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Altmann: Raising state pension age lacks nuance



Baroness Ros Altmann, former pensions minister

By **Jane Matthews**

Bluntly raising the state pension age lacks nuance and hits the poorest in society hardest, former pensions minister Baroness Ros Altmann has argued.

Altmann, who is now an independent pensions consultant, said simply raising the state pension age fails to recognise the differentials in health and work ability between different groups.

She noted that research from the Institute for Fiscal Studies has shown that raising the state pension age from 65 to 66 has already pushed a quarter of 65-year olds into poverty.

“Even those with seriously shortened life expectancy and up to 50 years contributions to national insurance, cannot receive a penny of state pension early,” Altmann said.

“Just raising the state pension age because ‘average’ life expectancy has increased is a blunt cost-cutting ‘social welfare’ tool which is not suitable for UK society.”

In a blog post, Altmann highlighted data from the Office of National Statistics which showed the least advantaged groups in society (bottom 10 per cent) only remain in good health, on average, until around age 52.

Comparatively, those in the top 10 per cent can expect to be in good health until age 70.

For the bottom 40 per cent, they can expect to stay healthy until age 61 or 62.

“So rising pension age negatively impacts a huge swathe of our population,” Altmann explained.

Gender pension gap

Altmann also highlighted the impact of the gender pension gap with women more disadvantaged than men as they are less likely to have a private pension.

“Unfortunately, the very people who are least likely to stay healthy up to the state pension starting age, are also least likely to have private pensions.

“Just pushing up pension age ignores the reality that many of today’s older people have not had the chance to build good private pensions,” Altmann said.

Altmann believes that working longer is the ideal, but she is mindful that this is not possible for all people.

She noted that although there is flexibility on some aspects of pension saving, there is none for those who need to access it early when they genuinely cannot work - even if they have contributed for four or five decades to national insurance.

“Older people have valuable skills, talent and experience that should not be wasted, but not everyone in Britain can manage it,” Altmann said.

Addressing age discrimination continues to be a problem in the labour market and Altmann suggested facilitating retraining and part-time work before full-time retirement could be a way to help address it.