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New plan to cut state pension age to 63 as 'we can't all work into our 70s'

The state pension age keeps climbing and climbing, yet millions cannot carry on working because they're not well enough. The problem is only going to get worse.

By **HARVEY JONES**

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Politicians say we have to hike the retirement age to keep the **state pension** affordable as life expectancy rises. The issue is that workers cannot keep up. They may live for longer, but they're falling ill earlier.



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Those who do manual jobs find it particularly difficult to carry on working on their late 60s, as their bodies pack up.

Many will be forced to scrape by on state benefits until they can finally claim their pension. **Some labourers will die without getting a penny**, despite making years of National Insurance contributions.

This has been a problem for years but it's set to get worse.



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The **state pension** age has already been pushed to 66 for both men and women. Between 2026 and 2028, it will increase to 67.

The plan is to increase it to age 68 by 2046 but this could happen sooner.

Young people joining the workforce today face the grim prospect of having to work on into their 70s. That's a tall order (especially since a growing number can barely bring themselves to work in their 20s).

Now a top pensions expert is arguing that instead of repeatedly hiking the **state pension** age, we need to lower it. By as much as three years, which would reduce it to 63 today.

Pensions campaigner **Ros Altmann has been calling for this for the state pension age to be cut as low as 61**. There are strong arguments in favour, so it could happen. It doesn't need to cost the Treasury a penny, either.

There's a catch, but isn't there always?





Claiming the state pension early might have downsides if you lose state benefits (Image: Getty)

While it's possible to defer taking your **state pension** if you don't need it, it's currently impossible to take it early.

State pension deferral has been around for years and isn't controversial. So why shouldn't we be able to take our **state pension** early, too?

Today, everybody has to wait until the exactly the same age, regardless of their finances and state of health. Some have even suggested the **state pension** age must hit 74 to keep it affordable.

This is a grim prospect for those in the 50s or 60s who cannot work due to ill health or caring responsibilities for elderly parents, says Steven Cameron, pensions director at insurer Aegon.

Cameron says people in this position should be given the option to take their **state pension** early. "We support giving people the choice to draw it up to three years earlier."

Today, that would mean 63. Under his plan, that would rise to 64 from 2026, when the **state pension** age rises to 67.

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Cameron says that constantly hiking the retirement pension age boosts the arguments in favour of allowing early access.

"The higher the **state pension** age rises, the more people will struggle to stay in work," Cameron said.

I mentioned a catch, and here it is.

Cameron says those who take their **state pension** early would have to draw a reduced amount. "That would make it financially fair for all," he says.

This makes sense. If those who defer their **state pension** get more when they claim, those who draw it earlier must accept less.

It would mean the scheme has no added costs, making it more acceptable to the Treasury.

There are drawbacks, of course.

People who take their **state pension** early wouldn't just get less retirement income at first, but for the rest of their lives. It could be a decision they live to regret.

Another issue is that by taking **state pension** early, they could lose eligibility for means-tested state benefits.

However, the government has made workplace and personal pensions more flexible, by allowing people to start drawing the from age 55.