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# State pension age hike to 71 would be a brutal blow to poor and ill people, says ROS ALTMANN

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**The state pension age might have to rise radically or there could be too few workers left to support pensioners, an influential think tank has warned.**

**Former Pensions Minister Ros Altmann, a long time campaigner for older people's rights who now sits in the House of Lords, says the proposal would penalise the majority of workers.**

Raising the state pension age to 71 by 2040 is unconscionable. It would plunge more people into poverty in later life.

Anyone in their early 50s and younger would be caught by this proposal by the International Longevity Centre.

The rise in state pension age to 66 has already caused increased hardship, particularly for those without good private pensions who are often in poorer health.

Only the top 10 per cent of the UK population stay healthy to their early 70s. Therefore, social policy needs to recognise that the majority of the population are not well by their mid-60s.

Office for National Statistics figures show the 40 per cent of men and women on the lowest incomes only stay healthy on average to around age 61 or 62.

Cutting state pension costs by making unwell workers wait longer favours well-pensioned higher paid people.

It would increasingly skew state pension spending towards affluent older people who tend to live longer, while penalising the majority of the population.

If people are healthy and wealthy enough to defer receiving the state pension, they can already choose to do this in exchange for higher payments.



**Ros Altmann: Only the top 10 per cent of the UK population stay healthy to their early 70s**

Disadvantaging more middle and lower income social groups is not the way to run an equitable social welfare system.

## Workers pay large sums towards their own state pensions

The state pension is part of every worker's social contract. They and their employer have to pay significant amounts of National Insurance in order to insure themselves for the basic minimum state pension support in future once they cannot work.

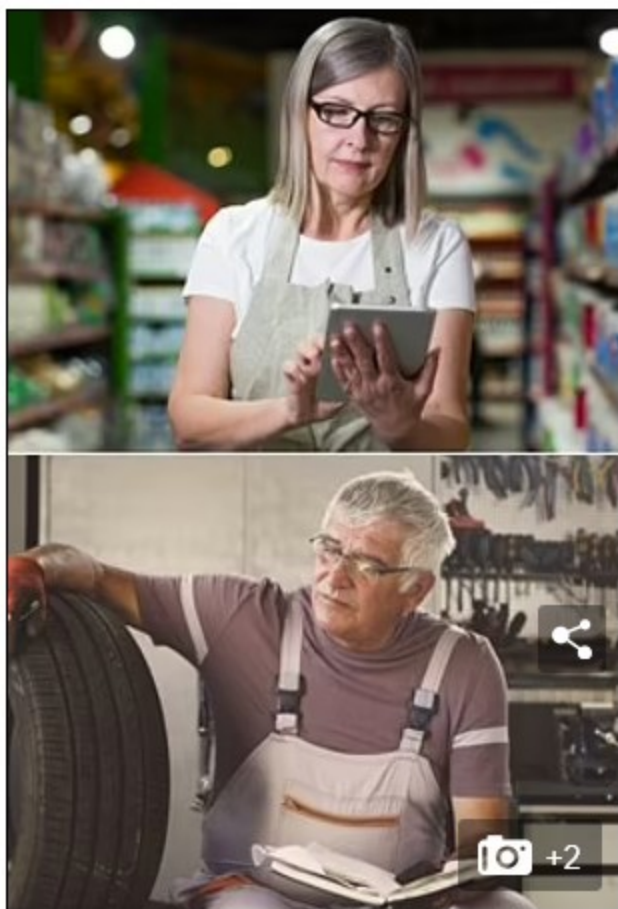
That is the social deal. The state pension is still the bedrock of social support and chronological age is not a fair determinant to use for cost-cutting decisions, due to individual differences.

Private pension coverage is still too uneven to support increasing the state pension age just because 'average' life expectancy is rising.

Despite the Government spending over £70 billion a year on tax and National Insurance reliefs for private pensions and auto-enrolment - so far a great success in increasing coverage of private workplace pensions - millions of people still have little or no private pension provision.

Those in their early 50s or younger will not necessarily have time to ensure a private pension can bridge the gap between having to stop work and receiving state pension income.

The Government must consider other ways to save money, which help ensure greater fairness and flexibility. Health conditions and length of National Insurance record can be considered.



**State pension age: Consider other ways to save money, which help ensure greater fairness and flexibility, says Lady Altmann**



## Could you have to wait until 71 to get a state pension?



### Focus on preventing ill health and combating ageism

There are big differentials in health across the country.

Until the Government succeeds in improving NHS preventive health measures so the service becomes one that focuses more on keeping people healthy for longer, just continuing to increase the starting age for state pensions will leave increasing numbers of 60-somethings at risk of being forced to work despite ill-health, or living on the breadline.

The UK labour market is not prepared for this either due to ageism. Government is trying to encourage and enable longer working lives, but there is a long way to go.

It must help more employers to retain, retrain and recruit older workers, who still face ageism in the workplace and are too often stereotyped as being too old or about to retire, so they are 'managed out', or overlooked for in-work training and ignored in recruitment.

While 60-somethings still face discrimination in the workplace, forcing them all to wait longer for their state pension to start leaves them at risk of unemployment

Encouraging more part-time work before full retirement could alleviate state pension cost pressures.

There also needs to be more flexibility to make early pension payments to those who genuinely cannot work.

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# Change National Insurance record rules

A longer working life can be a win-win for individuals, society and the economy, boosting growth, incomes and pensions. However, just considering the rise in average life expectancy to decide state pension starting age is too brutal.

Increasing the number of years of National Insurance needed for a full state pension could cut costs and recognise societal differences.

Only 35 years of National Insurance are currently needed and this is certainly not a full working life in the 21st century.

Those starting work at 16 could have built up more than 50 years by their late 60s.

The Government would reduce costs by, for example, requiring 45 years for a full state pension rather than just 35.

This rewards those who have paid in for more years and improves sustainability, social equity and affordability – unlike just raising the state pension age to 71.

## Relax the criteria for receiving pension credit

Pension credit rules should be relaxed too. The starting age for pension credit – which is the means-tested top-up for people over state pension age whose incomes are inadequate to avoid poverty - has risen in line with state pension age itself.

Also, the qualification criteria have been tightened so that fewer people qualify, for example those with spouses still under state pension age.

At the very least, policymakers must consider relaxing pension credit rules to allow means-tested support from an earlier age.

So far, the increases in state pension age mean sixty-somethings who are least healthy and on the lowest incomes have been neglected by policymakers and cannot even receive reduced ill-health payments early.

It is hardly a comfort to those who are too ill to work to know they may get more when they reach the ever-rising age. Many may not live that long, or will be pushed into poverty in the meantime.

State pension policy is a political choice. With the lowest state pension in the developed world, affordability is not a deciding factor – the decision is about where to prioritise spending.

Older people deserve fairer retirement support and the costs could come from other reforms, rather than just taking away crucial welfare support from less well-off groups.