitlement to a State Pension through a new weekly National Insurance credit.

For more information visit **www.direct.gov.uk/statepension**

Common questions

How can I find out if I'm entitled to a State Pension?

You can get a 'State Pension Forecast' online at **www.direct.gov.uk/statepension** or you can phone the State Pension Forecasting Team on 0845 3000 168 (textphone 0845 3000 169). The forecast will tell you how much money you may get when you claim your State Pension and provides personalised information that can help you plan to save for retirement.

Do I have to retire at State Pension age?

No, many women choose to carry on working. When you reach State Pension age you can claim your State Pension and carry on working, or put off claiming your State Pension. You may be able to get more money each month, or be paid a lump sum, if you do put off claiming your State Pension for a certain time. You also have the right to ask your employer to let you work beyond their normal retirement age (if they have one). This extra pension and the money you earn from work can help you pay for the lifestyle you want.

For more information on working past State Pension age, go to **www.direct.gov.uk/pensions**

How can I track down an old work or private pension scheme?

It's easy to lose contact with a previous employer and their pension scheme or with a private pension provider. Our Pension Tracing Service may be able to help by providing you with up-to-date contact details for free. For more information visit **www.direct.gov.uk/statepension** or phone 0845 3000 168 (textphone 0845 3000 169).

Will I also have to wait longer before I can receive my work or private pension?

The State Pension changes do not affect work or private pensions. You may be able to claim some (or all) of these when you are aged 60 or before. Contact your employer, previous employer or pension provider to find out when you can claim your pension from them.

If I receive benefits, will I be able to claim them until I'm eligible to collect my State Pension?

Yes. The age up to which you can get certain benefits, such as Jobseeker's Allowance, Income Support or Employment and Support Allowance, will increase in line with the State Pension age. The minimum age for claiming benefits such as Pension Credit and Winter Fuel Payments will also increase in line with the State Pension age. You will still need to meet the necessary conditions to claim any benefits.

What can I do if I haven't paid enough contributions to get a full State Pension?

You may be able to pay voluntary contributions to increase your State Pension. Visit **www.hmrc.gov.uk** for more information.

Will the changes affect women who reach State Pension age before 6 April 2010?

The changes will mainly affect women who reach State Pension age on or after 6 April 2010. But if you know someone who needs to use their husband's contribution record to get a State Pension or who claims a State Pension for another person, you should suggest they visit our website or contact us for more information.

Important information about this leaflet
This leaflet is only a guide and does not cover every circumstance. We recommend that you get independent advice before making financial decisions based on this leaflet.

You can get this leaflet in other formats by phoning **0845 7 31 32 33** or textphone **0845 604 0210**.

The leaflets 'Are you over 50?' and 'State Pensions – Your guide' also provide useful information about pensions. You can view them on our website at **www.direct.gov.uk/statepension** or order free copies by phoning the number above.

To find out more about planning and saving for later life, visit **www.direct.gov.uk/pensions**

Call charges
As at April 2010, calls to **0845** numbers from BT landlines should cost no more than 6p a minute with a 10p call set-up charge. You may have to pay more if you use another phone company or a mobile phone or if you are calling from abroad, so check with your service provider. If you prefer, you can ask us to call you back. Please tell our operator that this is what you want them to do.

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State Pension changes
and what they mean for you

The Pension Service
Part of the Department for Work and Pensions

Annex 4: Examples of press coverage

The Scotsman, 2 January 1992, p11

Key decisions looming on the road to retirement

DEBBIE HARRISON looks at what is in store for the pensions industry in 1993

IF 1992 seemed a momentous year for pensions, 1993 looks set to shake the foundations of that once impeccable industry. High on the agenda are:

- The final lowdown on the backdating of equal occupational pension scheme benefits;
- The equalisation of state pensions;
- Reduced terms for the national insurance rebate on personal pensions after April 1993;
- A Government investigation of personal pension sales and providers' charges, including commission paid to advisers;
- Government action on pensions law post Maxwell.

European Community law requires both occupational and, eventually, state pensions to be equal for men and women. The year kicks off with a January court case and what, hopefully, will be the last word on equal company pensions for men and women. This issue dates back to May 1990, when the European Court of Justice gave its landmark ruling on the Barber case, stating that pensions were part of pay and so must be equal for men and women.

In practice, what this means is that men and women should build up the same pension rights over the same period. Previously, where the company pension age for men was 65 and 60 for women, a man taking early retirement at, say, 63, would suffer a reduction in pension whereas a woman of the same age would retire on a full pension.

The Barber ruling applies to all pension rights built up since 17 May, 1990. In many cases the cost to employers will be minimal since the majority of schemes have moved swiftly to equalise pension ages at age 65.

However, what was not clear from the judgment was how benefits built up before that date should be treated. If full retrospective equal rights are applied, the cost to UK pension schemes could be up to £50 billion and the benefits to men, in particular, could be substantial, particularly with regard to early retirement pensions.

At the end of this month the European Court should resolve this issue when it hears three equal pensions cases from the UK, Germany and the Netherlands. The UK case, Coloroll, is backed by the Government. The court will determine exactly how equal treatment of pension benefits should apply before 17 May, 1990.

Once this thorny topic is dealt with the UK government is expected to make a decision on equal state pensions. Before the 1992 election the Government issued a consultation paper setting out the options, namely equalising at 60, 63, 65 or having a flexible decade of retirement.

Cynics argue that the Government had little intention of doing anything other than raising the female state pension age to 65 and indeed feedback from social security ministers indicates that this is exactly what will happen. The unpopularity of the move to make women work an extra five years before claiming their state pension is less of a political hot potato now that the election is over.

Women concerned about this loss of pension rights should note that the Government almost certainly will phase in the change over at least ten years, possibly longer, which should leave the pensions of those in their 50s virtually unchanged.

The Government also said that the saving to the national insurance fund of some £3 billion a year achieved by equalising at 65 may be used to target those who have been unable to build up a decent state pension.

From April the national insurance rebate goes down for those contracted out of the state earnings related pension scheme (SERPS) via an "appropriate" personal pension. The rebate is calculated as a percentage of "middle band earnings" — that is earnings between the lower and upper threshold for national insurance contributions.

For the 1992/93 tax year, the maximum rebate will be about £1,400. This drops to a maximum of about £1,100 for 1993/94 for those over 30 who are entitled to a bonus to persuade them against going back into SERPS. Personal pension holders under 30 will receive a maximum of about £900.

The reductions in the rebate should not be seen as a signal to abandon your personal pension but they do underline the importance of seeking independent advice to assess whether you will receive a better deal with your personal pension or under SERPS.

Also on personal pensions, the Government has launched an investigation into the way these plans are sold and how much of a premium disappears in management charges and commission to advisers. In fact, on the rebate plans, a fairly modest 4 to 5 per cent is lost in commission, although other deductions made by the provider are less easy to identify. Certainly, where a low earner takes a correspondingly small rebate the fixed management charges start to look high.

What is more worrying is the amount lost in commission on extra voluntary premiums. This is particularly acute where a regular premium plan is started up for just a couple of years and then closed, usually because an employee has moved and been offered the opportunity to join the company pension scheme.

In these cases typically over 60 per cent of the premiums will be swallowed up in commission and management charges. Little detail is known about the Government investigation but clearly it is important than the Department of Social Security talks to consumer bodies as well as the regulatory organisations.

Finally, Maxwell's legacy to the pensions industry is still being assessed. The Government's pension law review committee has received hundreds of submissions from industry and consumer organisations and is due to report its findings in the summer.

What seems to be emerging from the diverse responses is the need for a more clearly defined system of company pension scheme benefits so that employees know exactly what they can expect when they retire.

The call for a compensation system for occupational schemes that are the victims of fraud and other factors creating a shortfall in assets is supported by the main pensions bodies but has been opposed by some practitioners, who suggest that the safety net will support bodyman schemes and cost the good schemes dear.

Equality: Will men and women be equal in pension terms?

The Herald, 7 August 1992, p13

Women may have to work to 65 in name of equality

Derek Bateman

Sex equality for British women could mean they suffer a five-year pension penalty

THE price of sex equality has been clearly marked up on the nation's shopping list this week, but the bad news is that it comes without a discount. A Government advisory committee suggests that women should indeed have parity with men in their age of retirement — by obliging them to work another five years until they are 65.

The dreams of women currently in their early 50s of a life of relaxation away from the demands of nine-to-five by the time they are 60 will fade into disappointment if the Government accepts the recommendation which could become law at the end of the century.

As a proposal, it comes into the same category as anti-discrimination rulings which permit females to work down mines, clean moving machinery and work all night — all measures passed in the name of equality but which set back women's rights 100 years.

The original move to equalise male and female retirement came, unsurprisingly from the European Community, which we tend to associate with a liberalising approach to social matters. It is largely from the policy-makers in Brussels that the assumption has taken root that we are all headed for a civilised later life, possibly as early as 55, with the lebensraum to enjoy our remunerated leisure.

But those who look to find a downward trend in retirement ages for us to follow among our European neighbours will be disappointed. Only Belgium, France and Italy put their feet up earlier than we do. And those socially liberal Scandinavians are no better. In fact, the Efta nations are, on the whole, worse. Norway, for example, asks men and women to work until they are 67.

So far all that the EC has asked each member state to do is harmonise its own retirement ages to avoid discrimination. It has not said what those ages should be or that all countries should have the same. But the completion of the Single Market will ultimately lead to uniformity across the Community.

How else can freedom of movement be guaranteed if, for example, a Frenchman living in Scotland is unable to collect his old-age pension, or is even prevented by British law from retiring at 60 from a job with a French-based employer?

On the basis of retirement ages in the 11 other EC nations, 65 looks the most likely harmonised age for the foreseeable future, although in the longer term there will be pressure to reduce it. That, however, looks a very long time away if the attitude of Britain is typical.

The UK Government resisted a legal attempt to have private insurers pay out to men aged 60 who opted to retire then, bringing them into line with women. A case claiming equality was raised with the European Court where it succeeded. The so-called Barber case victory appeared to point us towards joint retirement at 60, until the Government stepped in again. In one of a list of additions to the Maastricht Treaty, Britain tried to annul the Barber judgment and it remains in doubt.

But why are nation states so opposed to letting everyone exit from the job market at an age when they are still active enough to enjoy it? After all, unemployment is set to rise, and across Europe more than 9% of the workforce is classed as long-term jobless. In such an environment every retirement is someone else's job opportunity.

The view is that governments regard the retirement issue not as one of equal opportunities or social welfare but as one of cost accounting — it costs governments more money the earlier people retire

Thus, as the social security advisory committee estimated this week, raising the female retirement age to 65 adds £3 billion to the Exchequer.

The committee's justification for wringing extra cash out of the female working population is that the money saved will be spent on the needy and the vulnerable. However, since the £3 billion goes into general funds, there is no guarantee that a penny of it will reach those in need. It could just as easily find itself paying for Trident submarines.

The Government's thought process on this issue is blurred by the demands of the contributory pension system. If direct contributions were scrapped and the pension fund built up from general taxation, they would be freed from this outmoded concept. Instead of tying it to how long you have been paying in, it could be related to how much each citizen actually needs to live comfortably.

A joint retirement age of 60 could be set and everyone would be entitled to the same benefit irrespective of how long they had worked.

That would almost certainly be more expensive and might mean a rise in income tax but with the elderly already accounting for 20% of the UK population and rising how we look after them is a coming issue and will demand hard as well as humane decisions.

The record so far is not promising. Pension rates in Britain give little cause for comfort whichever way they are compared with other European nations. A couple's pension in the UK is 32% of average earnings, in Germany it is 67% and in poor Portugal it is 80%. Our pension's purchasing power is better only than Ireland's and we have 78% of over-65s in the lowest income group — that's the worst in the Community.

The depressing state of the pension, added to the impending decision to raise the retirement age for women, says more about our care of the elderly than all the words of Ministers and their committees ever can.

State of European retirement ages

	Man	Wom
Italy	60	55
Belgium	60	60
France	60	60
Germany	65	65
Spain	65	65
Ireland	65	65
Luxembourg	65	65
Netherlands	65	65
Greece	65	60
UK	65	60
Portugal	65	62
Denmark	67	67

☐ Sources: Strathclyde Elderly Forum, Age Concern

The Financial Times, 28 April 1993, p19

Pension nerves

THE BRITISH government appears to be losing its nerve over equalising the state pension age. Originally it planned to announce this month that the female pension age would be gradually increased from 60 to 65 to bring women into line with men. Now it looks like the announcement will be delayed until the autumn with legislation postponed until 1994-95.

The reason is that a government anxious to avoid controversy believes a common age of 65 would be unpopular with women. But, unlike other measures being postponed, such as Post Office privatisation, this is not an issue on which there is fundamental uncertainty inside government.

The pension age needs to be equalised to remove discrimination between the sexes. The reason for raising the women's age to 65 rather than cutting the men's to 60 is to put some limits on the expansion of the state's pension expenditure - at £30bn a year already the largest part of the social security budget.

Given that the population over 65 will grow by about a half in the next 40 years, there are already strong upward pressures on pensions spending. Picking a common age of 60 would make this problem even worse, costing taxpayers about £4bn a year. Choosing one of 65, by contrast, would save £4bn.

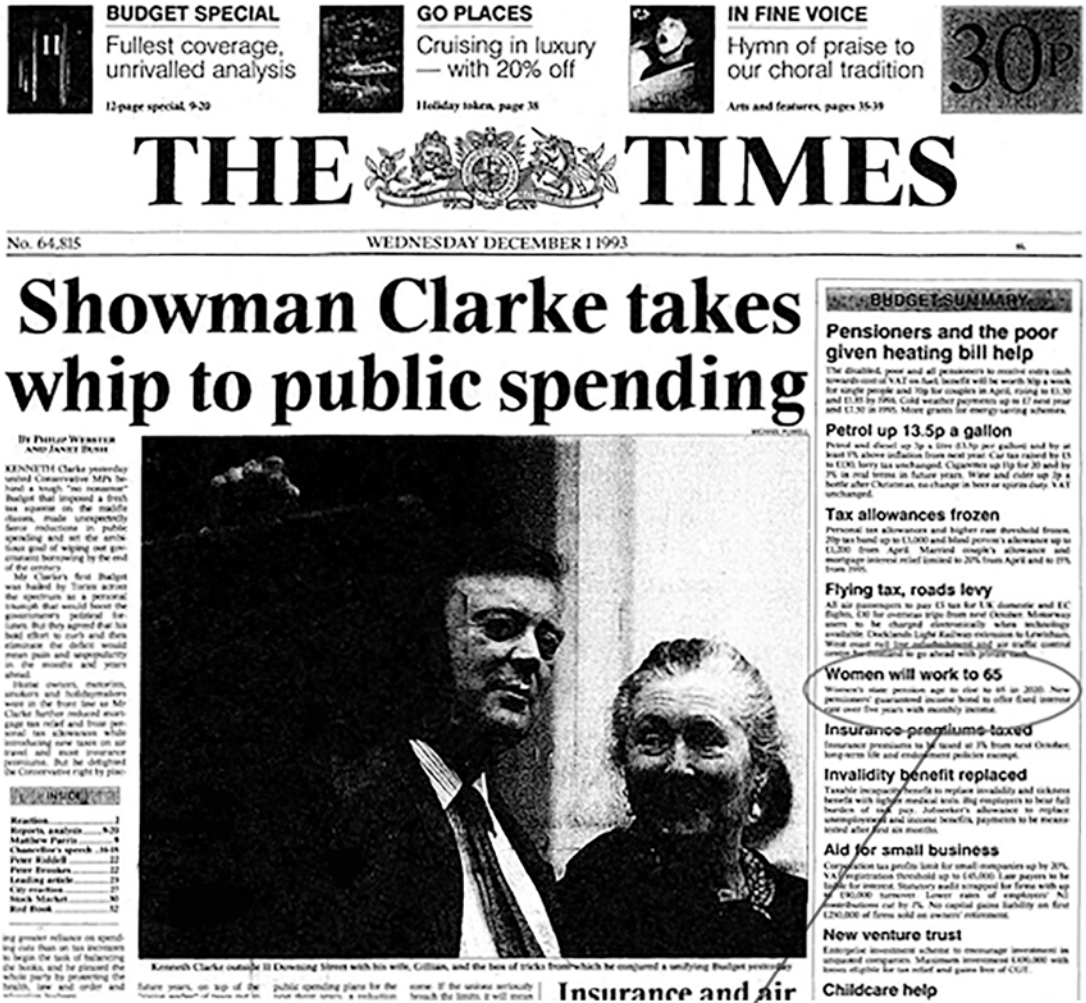
There are those who accept the need to control costs but would like older people to have greater choice about when they retire. They propose a flexible pension age, under which those who retire early would receive a smaller pension than those retiring later. Though attractive in theory, this idea is impractical given that the pension is already below the state poverty line. Anyone trying to live on a reduced pension would find it even harder to make ends meet.

Moreover, since flexible retirement is not identical to a flexible state pension age, there are other ways the government could promote choice even while keeping a fixed pension age. These might include encouraging the private sector to offer more flexible pensions and working arrangements to make it easier for older people to phase in retirement.

There is no good case for delay. Given the government's known views on the matter, the sooner the change is announced, the sooner those affected would be able to plan their retirements. Nor should the change be too unpopular if arranged so that no woman currently over 50 would be affected.

In fact, delaying an announcement to avoid controversy would almost certainly be counterproductive. A government that ran away from such a decision this early in the electoral cycle would hardly find it easier to take it when there were only two years or so left before an election. This is a case when prolonging the agony can only make it worse.

The Times, 1 December 1993, p1


BUDGET SPECIAL
Fullest coverage, unrivalled analysis
12-page special, 9-20

GO PLACES
Cruising in luxury — with 20% off
Holiday token, page 38

IN FINE VOICE
Hymn of praise to our choral tradition
Arts and features, pages 35-39

30p

THE TIMES

No. 64,815 WEDNESDAY DECEMBER 1 1993

Showman Clarke takes whip to public spending

BUDGET SUMMARY

Pensioners and the poor given heating bill help

Petrol up 13.5p a gallon

Tax allowances frozen

Flying tax, roads levy

Women will work to 65

Insurance premiums taxed

Invalidity benefit replaced

Aid for small business

New venture trust

Childcare help

Insurance and air

Women will work to 65

Women's state pension age to rise to 65 in 2020. New pensioners' guaranteed income bond to offer fixed interest rate over five years with monthly income.

The Times, 1 December 1993, p20

20 THE BUDGET: PENSI

Women face five more years of hard labour

By Sara McConnell
Personal Finance Correspondent

PENSIONS

WOMEN under 44 will have to work five years longer before they qualify for a state pension, the Chancellor announced. The government has finally taken the plunge and decided to raise the state pension age for everyone to 65.

The change will be phased in over 10 years, starting in the year 2010. At the moment, women start receiving a full pension at 60, if they have put in sufficient national insurance contributions, while men have to wait until they are 65.

Explaining the change, Mr Clarke said: "All developed countries are making similar changes for similar reasons. Women nowadays tend to spend more of their lives in paid employment. They also live longer than men. Pension schemes need to recognise this and end the current discrimination between the sexes."

The change will save £4 billion a year by 2035 at 1993 prices. The option of reducing the pension age for everyone to 60 was rejected by the government because it would cost £4 billion a year in lost contributions to the national insurance fund, coupled with five years' extra pension payouts. This would place a considerable strain on the fund, out of which state pensions are paid, as the ratio of pensioners to workers increased. The ratio is expected to peak in 2020 when there will be 2.4 workers to every pensioner, compared with 3.4 now.

Contributions to the fund are not invested but are used immediately to pay the pensions of those already retired. The government also rejected the option of a universal retirement age of 63 and another of a "flexible decade" of retirement between 60 and 70. The cost of this would have been broadly neutral but ministers feared most people would opt to retire at 60.

It is almost exactly two years since the government issued a consultative document, *Options for Equality in State Pension Age*, outlining the options for equalising state pension ages. It had come under increasing pressure to do this since a judgment, *Barber v Guardian Royal Exchange* in the European Court of Justice in May 1990, ruled that company pensions were part of pay and should offer equal retirement ages and benefits.

Although the ruling did not apply directly to state pensions, benefits from company pension schemes are generally designed to fit in with state pension payments. Companies have been pressurising the government for the last three years to make a decision on an equal retirement age so they can bring their schemes into line with the Barber requirements.

The majority of companies that have equalised retirement ages have done so at 65. According to the National Association of Pension Funds, 59 per cent have equalised at 65 while only 28 per cent have equalised at 60.

☐ **Inheritance tax:** The Exchequer will raise an extra £10 million in the coming financial year by freezing the threshold for inheritance tax at £150,000, instead of increasing it in line with inflation. (Patricia Tehan writes).

If the threshold had been linked to inflation it would have increased to £153,000. The Chancellor said that as a result, the extra yield to the Exchequer would be £20 million in 1995-6 and £25 million the following year. Since the tax was introduced in 1986 the threshold has increased by more than twice the increase in the Retail Prices Index.

The Chancellor also plans to increase the period for replacing lifetime gifts of property qualifying for business or agricultural relief from one to three years, in line with capital gains tax relief.

The Times, 4 December 1993, p25

Furious forties join the pension rebels

Sara McConnell reports on a mounting range of campaigns to change the government's mind over equalisation of the state pension age at 65

This Tuesday at 11 o'clock, a petition with 300,000 signatures on it will be delivered to 10 Downing Street by the State Pension at 60 Alliance.

The petition says: "We, the undersigned, are alarmed that the government is considering raising the age at which women can draw a state pension, from 60 to 65. We urge you not to do this but reduce the retirement age for men and women to 60."

This looks like being a forerunner to a whole raft of petitions, demonstrations and campaigns being planned in response to the government's announcement in the Budget that the state pension age would be equalised at 65 for men and women.

The decision has provoked outrage both from women under 44 who will have to work five more years before they can draw a full pension, and from many men, who have been campaigning for the right to retire before 65.

The change will be phased in over 10 years starting in 2010. A woman born in April 1950, who will be 60 in 2010, will be able to draw a state pension at 60 years and one month. Someone born in April 1951 will retire in 2012, aged 61 years and one month. The phasing-in process will be complete with those born in April 1955, who will retire at 65 in the year 2020.

At the moment, the state pension for a single person or a married couple both contributing is £2,917.20 each a year, rising to £2,995.20 from next April. Those who have made enough national insurance contributions could also get up to about £3,000 from the state earnings-related pension scheme (Serps).

The only way of recouping some or all of this without working for an extra five years is to make extra private provision, either through a personal pension or, for those in company schemes, through additional voluntary contributions (AVCs). Sedgwick Noble Lowndes, the actuary, calculates that a 35 year old woman with no private pension provision and retiring at 65 would need to put £153 a month into a pension now to get a pension of £5,000 a year. At 45 the cost goes up to £262 while at 55 the cost will be £590. These costs are lower than they would be for women retiring at 60, as they have five more years to contribute. The figures assume a 9 per cent investment return, a 6 per cent annual rise in earnings and a long-term interest rate at retirement age of 7.5 per cent.

Women are living longer but many are retiring earlier, either as an alternative to being made redundant or because they choose to. Women tend to rely on the state pension more than men, who are likely to have some private or occupational provision. Many women will not be in a position to fund their own pension and will have to depend on other benefits to tide them over the five-year gap.

Veronica Bayne of the State Pension at 60 Alliance said: "We have been trying to take the campaign into shopping centres and other places, and people are horrified that they will have five years stolen from them by the government."

'People are horrified that they will have five years stolen from them'

The government was forced into taking action on the present unequal state pension age partly by a landmark decision, Barber v Guardian Royal Exchange, in the European Court of Justice in May 1990. This ruled that company pensions were part of pay and must be equal, meaning companies had to have equal retirement ages and benefits for men and women employees.

Although the ruling did not directly affect the state pension, most company pensions are designed to fit in with it. Having unequal pension ages for men and women made complying with the European requirement very difficult.

But the government's overriding concern was to cut the cost of paying a growing number of pensioners out of a dwindling national insurance fund. The fund works on a pay as you go basis, so that the contributions of workers go straight to funding retired people's pensions.

The cost of state pensions is now just under £30 billion but will be £60 billion by 2025. Not only are pensioners living longer and drawing pensions for longer, but the babyboomers of the late 1940s and 1960s will be pensioners by 2030.

In 1991, there were 3.3 working people to each pensioner, the government says. By 2030, if pension ages are unchanged at 60 for women and 65 for men, the ratio will fall to 2.2. Equalising the state pension at 65 would raise the ratio to 2.7.

Almost two years ago the government published a consultative document, *Options for Equality in State Pension Age*. This set out four options: retirement for everyone at 65, retirement for everyone at 60, retirement for everyone at 63, and a "flexible decade" allowing people to retire between 60 and 70.

This week, it published a white paper setting out its proposals to be enshrined in legislation. The government estimates in 1991 that it would save £4 billion a year by 2025 by forcing everyone to work until they are 65. Allowing everyone to retire at 60 on the other hand will cost £15 billion a year by 2025. The effects of retiring at 63 are broadly neutral. In the long term, a "flexible decade" would cost almost as much as equalising at 60, the government says.

Not surprisingly, the government has opted to save money and equalise at 65. In an attempt to soften the blow, those who work beyond 65 will be entitled to an increment of 10 per cent a year for each successive year they work beyond retirement age. At the moment the increment is 7.5 per cent a year. There will be no age limit on the number of years a pensioner can defer beyond 65. It is also intending to extend Home Responsibilities Protection (HRP). This reduces the number of years of national insurance contributions needed to qualify for a full pension, at present 44, and is mostly given to women looking after small children or dependent relatives. Men and women

The Times, 17 January 1995, p24

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ington, page 25

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Pension measure 'no help'

By Sara McConnell

OFFICIAL measures to soften the blow to women who have to wait an extra five years for their state pension will not make them better off. Instead some could end up worse off, research published today shows.

The state pension age is due to be equalised at 65 between 2010 and 2020. Women who receive family credit or disability working allowance may count these as earnings for pensions purposes.

However, research carried out for the Equal Opportunities Commission by the social policy research unit at the University of York concludes that these concessions will be of little or no benefit.

TUC urg worker

By Philip Bas

COMPANIES would hav option of negotiating means of employee repr tation rather than impler ing Brussels' requirem trade union leaders sai they launched new prop on legal rights to repres tion and recognition.

The Government criti yesterday's proposals fro Trades Union Congress a just, but Labour welc them. The TUC said alm million workers would b from its proposals, for u and non-union members claimed strong support f plans, releasing detail specially commissioned findings showing " whelming" public backir employees' representatio

The NOP telephone p

ICES 071-782 734

The Independent, 24 April 1995, First two paragraphs of article only

News › UK › UK Politics

Equal retirement age agreed

Inside Parliament: MPs endorse benchmark of 65 and war widows win concession as Pensions Bill given Second Reading in the Commons

James Cusick | Monday 24 April 1995 | 0 comments

The Commons yesterday took what, according to Peter Lilley, will be the biggest spending decision of this Parliament when it endorsed the equalisation of the retirement age for men and women at 65.

Europe requires equal treatment for men and women, but had the qualifying age for the state pension been fixed at 60, by 2030 it would have cost the Exchequer an extra £12bn a year. The common age of 65 will be phased in over 10 years from April 2010.

The change forms part of the Pensions Bill which was given a Second Reading by MPs. A weighty measure of 162 clauses, it establishes defences against fraud and misuse of occupational pension funds by latter-day Robert Maxwells, and gives incentives to employees to remain in private pensions rather than opt back into the state scheme.

The Sunday Times, 3 December 2006, p6

Middle classes suffer in retirement shake-up

The government's bill to boost pension benefits is likely to prove costly for millions of people. Report by **David Budworth**

Jane Blackford, 56, a personal assistant from Kent, is one of the lucky ones as she will now qualify for a full state pension

MILLIONS of middle-income earners will end up paying hundreds of pounds a year each for Labour's plans to boost the state pension set out in last week's pension bill.

Central to the bill are proposals to water down the state second pension, which the Conservatives have condemned as a stealth tax on the middle classes.

Under the plans, more people will pay national insurance contributions (Nics) for which they will receive no pension benefit in return.

The bill includes most of the main recommendations suggested by Lord Turner's pensions commission last year.

The link between the state pension and earnings will be restored during the next parliament, meaning it will become more generous in future.

The trade-off for bigger pensions is that we will have to work longer. The state pension age will rise to 66 from 2024-26, to 67 from 2034-36 and 68 from 2044-46.

But it is the government's plans for the state second pension that have raised most controversy. About 20m people pay into such plans, formerly known as Serps. They pay a top-up to the basic state pension according to your income and the number of years you have worked and paid Nics. The more you earn the more you get, up to a limit.

Someone with a full employment record earning £33,000 or more a year gets up to £110 a week. The government wants to turn the state second pension into a flat-rate payment worth about £60 in today's terms by 2030.

The Conservatives estimate that anyone earning £18,000 or more will see the amount of second pension they get slashed. At £18,000 you would be paying £468 a year in Nics for a benefit you no longer get. A higher-rate taxpayer will in effect be overpaying by £2,119 a year.

The government claims that an increase in the basic state pension will partly compensate for this loss. By restoring the link to earnings the government estimates that by 2050 the total state pension at retirement, including the second pension, will be nearly £135 a week in today's terms. If it were to remain linked to prices, it would be worth between £90 and £100 a week.

Ministers said the increase in the basic state pension will also lift more of us out of the means-tested net. Under the current system about half of all pensioners are subject to means-testing. By 2050 that will fall to a third.

The biggest beneficiaries of the shake-up will be women who have taken time off work.

At present, the amount of state pension you get is based on average Nics over your working life. Women need 39 years of Nics to qualify for a full state pension and men need 44.

Hyman Wolanski, head of pensions at Alliance Trust Savings, said: "From 2010 you will only need 30 years of Nics to qualify for the full basic state pension. This is going to be of great benefit, particularly for women who take time off to look after their children."

Millions of people who have opted out of the second state pension to make their own provision, either through a company pension or a personal plan, also face big changes.

Those in money-purchase company schemes will be forced back into the state scheme at some stage, probably from 2012. However, they will not have to pay back any rebates they have already received. Members of final-salary schemes will still be able to opt out.

The government has also proposed that millions of workers who are not currently saving into a company pension will automatically be enrolled into a national pension savings scheme with compulsory employer contributions. More details will be set out in a white paper this month.

KEY POINTS OF THE REFORMS

- State pension age for men and women will rise to 66 from 2024, 67 from 2034 and 68 from 2044, except for those now aged 47 or over. Those aged 46 now will be able to draw their pensions between 65 and 66; those between 38 and 45 must wait until 66, and anyone under 28 will retire at 68.
- Basic state pension will be linked to earnings, rather than inflation.
- The state second pension, a top-up to the basic state pension, will become a flat-rate benefit by 2030. At present, it is linked to earnings.
- People in money-purchase schemes will not be able to contract out of the state second pension at some stage, probably from 2012.
- Anyone retiring after 2010 gets the full pension after making Nics for 30 years. At present, women have to pay Nics for 39 years and men for 44 years.

The Independent, 2 December 2005

News › Business › Business News

Turner attacks Treasury over pension 'porkies'

Personal Finance Editor, David Prosser | Friday 2 December 2005 | 0 comments

0 shares

Lord Turner of Ecchinswell angrily rejected attacks on his pension reform proposals yesterday, dismissing criticism from the Treasury and business leaders. The Pensions Commission chairman reportedly accused Treasury officials of "telling porkies" after the Government suggested the true cost of his reforms to state pensions could reach £16.4bn a year by 2020.

The row followed a dispute over the base figures that each side is using for comparisons. On Wednesday, the Commission claimed the cost of restoring the link between the basic state pension and earnings would rise from £200m in 2010 to £2.1bn in 2020.

This assumes that the Government is prepared to reinvest the savings it makes as the state pension age for women rises from 60 to 65 over the decade. Lord Turner also assumed the Government would maintain the current link between earnings and the Pension Credit, the top-up benefit paid to low-income pensioners.

The Chancellor has already warned this link has been promised only until 2008. Assuming it is severed then and that the equalisation savings are taken out of Lord Turner's calculations, the Treasury said the cost of the reforms would rise to £16.4bn.

Lord Turner said last night he accepted it was possible to use different assumptions for costing his proposals. But he warned: "Unless we want the state pension to get meaner and meaner we have to have either higher tax or a higher state pension age, and we have decided on both."

Lord Turner added that if the Treasury genuinely intended to cut the link between the Pension Credit and earnings, there would be uproar among poverty campaigners.

"That would reduce the relative living standard of our poorest pensioners by about a quarter," he said.

The Commission chief also rejected warnings from business about the cost of requiring employers to contribute 3 per cent of staff salary to a National Pension Savings Scheme.

"We estimate the increase in private sector labour costs will be 0.6 per cent," he said. "There is a good case that in the long term, the effect of the cost on business will be offset by lower cash wages."

The Daily Mail Online, 23 October 2010, First section of article only

Women pay price of retirement at 66 in Osborne's sneaky pension age hike

By BECKY BARROW FOR MAILONLINE
UPDATED: 13:52, 23 October 2010

340
View comments

The devastating cost to women of raising the pension age to 66 became apparent yesterday.

They form the vast majority of more than five million workers in their 50s who will pay a £43 billion bill for the decision.

The huge figure, sneaked out in official documents, reveals how lucrative the move is for the Government as it tries to cut the budget deficit.

Raising the retirement age to 66 – from 60 for women and 65 for men – means millions will have to carry on working and bear the burden of clearing up the nation's economic mess.

Pension apartheid: Ros Munford, left, and Lindsay Ives were born four years apart but will get their pensions eight years apart

In total, they will miss out on £30billion for having to work longer before claiming the state pension and other senior benefits.

Their extra years of toil will also see them pay an extra £13billion in income tax and national insurance.

Campaigners and experts said it was grossly unfair that those who have worked hard all their lives will have to struggle on – and pay an average 'bill' of £8,400 each – when they had hoped to be enjoying dreams of retirement.

The vast majority of the losers will be women, who face working six years longer than their own mothers did before claiming state pension.

The Guardian, 31 January 2011

State pension age: women oppose government changes

Ongoing increases to the state pension age for women mean those born in the mid-1950s will have to work at least a year longer than originally thought

State pension: Fewer men than women have been asked to work longer than planned. Photograph: Jeff Hutchens/Getty Images

They were born at the tail-end of the baby boom, as the first Bond novel was published, Stalin died and the discovery of DNA was confirmed. They've worked for 35 years and now a generation of half-a-million 50-something women are rising up against government plans to make them work at least another year before collecting their state pension.

MPs have been deluged with letters from worried women born in the mid-1950s who were put on notice earlier this month that they will have to work up to two years longer as the result of the government's decision to fast-track changes to the pension age. The retirement plans of 500,000 women have been affected by more than a year, whereas no men will have to work more than an extra 12 months.

Charities are now coordinating a grassroots campaign to put pressure on the government to amend the bill when it returns to the house next month. Labour has also launched a campaign and nerves are beginning to show among some MPs on the government benches about the weight of public feeling among women, who represent a key demographic that all parties are chasing at the polls. The work and pensions select committee is to quiz the minister responsible, Steve Webb, when he comes before them this month.

The shadow pensions minister, Rachel Reeves, said: "I understand the implications of increasing longevity, and agree that deficit reduction is a priority, but the legislation is arbitrarily hitting women born in 1954 too harshly, while making no impact on deficit reduction in this parliament.

Formal Minutes

Monday 14 March 2016

Members present:

Rt Hon Frank Field, in the Chair

Heidi Allen
Mhairi Black
Ms Karen Buck
Neil Coyle
John Glen
Richard Graham
Craig Mackinlay
Steve McCabe
Jeremy Quin

Draft report (*Communication of state pension age changes*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 55 read and agreed to.

Annexes agreed to.

Summary agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned til Wednesday 16 March at 9.15am.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Wednesday 25 November 2015	*Question number*
Rt Hon. Steve Webb, former Minister of State for Pensions	Q1–34
Paul Lewis, financial journalist, and **Sally West,** Age UK	Q35–57
Wednesday 16 December 2015	
Anna Keen, and **Lin Phillips,** Women Against State Pension Inequality	Q58–82
Kate Smith, Aegon UK, **Dr Deborah Cooper,** Mercer and **Phillip McEvoy,** Prospect	Q83–119
Monday 18 January 2016	
Baroness Altmann CBE, Minister of State for Pensions, Department for Work and Pensions, **Duncan Gilchrist,** Deputy Director, Contributory Pensions, Department for Work and Pensions, and **Richard Caseby,** Director of Communications, Department for Work and Pensions	Q120–183

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

USP numbers are generated by the evidence processing system and so may not be complete.

1 Aegon UK (USP0119)

2 Age UK (USP0026)

3 Alan Higham (USP0057)

4 Alan Higham (USP0151)

5 Alan Higham (USP0173)

6 Angela Gair (USP0108)

7 Ann Moughan (USP0045)

8 Association Of British Insurers (USP0132)

9 Barbara Sculthorpe (USP0150)

10 Beverley Hondebrink (USP0009)

11 Brenda O'Brien (NSP0001)

12 Brenda Orr (USP0049)

13 Brighton Women's Centre (USP0113)

14 Bt Pension Scheme Management Limited (USP0053)

15 Caralyn Longhurst (USP0052)

16 Collection (Women) Against Real Injustice And Inequality State Pension (USP0110)

17 Collection (Women) Against Real Injustice And Inequality State Pension (USP0141)

18 Collection of Women Against Real Injustice and Inequality of the Contributory State Pension (USP0159)

19 Collection of Women Against Real Injustice and Inequality of the Contributory State Pension (USP0160)

20 David Harling (USP0074)

21 Debra Collins (USP0083)

22 Department for Work and Pensions (USP0153)

23 Department for Work and Pensions (USP0158)

24 Department for Work and Pensions (USP0162)

25 Department for Work And Pensions (USP0137)

26 Department for Work And Pensions (USP0143)

27 Dianne Jones (USP0168)

28 Dr David Murray (USP0170)

29 Dr Shirley Pressler (USP0101)

30 Elaine Tasker (USP0105)

31 Fawcett Society (USP0107)

32 Hanover Housing Association (USP0040)

33 Hargreaves Lansdown (USP0023)
34 Helen Ellis (USP0121)
35 Helen Kemp (USP0024)
36 Hymans Robertson (USP0126)
37 Institute For Fiscal Studies (USP0075)
38 Jan Falkingham (USP0148)
39 Jane Northam (USP0031)
40 Jennie Stopford (USP0064)
41 Jessica Daniel (USP0144)
42 Josephine Cumbo (USP0156)
43 Kate Hardcastle (USP0169)
44 Katharine Swann (USP0145)
45 Later Life Ambitions (USP0133)
46 Linda Shillabeer (USP0138)
47 Malcolm Orchard (USP0010)
48 Malka Bernard (USP0007)
49 Marie Allen (USP0161)
50 Marilyn Byrne (USP0032)
51 Mary Harkness (USP0039)
52 Mercer (USP0106)
53 Michael Mansfield (USP0004)
54 Miss Maria North (USP0029)
55 Miss Trisha Snowling (USP0124)
56 Mr Andrew Grant (USP0059)
57 Mr Christopher Thompson (USP0017)
58 Mr Colin Clarke (USP0171)
59 Mr Frederick Kenny (USP0003)
60 Mr John Greenwood (USP0034)
61 Mr Martin Lane (USP0046)
62 Mr Martin Smart (USP0111)
63 Mr MIke Euesden (USP0038)
64 Mr Mike Jackson (USP0088)
65 Mr Paul Bartlett (USP0012)
66 Mr Roger Parker (USP0041)
67 Mr Steve Troake (USP0056)
68 Mr Sue Itzinger (USP0060)
69 Mr Timothy Offiler (USP0079)
70 Mrs Barbara Hall-Fletcher (USP0033)

71 Mrs Caroline Carver (USP0035)
72 Mrs Christine Dickinson (USP0087)
73 Mrs Christine Mann (USP0011)
74 Mrs Clare Megan (USP0019)
75 Mrs Glynis Stott (USP0061)
76 Mrs Hebe Smith (USP0008)
77 Mrs Jan Fulster (USP0128)
78 Mrs Janet Powell (USP0066)
79 Mrs Jocelyn Tucker (USP0127)
80 Mrs Judith Doman (USP0123)
81 Mrs Judith Smith (USP0082)
82 Mrs Julia Rose (USP0016)
83 Mrs Julie Heptinstall (USP0081)
84 Mrs Karin Lane (USP0047)
85 Mrs Kerri Ellison (USP0048)
86 Mrs Lena MacLeod (USP0042)
87 Mrs Lesley Clarke (USP0028)
88 Mrs Linda Williams (USP0103)
89 Mrs Lynn Baxter (USP0086)
90 Mrs Margaret Barry (USP0020)
91 Mrs Mary MacDougall (USP0130)
92 Mrs Mary Morgan (USP0100)
93 Mrs Norah Hickey (USP0025)
94 Mrs Patricia Clough (USP0070)
95 Mrs Patricia Strong (USP0006)
96 Mrs Patricia Strong (USP0055)
97 Mrs Rosemary Ingram (USP0030)
98 Mrs Sharyn Davies (USP0112)
99 Mrs Susan Bissmire (USP0090)
100 Mrs Sylvia Metcalf (USP0134)
101 Mrs Thomas (USP0068)
102 Ms Alison Partridge (USP0054)
103 Ms Eileen Brown (USP0073)
104 Ms Elizabeth Murray (USP0058)
105 Ms Helen Cherry (USP0104)
106 Ms J Palmer (USP0149)
107 Ms Linda Edwards-Shea (USP0118)
108 Ms Linda Tomlinson (USP0062)

109 Ms Lucia Daniels (USP0022)
110 Ms Pauline Clark (USP0129)
111 Ms Pauline Clark (USP0164)
112 Ms Rosalyn Morgan (USP0125)
113 National Pensioners Convention (USP0067)
114 Patricia Sanderson (USP0116)
115 Patricia Strong (USP0146)
116 Paul Lewis (USP0114)
117 PCS Union (USP0069)
118 Pensions and Lifetime Savings Association (USP0120)
119 Pensions Policy Institute (USP0136)
120 Peter O'Brien (USP0152)
121 Peter O'Brien (USP0157)
122 Peter O'Brien (USP0163)
123 Peter O'Brien (USP0174)
124 Prospect (USP0043)
125 Robin Ellison (USP0147)
126 Royal Mail Pension Plan (USP0109)
127 Ruth Hardman-Howard (USP0005)
128 Sandra Gorman (USP0089)
129 savvywoman.co.uk (USP0115)
130 Sheila Blakeman (USP0078)
131 Shelagh Simmons (USP0051)
132 Stephane Booroff (USP0172)
133 Steve Webb (USP0027)
134 Teresa Tickner (USP0065)
135 Unemployed at Home (USP0018)
136 Valerie Haskey (USP0050)
137 Victoria van Cleak (USP0037)
138 Which? (USP0131)
139 Women Against State Pension Inequality (WASPI) (USP0084)
140 Women Against State Pension Inequality (WASPI) (USP0139)
141 Women Against State Pension Inequality (WASPI) (USP0140)
142 Women Against State Pension Inequality (WASPI) (USP0142)
143 Women Against State Pension Inequality (WASPI) (USP0166)
144 Women Against State Pension Inequality (WASPI) (USP0167)
145 Your Homes Newcastle (USP0021)
146 Yvonne Jebson (USP0063)

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All publications from the Committee are available on the publications page of the Committee's website.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

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