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**Real security in retirement:
An alternative pensions system**

NPC
NATIONAL
PENSIONERS
CONVENTION

Executive Summary

1. The Government's White Paper published on 25 May 2006 makes no recommendations of immediate benefit to existing pensioners. The NPC's alternative White Paper seeks to redress this serious weakness by focussing on the role and measures the state must take now in providing pensions that offer financial security and dignity to today's pensioners, which will in turn provide the basis of a decent pensions system for generations to come. There cannot be any meaningful reform of the pensions system if the needs of current pensioners are excluded.
2. The level of the current basic state pension is totally inadequate, with more than 2m pensioners living in poverty. The first-tier state pension should provide a standard of living that removes the need for means-tested benefits. As an immediate step the existing basic state pension should be raised to £114.05 a week and uprated annually in line with average earnings.
3. Women have not been served well by the existing rules for entitlement and credits to the current state pension system. The first-tier state pension should be paid to all men and women, based on a suitable residency criteria, regardless of any other income they have secured.
4. National Insurance (NI) should continue to provide the main basis of funding for the first and second-tier state pensions, and should not be used to finance any other government objective. However, changes to the NI system should be made to abolish the upper earnings limit on contributions, reinstate the availability of the Treasury grant and compensate the fund for the loss of revenue through 'green taxes'.
5. The decline in availability and weakening of private occupational pension schemes underline the necessity for the second-tier state pension to be strengthened and made available to all those without any alternative guaranteed second-tier provision. The advantages of a state-run second pension are that it offers defined and predictable benefits, low administrative costs, portability between jobs and is not dependent on the performance of investment and annuity markets.
6. Britain can afford to hugely improve state pension provision, regardless of the decreasing ratio of working age population to pensioners, due to modern technology and increasing productivity. Real choice in retirement comes from having financial security, and raising the state pension retirement age places an unfair burden on the poorest in society.

1. Introduction

1. On 25 May 2006, the government published its long awaited White Paper on pension reform, entitled *Security in retirement: towards a new pensions system*. Between now and 11 September 2006, the paper is subject to a period of consultation, which will subsequently be followed by legislation to introduce the various aspects of the government's final proposals.
2. As a result, it is now widely accepted that the issue of pension reform will dominate political discussion for some considerable time. Over the last few months, ministers have publicly stated that they want to see a genuine and groundbreaking consensus on pension reform ⁽¹⁾ – but despite this declaration, the White Paper has failed to address the needs of today's existing 11m pensioners. Nevertheless, for any meaningful consensus to be achieved, the needs of current pensioners must not be ignored.
3. The White Paper's failure to call for an immediate increase in the basic state pension and instead opt for a promise to restore the link with earnings some time between 2012-2015, will only give those on a full basic state pension approximately £1.40 a week more that year than they would receive anyway under the present system ⁽²⁾. Furthermore, the absence of any proposals to immediately improve existing state pensions, has also in effect ignored the widely acknowledged scandal of low income amongst millions of existing women pensioners.
4. It can be argued that one of the main reasons why the government has been reluctant to make any immediate changes to the state pension system is because it contends that any improvements can only be funded if reform includes increasing the age at which future generations draw their state pension. Furthermore, ministers have stressed that the driving force for pension reform is Britain's ageing population; a so called 'demographic time bomb' with unsustainable costs that require a reduced role for the state in pension provision.
5. Although Britain, like most industrialised economies, has an ageing population, this is by no means a new development. Since the early 20th century and improvements in medicine and public health, the proportion of older people to younger has been steadily increasing. However, technological and economic advances have raised both the employment rate of many, especially women, and the productivity of the working population generally. As a result, the nation's wealth, measured by the Gross Domestic Product (GDP), and that of individuals, continues to increase.

6. If productivity were to grow by 1.75 per cent a year, lower than recent trends, the average British worker would produce twice as many goods and services in 2045 as now; and create more than enough wealth needed to provide for the improvements demanded in the state pension ⁽³⁾. Whilst the dependency ratio between pensioners and the working age population may therefore be decreasing, the nation's wealth continues to increase. To argue that a state pension system is unaffordable by looking only at the age structure of the population is therefore simplistic and historically inaccurate.
7. However, with the White Paper based largely upon this false premise, the main challenge is to consider what the alternative priorities of pension reform should be and how to build a genuine consensus around them. An immediate aim must be to prevent poverty amongst all older people, by ending the need for widespread means-testing and re-affirming the role of the state in providing a decent and secure pension income in retirement for all that will last for decades.
8. Hence the next section considers the principles that should underpin any pension reform, while section three outlines the changes needed to improve the state first and second-tier pension provision. Section four considers the issue of state pension age and section five considers issues related to the national insurance system. Finally, section six contains a series of recommendations, with associated timescale, costs and implications.

2. Principles for reform

9. The UK pension system currently consists of three tiers. The first is the basic state pension (BSP), the second is either a state second pension (S2P) or, for those who contract out of S2P, a private occupational or personal pension. The third consists of voluntary contributions to a personal pension or other existing scheme.
10. The White Paper's recommendations focus on marginally improving the level of the BSP by restoring its link to earnings in six to nine years' time, turning the S2P into a flat rate non-earnings related pension by 2030 and introducing a new national savings scheme of Personal Accounts by 2012 for those employees who are not covered by alternative pension arrangements, such as an occupational pension scheme. As a way of funding these proposals, employees will have to either wait or work up to three additional years before they can draw their state pension ⁽⁴⁾.

11. In rejecting the White Paper's suggestion that the role of the state in pension provision should be reduced, the primary focus of this analysis is therefore on how the state can alternatively deliver first and second-tier pensions; in order that the immediate pension situation of today's older population can be improved. Essentially, this involves promoting a clear set of principles around which a consensus for sustainable reform can be found, and once these fundamental principles have been agreed, methods of implementation can be discussed.

Adequacy

12. The latest estimates show that well in excess of 2m older people are living below the government's adopted poverty level (60% of median population income before housing costs) equivalent to £128 a week per pensioner in 2006 ⁽⁵⁾. Both the BSP and means-tested income support (called Guarantee Credit) provide an income well below that figure, and the state apparently sees no contradiction in supporting people to live in poverty.

13. Two thirds of older people live on incomes of less than £150 a week - and recent research shows that the income necessary to live an adequate retirement, excluding housing and council tax costs, in 2005 was £35.25 a week for a single pensioner and £25.55 a week for a couple, above the level of the Guarantee Credit of £114.05 and £174.05 respectively⁽⁶⁾.

14. Attempts to relieve poverty by expanding the use of means-testing have failed to reach those in most need, with take-up figures showing around 1.8m eligible pensioners have yet to make a claim ⁽⁷⁾. For reasons that have been well documented, such as complexity, inaccessibility, social stigma and a reluctance to deal with officialdom, it is clear that means-testing and pensioners simply do not mix.

15. It is essential therefore that any reform aims to provide every pensioner with a first-tier state pension that is set above the official poverty line.

16. Avoiding destitution or living just above the level of poverty is however not the same as having a decent standard of living relative to your income during your working life. The purpose of a second-tier pension, whether state or private, is to therefore provide an earnings-related addition to the first-tier state pension that enables people to maintain living standards in retirement.

16. Yet a significant number of today's pensioners, especially women, have little or no second-tier pension, and the proportion of future pensioners with a final salary occupational pension is likely to fall.

The trend over the last few years has been to close down such schemes to new entrants, and even some existing employees, offering them a less generous defined contribution (DC) occupational scheme, with a pension that depends on the fluctuations of the stock market. As a result, only 40 per cent of today's workers, 11.3m, and members of an occupational scheme, with the proportion in final salary defined benefit (DB) schemes declining ⁽⁸⁾.

17. This recent development strengthens the argument for a stronger and more inclusive second-tier state scheme which can provide for the majority of the population who, for whatever reason, do not have access to a good DB occupational pension or for whom the only alternative is a private money-purchase scheme. By contrast, the proposed system of Personal Accounts would be unable to meet this challenge; being limited to only those in paid work and offering inadequate provision for women on low wages, with fewer years in employment.

Gender Equality

18. The present UK pension system has not served women well. 87 per cent of existing women pensioners do not qualify for a full basic state pension in their own right because they lack the 39 years of National Insurance contributions or credits required ⁽⁹⁾. Furthermore, wives who rely on their husband's contributions receive just 60 per cent of a full state pension; only receiving 100 per cent if they are widowed.
19. The main reasons for these partial pensions are women's typically low earnings, part-time work and broken career patterns associated with domestic responsibilities. Unfortunately, these are inadequately recognised in the current rules surrounding entitlement to the BSP and the inflexible Home Responsibilities Protection (HRP) scheme, which reduces the number of years of contributions required for a full pension, by excluding up to 20 years of caring for children or frail adults.
20. In addition, whilst the earnings-related S2P is generally favourable to women, boosting the entitlements of the low paid, those with caring commitments can be excluded from receiving credits because they have to provide care for a minimum of 35 hours a week in order to qualify.
21. In private (occupational or personal) pension schemes, women's typically restricted careers place them at an even greater disadvantage. While 71 per cent of older men receive some private pension, only 43 per cent of older women do so, and among recipients, women's pensions are on average 53 per cent of their male counterparts ⁽¹⁰⁾. Only improved state pensions can therefore reduce the gender gap in pension income.

22. In the 21st century there is no justification for a pension system that fails to take full account of modern career patterns and domestic responsibilities, and in effect penalises those who undertake family caring roles.

Sustainability

23. Pension provision by the state must of course be economically sustainable, but no convincing case has been made that improved provision would be unsustainable. In 2002, the Chancellor decided to raise an additional £8bn for the NHS by increasing National Insurance contributions by 1 per cent. This was generally accepted as necessary in order to raise more money for health care, and at the time, no one suggested that it was fiscally impossible to raise additional funds or that the policy was unsustainable.

24. In this sense, state pension spending should be seen in the same light as health care spending - essential to a civilised society and affordable in a rich economy. The serious debate must therefore consider, not simply the cost of providing decent pensions, but more importantly the political choices that society must face in order to make such provision a reality.

3. Measures for reform

The basic state pension

25. Today's basic state pension (BSP) is widely acknowledged as being completely inadequate, set currently at just £84.25 a week for someone with a full National Insurance (NI) contribution record. For those who have been unable to make sufficient contributions or who have no other retirement income, the state also provides the means-tested Guarantee Credit, bringing the income of a lone pensioner to £114.05 per week and additional help for those with modest savings, known as the Savings Credit. 2.67m pensioner households claim this combined Pension Credit (71 per cent of those eligible) ⁽¹¹⁾ and two thirds of those are women ⁽¹²⁾.

26. At the heart of the debate about the basic state pension are two key elements: its level and annual uprating; and the contributory basis on which entitlement depends.

27. The very existence of the Guarantee Credit set at £114.05 a week – around £30 higher than the BSP – is an admission that the basic pension is too low. For most years since 1980, the BSP has risen annually in line with inflation rather than average earnings, and each year the gap between the pension and the level of means-tested benefits has grown. From 1980 to 1997, a single pensioner lost £33 because of the link being broken, with a further £19.50 being lost since Labour came to power ⁽¹³⁾.

As a result, the basic state pension for a single pensioner is now £52.50 a week less than it would have been had the link with earnings not been removed.

28. If this situation continues, the basic state pension will become a diminishing fraction of income support and by 2025, 60 per cent of all pensioner households could be means-tested ⁽¹⁴⁾. In fact, even under the White Paper's proposals, by 2050, 5.6m pensioners - around a third of all older people - will still be claiming income-support and spending on means-tested benefits as a percentage of GDP will be even greater than it is today ⁽¹⁵⁾.
29. Furthermore, if the BSP continues to be linked to prices until 2012; by that time it will have fallen to around 12 per cent of average earnings, £71 in current terms, and up to 3m of today's pensioners will have died before the link with earnings is restored ⁽¹⁶⁾. If the delay is until 2015, the state pension's value will have declined to just £67 ⁽¹⁷⁾ a week and up to 4.5m of today's pensioners will never receive any benefit.
30. With 70 per cent of average income of pensioners being provided by the state ⁽¹⁸⁾, it is clear that the most effective way of preventing poverty in older age is through increasing the level of the BSP. Only by eventually raising this to above the poverty level, (£128 per week in 2006), and ensuring that it rises annually in line with earnings, will we eliminate pensioner poverty and offer real financial security in retirement.
31. However, many pensioners, mainly women, do not receive the full amount of the basic pension. Under a system of entitlement that was designed in an era when men were the sole breadwinners, employment was less insecure and divorce still quite rare, the scheme required a long record of contributions in order to qualify for a full pension. This was impossible for most of today's older women, due to the marriage bar in employment and the impact of their domestic roles.
32. Whilst the government forecasts that in the future most women can expect a full basic pension when they retire, due to the introduction of Home Responsibilities Protection (HRP) in 1978, higher rates of full-time paid employment and earnings above the lower earnings threshold (LET), most older women were born too late to benefit from even this limited assistance ⁽¹⁹⁾.

33. In an attempt to address some of these issues, the White Paper proposes making National Insurance (NI) more inclusive of women from 2010 by reducing the number of qualifying years required for a full BSP to 30, making HRP credits on a weekly rather than yearly basis (but reducing credits for looking after 12-16-year-olds), and abolishing the minimum requirement for contributions – but none of these measures would benefit today's women pensioners unless applied retrospectively.
34. A simpler alternative would be one based on universal entitlement. A universal first state pension financed through both National Insurance (NI) contributions and general taxation, paid to all those reaching pensionable age who can fulfil certain residency criteria (such as a minimum of 25 years from the age of 18), would not only be of immediate benefit to today's pensioners, but would also ensure equal access to pensions for future generations of men and women. Furthermore, the simplicity of a universal pension would make it easy for the public to understand and support.
35. In fact, there is already a precedent in the Category D pension of £49.15 a week which is currently paid to thousands of 80 year-olds who have no contributory entitlement to a state pension, but have lived in the UK for at least 10 years in the last 20 before their 80th birthday.
36. A truly universal scheme would therefore offer the most equitable way of providing security in retirement for all, starting with a higher earnings-linked first state pension being paid to all existing pensioners as a matter of urgency. This could be done by re-naming the basic state pension the first state pension, and making it payable to each person over state pension age at the level of the Guarantee Credit.

The second state pension

37. Since 2002, the State Second Pension (S2P) has replaced SERPS as the second-tier state provision. Under existing rules all employees (but not the self-employed) pay a proportion of their National Insurance (NI) contributions towards S2P unless they are in a scheme which has contracted-out into a private occupational or personal pension; in which case a rebate on their NI contributions is paid into their private scheme. The first fully paid-up beneficiaries of S2P will not therefore retire until 2051.
38. In addition, tax relief is also currently available on second-tier private personal and occupational pensions to the value of £19bn a year ⁽²⁰⁾, of which 2.5m higher tax payers receive 55 per cent, with 13m sharing the remaining £9bn between them.

The average earner on £25,000 a year, paying 6 per cent into an occupational pension scheme, therefore gains around £330 per year of tax relief; six and a half times less than the amount given to a higher tax payer. It is increasingly clear therefore, that this is neither the most effective nor equitable way of using public money to ensure a decent income in retirement is available to all, and urgently needs reforming.

39. S2P on the other hand provides a pension related to the value of your earnings over your working life, but redistributes towards the low paid by treating those with earnings below the lower earnings threshold (LET) of £12,500 a year as having earned that amount. Carers of a child aged under 6, who are not employed, and those caring for frail adults who fulfil qualifying criteria, are also credited in S2P as though they were earning 12,500pa.
40. Despite these advantages of the S2P in terms of compensating carers and helping the low paid, the White Paper proposes narrowing the gap between the highest and lowest qualifying earnings, ultimately leading to a flat rate pension of around £53 a week for someone with a full contribution and/or credit record.
41. In addition, the White Paper proposes a new national savings scheme of Personal Accounts (PAs) into which workers would be automatically enrolled, but retain the right to opt-out. Employees would pay 4 per cent of their salary into their PA, employers 3 per cent and there would be 1 per cent tax relief. The average payment from the scheme on retirement would be an estimated £4400 a year depending on the performance of the financial markets and annuity rates ⁽²¹⁾.
42. The assumption underlying this proposal is that PAs, by offering much better value for money than existing stakeholder schemes, would remove the need for state earnings-related pensions, thus making it possible to restrict the role of the state to flat-rate provision. The main reason behind such a suggestion must therefore lie in the government's intention to reduce the state's role and expenditure on pensions in order to save money for some other purpose and allow the private sector to fill the subsequent gap in second-tier provision.
43. However, in a funded scheme such as PAs, the resources available for current pensioners are pre-determined by the size of the fund, which depends on the level of past contributions. If people are living longer, therefore, pension rates may have to be reduced - and in a money purchase scheme, the annuity market will ensure that this happens: the greater your life expectancy, the smaller the annuity will be.

44. On the other hand, in a Pay-As-You-Go (PAYG) scheme, current contributions pay for current pensions and the balance between contribution and pension rates can be shifted in the light of changing conditions, including changes in life expectancy and/or pension ages. Provided that the mechanism for making such changes is designed to achieve fairness as between contributors and pensioners, this flexibility can be regarded as an important advantage of PAYG.
45. The assertion that the PA scheme would deliver attractive returns for those still subject to means-testing is also open to question. The pension credit means-test alone involves a withdrawal rate of 40p for every additional £1 of income - equivalent to a 40 per cent tax which would absorb the whole of the employer's minimum contributions - and in some cases a 100 per cent withdrawal rate.
46. It is clear, therefore, that very large numbers of people of working age would have to take into account the likelihood of being caught in the mean-test net in deciding whether the PA scheme offered value for money - and they would still need advice in making that decision.
47. However, the fundamental objection to the PA scheme as a substitute for an earnings-related state pension is that it is yet another form of money-purchase or defined contribution (DC) scheme - a savings scheme rather than a pension scheme, providing annuities of unpredictable value and thus offering no possibility of rational pension planning.
48. Recent history demonstrates all too clearly the danger of relying on equity investment and there remains no guarantee that the benefits promised from private pensions, such as either defined contribution (DC) money-purchase schemes or the proposed PA scheme, will offer retirees of the future the same level of second-tier pensions as that which could be otherwise provided by the state.
49. The S2P therefore remains important in ensuring that every individual can maintain living standards in retirement and should continue to be available to all those of working age who are without any alternative guaranteed second-tier provision. To date around 18.7m people have gained from the introduction of S2P, 55 per cent of which are women ⁽²²⁾. The unique value of a state-run second-tier pension lies in its ability to redistribute income to the low-paid and to recognise and protect those who make a wider contribution to society through raising children or caring for a dependent relative, as well as those suffering a disability or unemployment.

4. Retirement and the state pension age

50. Retirement and the age at which the state pension can be drawn have come to the fore during the current pension debate because with rising longevity, the average duration of retirement is increasing whilst the working age population is falling. Forecasts show that the average life expectancy in 2050 will be 84 for men and 88 for women ⁽²³⁾.
51. Whilst the government is keen that the average age of retirement should increase from the current level of 62, they have yet to address seriously any of the barriers to achieving this, including:
- Age discrimination among employers
 - High unemployment among workers aged between 55 and 65, especially in certain regions and among manual workers
 - Job creation to accommodate those wishing to continue working beyond state pension age
 - Manual workers suffering health problems at an earlier age than non-manual workers, and also dying earlier
 - The unpaid caring and voluntary work undertaken by retired people which currently saves the Exchequer an estimated £24.2bn a year ⁽²⁴⁾.
52. Raising the state pension age as suggested in the White Paper, to 68 by 2044, is seen as a way of encouraging later retirement and paying for very modest improvements in the state pension system ⁽²⁵⁾. Yet there is no public support for this, the majority of people being hostile to the idea of being forced to work longer to fund their retirement ⁽²⁶⁾.
53. Raising the state pension age would also bear hardest on disadvantaged sections of the workforce and would reinforce the difficulties of women in their 60s with caring responsibilities for parents or grandchildren. In effect, today's poorer workers would end up working longer, drawing their pension for a shorter time and dying sooner.
54. Real choice about when to retire depends on having financial security and sufficient pension income, as well as suitable job opportunities. Working beyond 65 then becomes an option rather than a necessity. However, to achieve this requires both a first and second-tier pension set at an adequate level.

5. National Insurance

55. The National Insurance scheme was established on 5 July 1948 to provide unemployment benefit, sickness benefit, retirement pensions and other benefits in cases where individuals meet the contribution and other qualifying conditions.
56. The existing basic and second state pensions are funded through the PAYG National Insurance system, by those at work and their employers. Employees contribute 11 per cent of income between £97 and £645 a week, and a further 1 per cent on income above £645. Employers pay 12.8 per cent on all income above £97. The system currently raises around £83bn a year ⁽²⁷⁾ and is used to fund both first and second-tier state pensions, alongside other benefits and some NHS costs.
57. There is no financial crisis in the National Insurance (NI) system, which provides an efficient way of guaranteeing that both employees and employers fund the pensions of today's retirees, with an annual cost of delivering the pension to each individual of just £5.40 compared to that of the means-tested Pension Credit of £53.70 ⁽²⁸⁾. In addition, the Government Actuary has predicted that the fund will have a surplus by March 2006 of £34.6bn, rising to £60bn by 2010 ⁽²⁹⁾.
58. NI must therefore continue to be the main source of funding for the first and second-tier state pensions. However, there are a number of important issues surrounding the NI system that need to be addressed.
59. Firstly, full NI contributions for pensions are not payable above the upper earnings limit (UEL) of £645 per week. Thus lower and modest earners are paying a higher percentage of their wages into the fund than those with higher earnings. The UEL should be abolished so that on earnings above £645 a week, contributions would be raised from 1 per cent to 11 per cent, in line with other income.
60. Secondly, the Treasury and the Department for Work and Pensions confirm that the government is borrowing from the current NI fund surplus to finance expenditure for purposes unconnected with the fund ⁽³⁰⁾. By using the money in this way, the Treasury has consistently undermined the case for using the surplus to improve state pensions.

61. Thirdly, Treasury ministers are required to have regard to changes in the general level of earnings, the state of the NI fund and payments expected to be made from it in the future when determining the level of state pensions and other benefits. Under the Social Security Act 1973 the Treasury is authorised to make grants to the NI fund in order to secure its ability to pay benefits and maintain a minimum working surplus of 16.7 per cent ⁽³¹⁾. Yet despite reluctance on the part of the government, the powers clearly exist to enable them to use the surpluses in the NI fund, with an additional grant from the Treasury if necessary, to improve state pensions. It is a lack of political will, rather than a legislative or economic obstacle that has prevented them from doing so.
62. Finally, there is the issue of “green” taxes. The NI Fund’s income from employers’ contributions has been deliberately and substantially reduced as a result of a series of “green” taxes: the landfill tax introduced in 1996, the climate change levy in 2001 and the aggregates levy in 2002. The purpose of all these taxes was to make companies pay for the environmental damage caused by their activities. The greater part of the proceeds of each tax was to be returned to employers as a whole by a reduction in their NI contributions of 0.2 per cent of earnings for the landfill tax, 0.3 per cent for the climate change levy and 0.1 per cent for the aggregates levy ⁽³²⁾.
63. However, if the Fund was to bear the cost of compensating employers, through the reductions in their contributions, it should also have been credited with the proceeds of the taxes. Instead, the Treasury has been allowed to pocket the proceeds, while the entire burden of the taxes has fallen on the Fund. As a result, over the whole period since they were introduced, the green taxes have cost the Fund at least £13bn, and are currently costing well over £2bn a year in lost contributions. This is plainly indefensible. The Fund should be fully compensated for the losses it has already sustained and an annual payment should be made to compensate it for future losses of contribution income from employers.

6. Recommendations

Recommendation	Timescale	Costs	Gainers	Comment
The basic state pension shall be renamed the First State Pension (FSP), set at £114.05 a week and paid to every individual of pensionable age	April 2007	£10bn in 2006/7 £66bn in 2050	Those pensioners who currently receive a state pension of less than the Guarantee Credit	Those pensioners already receiving the Guarantee Credit would now receive a FSP of the same value Entitlement rules for council tax and other means-tested benefits will need to be adjusted so as not to penalise those who are no longer in receipt of Guarantee Credit
Entitlement to the FSP shall be based on a residency requirement prior to retirement	April 2007		The vast majority of women pensioners, and some men, who do not currently have sufficient contributions or credits to qualify for a full state pension	Income support would have to remain for a very small number of pensioners who may not meet any residence criteria for entitlement to the universal FSP
The FSP shall increase in line with average earnings	April 2007 and annually until April 2010	£300m pa	All pensioners entitled to a FSP	
The FSP shall be set above the official poverty line (60% of median population income currently £128 a week) and increased in line with average earnings	April 2010 and annually thereafter		All pensioners entitled to a FSP	
The Second State Pension (S2P) shall remain earnings related and be available to all those of working age without any guaranteed second-tier provision	April 2007	£8bnpa	All existing workers	
The State Pension Retirement Age shall remain at 65 for men and women from 2020 onwards			All existing workers due to retire after 2020	Existing pensioners will not be affected

7. Conclusion

64. When considering the reform of the UK pension system, the government has been guided by the desire to limit state expenditure; private pension providers have wanted to increase their role in second-tier provision and pensioner organisations have called for immediate improvements in the basic pension to tackle poverty amongst today's retired. Meanwhile, the impact of an ageing population on pensions has been presented in an alarmist and misleading way that has deliberately obscured the entire debate.
65. The weakness of the government's White Paper is therefore that it completely ignores the needs of today's 11m older people, and fails to recognise that whatever improvements are afforded now will form the basis of a strengthened and more robust pensions system for future generations as well. Getting it right for today's pensioners will therefore benefit everyone.
66. The task now is to ensure that changes to the White Paper are made when it comes before Parliament in the form of legislation to guarantee that, at the very least, raising substantially the level of the basic state pension, restoring the link with earnings, reducing the scope of means-testing and addressing the inequalities faced by many women are considered as a matter of urgency.

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