

Equalisation and Increases in the State Pension Age

Briefing Paper June 2016



Introduction

Over the last few months, the campaign affecting up to 500,000 women born in the early 1950s (known as WASPI – Women Against State Pension Inequality) has brought to the fore the issue of the rising State Pension Age (SPA). This briefing explains how this particular group of women have been adversely affected, but also considers the much broader issue of an ever-increasing SPA and the impact that will have on both men and women in the future. It also sets out the key pieces of legislation that have emerged on this issue over time, and shows how each new law has altered part of a previous Act.

The 1995 Pensions Act

The Pensions Act 1995 introduced a mechanism for equalising women's SPA with that of men, over a ten year period from 2010 to 2020. This gave a 15 year lead in time before any changes were to be made and set out a timetable whereby the SPA date would rise from May 2010 in two monthly increments over the next ten years. However, for 14 years after the Act the government failed to officially notify anyone of these changes. Nevertheless, there has been very little opposition to the general idea of equalisation between men and women's SPAs and had this proposal been introduced without alteration and with proper notification, many of the existing problems would have been avoided.

The Pensions Act 2007

This Act followed the recommendations made by the Turner Commission in 2005 and in it the SPA for men and women was set to reach 66 by 2026-2028, and 67 by 2034-2036. It also laid out plans to increase the SPA from 67 to 68 between 2044 and 2046. Anyone born after 6 April 1978 currently therefore has a SPA of 68.

The Pensions Act 2011

Under the 2011 Pensions Act a decision was made by the Coalition government to rapidly accelerate the rise in women's SPA so that it would reach 65 by 2018 - two years earlier than had previously been set out in the 1995 Act. For a specific group of women born between 6 April 1953 and 5 December 1953 this meant a maximum delay of 16 months in their SPA, with only a five year gap before it was introduced. The table below shows how the change affects this particular group:

Date of birth	Date new SPA reached	Length of delay
6 April 1953-5 May 1953	6 July 2016	2 months
6 May 1953-5 June 1953	6 November 2016	4 months
6 June 1953-5 July 1953	6 March 2017	6 months
6 July 1953-5 Aug 1953	6 July 2017	8 months
6 Aug 1953-5 Sept 1953	6 November 2017	10 months
6 Sept 1953-5 Oct 1953	6 March 2018	12 months
6 Oct 1953-5 Nov 1953	6 July 2018	14 months

6 Nov 1953-5 Dec 1953	6 November 2018	16 months
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The 2011 Act also brought forward the rise in SPA for both men and women from 65 to 66 from 2026-28 to 2020, being phased in by two monthly increments between December 2018 to October 2020. This effectively altered the 2007 Act; again without individuals being officially notified.

The Pensions Act 2014

The most recent change came when the 2014 Pensions Act brought forward the increase in SPA from 66 to 67 by eight years so it will now be phased in between 2026-2028. This altered the 2007 Act and will impact on anyone born from 1954 onwards.

The Act also allows the government to conduct a five yearly review of SPA, based on the idea that people should spend a third of their lives in retirement and that the SPA should be linked to average life expectancy. This review, currently being conducted by John Cridland will report by May 2017 and is likely to recommend an acceleration in the increase in SPA from 67 to 68 - bringing it forward from 2044, as originally laid out in the 2007 Act.

Implications of these changes to SPA

In general, there has been very little protest surrounding the various increases and accelerations in the SPA over the last few years. The Chancellor, George Osborne has even expressed his surprise at how easy it was to make these changes – which over 35 years will save the Exchequer around £500bn.

Former CBI boss and Pensions Commission chair, Lord Adair Turner has also suggested recently that people in their mid-fifties could be forced to wait an extra three years to retire if the SPA was raised again to 70. His views are expected to be highly influential in the current review of the SPA being undertaken (see above).

There is no doubt that the rapid acceleration in women's SPA over the period 2016 to 2018 has affected a particular group of women born in the early 1950s – but looking to the future, there will be a much greater impact on millions of men and women who will see their SPA rise to 66 and 67, eight years earlier than expected. Any attempt to accelerate the move towards 68 or in fact to set the SPA at 70 will therefore have major effect on all future generations.

The whole area of SPA and retirement raises some very serious issues:

- Raising the SPA inevitably has the greatest impact on those with shorter life expectancies, often in lower paid jobs, doing manual work, in poorer health and in more deprived areas of the country
- Some jobs may also be too demanding for older people to continue to perform, eg. teaching very young children
- Not everyone will be able to continue working up to SPA through ill health and some will find themselves out of work before they reach SPA and unable to get another job

- The massive contribution made by older people to society and the economy, through volunteering and unpaid caring will be lost if those individuals are required to keep on working
- Youth unemployment will not be tackled by making older people work longer
- Linking a future SPA to average life expectancy is unlikely to help those whose longevity is already low
- Despite some of the claims, life expectancy in some areas of the country is now falling. Average ages for men and women are still only in the early 80s – and if the idea is that someone should spend a third of their lifetime in retirement, it could be argued that the SPA should actually be lowered. After a decent period at work, people should be entitled to a decent period of retirement; during which time they can pursue other interests and continue to make an important contribution to our society.

Next steps

- Individuals and groups are encouraged to submit evidence to the Cridland Review of SPA by emailing their comments to: spa.review@dwp.gsi.gov.uk
- Evidence surrounding the longevity debate is contained in the NPC booklet “A Decent State Pension For All Generations”, available from the NPC office
- Begin raising this issue in pensioner groups, trade union branches and particularly with those who are of working age
- Write to your local MP, highlighting your concerns over the rising SPA and its implications