

# Age Concern's response to the Pensions White Paper 'Security in retirement: towards a new pensions system'

Ref: 1806

## 1. Introduction and summary

- 1.1 Age Concern England (the National Council on Ageing) brings together Age Concern organisations working at a local level and 100 national bodies, including charities, professional bodies and representational groups with an interest in older people and ageing issues. Through our national information line, which receives 170,000 telephone and postal enquiries a year, and the information services offered by local Age Concern organisations, we are in day to day contact with older people and their concerns. This paper also reflects the views of Age Concern Cymru, Age Concern Scotland and Age Concern Northern Ireland.
- 1.2 We welcome the opportunity to comment on the proposals set out in the White Paper *Security in retirement: towards a new pensions system*. As part of our contribution to the debate around 30 local Age Concerns have run 'Listening events' which across the country have been attended by around 600 people ranging in age from 40s to 80s. These provided a facilitated discussion on pensions and pension reform followed by an opportunity to present their views to their local MP.

1.3 A summary of key findings are included here and a more detailed report of the events is available<sup>1</sup>.

### **Summary of main points and recommendations**

- Age Concern strongly welcomes the White Paper which sets out the basis for a settlement around income in later life and should provide greater security for planning and saving for retirement.
- Age Concern strongly supports the proposal to restore the earnings link although this should happen sooner and the level of the basic pension should be increased.
- A total state pension income of £135 a week provides a good basis for retirement income. However it will take time to build up and many will not be entitled to this level of state provision.
- In order to achieve an adequate income people who have limited opportunities to make private savings due to long-term caring responsibilities, ill-health or disability may need additional support for example through a higher build up of S2P or state contributions to personal accounts.
- We are extremely pleased to see the focus on improving the system for women and carers. The 30 years qualifying period, the carer credit, and S2P credits for children up to 12 will be particularly beneficial.
- The carer credit should ideally cover all carers providing 20 hours a week or more of care and as a minimum should include those caring for someone receiving the lower care component of disability living allowance.
- We would like to see the 30 years qualifying period and abolition of the 25% rule introduced retrospectively so that older women also benefit.
- As far as possible basic state pension and S2P credits should be aligned for carers and people who are ill or disabled.
- There must be a continued emphasis on tackling poverty among current pensioners. We welcome the commitment to link pension

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<sup>1</sup> *The Future looks brighter...but mind the gaps!* Report of Age Concern's Listening Events on Pensions Reform. Age Concern, 2006.

credit to earnings in the long-term and would like to see this placed on a statutory basis.

- Caution should be taken in respect of raising state pension age. It should not be increased beyond 65 unless: it is as part of a clear package of improved state provision; health inequalities are reducing; the least well off are protected; and there is a programme of action to facilitate later working.
- There needs to be a cross-government approach to tackling health inequalities and extending working life.
- We support the proposals for auto-enrolment into a new system of personal accounts.
- Deduction of contributions should start as soon as an employee is paid.
- If employees who are aged under 22 or earning less than £5,000 wish to join the scheme then employers should also be required contribute.
- We support the model in line with the Pensions Commission's proposals. This is likely to have lower costs, be easier to understand and be more portable than a model that includes a choice of provider as well as investment funds.
- The conversion of pension funds into income will be an increasingly important issue particularly for women. The case for unisex annuities must be regularly reviewed and there should be disclosure provisions for members of couples considering purchasing a single life annuity.
- There needs to be a clear strategy of financial information, advice and education developed alongside the strategy for pension reform.
- Age Concern supports the idea of an ongoing pensions commission which could increase the likelihood of long-term settlement and consensus. There needs to be independent analysis to look at the advantages and disadvantages of different models for an ongoing commission and periodic reviews.

## 2. Overall view of proposed reforms

- 2.1 Age Concern strongly welcomes the White Paper which sets out the basis for a settlement around income in later life and should provide greater security for planning and saving for retirement. We believe it is right to ensure that the value of the basic pension is maintained by restoring the earnings link; we are extremely pleased that reforms will be introduced to make the system fairer for women and carers; and we welcome the proposals for automatic enrolment into personal accounts. We do however have concerns that the proposals may not be sufficient to provide an adequate income for all in retirement – in particular they will have little impact for those who have already reached pension age and will be of limited benefit to many currently approaching state pension age.

## 3. Value and uprating of the basic pension

*Age Concern strongly supports the proposal to restore the earnings link although this should happen sooner and the level of the basic pension should be increased.*

### Age Concern listening events

Participants were very supportive of the proposal to re-link the basic pension to increases in earnings. However the vast majority wanted to see this happening earlier and participants argued for more generous pension levels than proposed.

- 3.1 We are very pleased that the Government is going to restore the link between basic pension upratings and increases in earnings – this has long been a call of Age Concern and many other organisations and individuals.
- 3.2 We are concerned that the link will not be restored for at least 6 years. The intention is that this will happen in 2012 but as the commitment is to do this by the end of the next parliament it could be as late as 2015. Every year that the pension is not linked to earnings it will continue to lose its relative value - by 2012 its value will be just £75 in today's earnings terms. For future pensioners the platform on which to build up savings will be lowered while current older people will see the relative value of their pension fall each year. We are also concerned that the longer any changes are

delayed the more likely it is that momentum for reform could be lost and a future government might decide to increase state pension age but not make other improvements to the pension.

- 3.3 In addition to ensuring the value of the basic pension is maintained the actual level needs to be increased. Age Concern has long argued that the basic pension should be sufficient to cover basic living costs which we consider to be around the level of the standard pension credit guarantee of £114 a week.

## **4. State second pension and total value of state provision**

*A total state pension income of £135 a week provides a good basis for retirement income. However it will take time to build up and many will not be entitled to this level of state provision.*

*In order to achieve an adequate income people who have limited opportunities to make private savings due to long-term caring responsibilities, ill-health or disability may need additional support for example through a higher build up of S2P or state contributions to personal accounts.*

*To help maintain income over time S2P should be increased in line with average earnings.*

- 4.1 The Government, like the Pensions Commission, has concluded that it is preferable to maintain a two tier state system. Over time it is proposed that the state second pension (S2P) will move towards becoming a flat-rate pension and that contracting out for defined contribution pensions will be abolished with the position for defined benefit pensions subject to review.
- 4.2 In the short-term Age Concern favours maintaining a separate second pension although this should be kept under review as the nature of S2P changes. There are advantages and disadvantages to having a single state pension rather than two tiers but at present two important arguments for maintaining a two tier pension are:
- It has the scope to provide certain groups, such as carers, more generous provision from the state; and
  - given we have to start from where we are, reform to the existing two tier system is likely to be easier and quicker to achieve than moving to a single tier system.

4.3 Our primary concern is the outcome rather than having any attachment to a specific model. The paper states that after 40 years of work or credits a low paid worker will receive a combined S2P and basic pension totalling £135 in today's earnings terms. This is a good basis for retirement saving however the Pensions Policy Institute (PPI)<sup>2</sup> states that 'even by 2050 as many as 90% of individuals over state pension age will have state pension income of less than £135 in today's earnings terms'. This is because:

- it will be many years before anyone has had the opportunity of 40 years of S2P;
- there will still be gaps in the contributory system. It has been accepted that there is a need to reduce the number of years for a full basic pension to 30 to make it more inclusive. However S2P builds up on a year by year basis so if during a 40 year period someone has only contributions/credits for 30 years their total state pension income will be around £120 a week
- after retirement S2P will only increase in line with prices.

4.4 Given the above it is unsurprising that the White Paper estimates that even by 2050 around a third of pensioners will be entitled to pension credit (and according to the Pensions Policy Institute the figure could be higher). In addition there will be others who will need to rely on means-tested support for housing costs through housing and council tax benefit.

4.5 Overall the goal should be for everyone to have the opportunities to build up an adequate level of retirement income through a combination of state and private pensions. Even if people are entitled to a total state pension of £135 this falls short of what our past research has suggested is needed for an adequate retirement income<sup>3</sup>. People who have spent substantial periods of their life unable to work and save due to caring responsibilities, ill health or disability may be unable to build up private savings on top of their state pension. Second tier provision could be improved for these groups through a higher build of up state second pensions or state contributions to personal accounts

4.6 To help maintain income over time S2P, like the basic pension, should be increased in line with average earnings. Otherwise the

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<sup>2</sup> *An evaluation of the White Paper state pension reform proposals* PPI, 2006.

<sup>3</sup> *Modest but Adequate – a reasonable living standard for people aged 65-74: Age Concern's summary and policy conclusions 2004*. Taking into account increases in living standards since this research was carried out our work indicates a single older homeowner needs around £175 a week and a tenant around £220 for a 'modest but adequate' or 'reasonable' standard of living.

overall level of state provision will fall in relative terms and more people will need to claim means-tested benefits during retirement.

- 4.7 In order to improve state provision there would need to be higher public expenditure on pensions. However this may be acceptable - at the end of the DWP national pensions debate 80% agreed that a greater share of taxes would need to be spent on pensions (and a further 8% neither agreed or disagreed). We believe there is scope for a more generous system particular as the Pensions Policy Institute's analysis found that there is no net cost to the reforms in the short-term if the partial abolition of contracting out is taken into account and after 2030 the net annual cost would be around 0.1% of GDP.

## 5. Reform to the contributory system

*We are extremely pleased to see the focus on improving the system for women and carers. The 30 years qualifying period, the carer credit, and S2P credits for children up to 12 will be particularly beneficial.*

*The carer credit should ideally cover all carers providing 20 hours a week or more of care and as a minimum should include those caring for someone receiving the lower care component of disability living allowance.*

*We would like to see the 30 years qualifying period and abolition of the 25% rule introduced retrospectively so that older women also benefit.*

*As far as possible basic state pension and S2P credits should be aligned for carers and people who are ill or disabled.*

### Age Concern listening events

Many of the women who took part had low pensions in their own right and felt they had been disadvantaged due to caring responsibilities and paying reduced rate contributions. Both men and women participating welcomed the changes to the contribution conditions which will ensure more women will be entitled to the full pension. However they wanted these changes also to apply to those who had already retired.

- 5.1 Age Concern has been at the forefront of campaigning for reforms to assist women and carers and we are delighted that the Government wants to address the inequalities in the current system. Many of the proposals set out are in line with reforms we have suggested in the past. Women will particularly benefit from

being able to receive a full basic pension after 30 qualifying years, the new weekly credit for carers (for the basic pension and S2P) and the extension of S2P for those with a child aged 6 to 11. People from black and minority ethnic groups and disabled people will also benefit from proposed changes.

- 5.2 It is important to look in detail at the characteristics of those reaching state pension age in the future who will still not qualify for a full basic state pension. The DWP Women and Pensions Report<sup>4</sup> states that 2.2 million women reported that they were not participating in any activity that would be building up entitlement to a basic state pension. We would like to see further research to look at the circumstances of those who will still be excluded for example due to providing low level care to a number of people who do not qualify for disability benefits. It may be acceptable if such carers are only in this position for a short period of time so will benefit from the new 30 year rule and only lose out on a limited number of years of S2P. However we would be concerned if there are people spending substantial periods of time caring who are still not covered by the reforms.
- 5.3 We would like to see the 30 year contribution record introduced retrospectively to help those who have already reached state pension age and to reduce the cliff edge between people reaching pension age before and after the date of introduction.
- 5.4 We also welcome the abolition of the 25% rule. We believe this could be introduced sooner than 2010 and should also be retrospective.
- 5.5 The carer's credit should ideally cover all carers providing 20 hours a week or more of care including those who provide care to someone who is not in receipt of the current qualifying benefits. As a minimum the carer credit should be extended to people providing 20 hours a week care for someone receiving the lower care level of disability living allowance (DLA). To include those caring for someone too old to receive DLA (and make the system fairer for older disabled people) there should be a new lower level of attendance allowance which would also attract the credit.
- 5.6 The change to weekly credits will benefit disabled people who currently also build up entitlement to S2P under an annual system. We also welcome the removal of the 'labour market attachment

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<sup>4</sup> *Women and pensions – the evidence* DWP, 2005.

test' which while little known or understood brings in an unnecessary additional barrier to S2P and one which has been raised with Age Concern's information service by a newly retired women who cannot receive S2P solely because of the test.

- 5.7 Paragraph 3.108 seeks views on crediting arrangement under the new employment and support allowance which will replace incapacity benefits. It suggests it could apply after 52 weeks, the 13 weeks assessment period or just to people entitled to the support component. Of these three options we support credits applying after 13 weeks. This would represent an important improvement on the current system.
- 5.8 However Age Concern believes that as far as possible credits for S2P for illness and disability should be aligned to those for the basic state pension. With the introduction of a weekly system we see no reason why credits should not count straightaway (as would be the case with someone receiving carer's allowance) if the ill or disabled person is receiving any part of ESA. If this would raise concerns about awarding credits to people who were later assessed as capable of work an option would be to backdate S2P to the start of the claim once they had been assessed as unable to work at the 13 weeks stage. Provisions for statutory sick pay will also need to aligned.

## 6. Overview of impact for current pensioners and pension credit

*There must be a continued emphasis on tackling poverty among current pensioners. We welcome the commitment to link pension credit to earnings in the long-term and would like to see this placed on a statutory basis.*

### Age Concern listening events

As stated above many participants argued for improvements to the state pension. Discussion around the inadequacy of the current pension was often dominated by worries about rising fuel costs and council tax.

Many concerns were expressed about reliance on means-tested benefits and the complex and intrusive processes people needed to go through. While people wanted means-tested benefits to be reduced through higher state pensions they recognised that in the context of the current systems it was important that procedures are made easier and people should be

helped to receive their full entitlements. There was resentment from those with incomes or savings that just took them over the thresholds for receiving help.

Participants supported the proposal to maintain the link between pension credit guarantee and earnings.

- 6.1 Those who have already reached pension age by 2010/2012 will not benefit from changes to the contribution conditions, improvements to S2P, or the introduction of the personal accounts. The basic pension which is already low, will continue to lose value for at least another 6 years. As stated above we would like to see improvements in the level of the basic pension and coverage introduced sooner than proposed to help current older people. There is a particular case for looking at the position of older pensioners – a number of older people contacting Age Concern have argued for special provisions for those aged over 75 or 80. It is disappointing that the Government did not accept the Pensions Commission recommendation to introduce a universal basic pension for everyone aged 75 and over which would have helped current pensioners with an incomplete record – mainly women.
- 6.2 Benefits such as pension credit have improved the standard of living of many older people but 1.8 million still live in poverty and many others have incomes just above the poverty line. It is essential that there is a continuing emphasis on tackling pensioner poverty through improved take-up of pension credit and other benefits and by reviewing the adequacy of current benefit provision. We support the Government's aim of looking at additional measures of poverty and social exclusion as the current measure of poverty based on relative income cannot give the complete picture. There should be targets for the abolition of pensioner poverty.
- 6.3 We welcome the Government's commitment to continue to link increases in pension credit guarantee to earnings to prevent poverty levels rising. This should be set out in primary legislation to make it harder for future governments to change this policy.
- 6.4 The White Paper proposes that the starting point for the calculation of the pension credit savings credit will be raised by uprating the lower threshold to earnings from 2008 and the maximum level of savings credit will be frozen in real times form 2015. This will reduce the growth in numbers projected to be entitled to pension credit in the future. Age Concern wants to see a reduction in the reliance on

means-tested benefits but it is important that improvements in state and private pensions compensate those on low and modest incomes for the reduction in the relative generosity of the savings credit. The impact of the total package of reforms on lower income groups must be monitored carefully.

## 7. State pension age and extending working life

*Caution should be taken in respect of raising state pension age. It should not be increased beyond 65 unless: it is as part of a clear package of improved state provision; health inequalities are reducing; the least well off are protected; and there is a programme of action to facilitate later working.*

*There needs to be a cross-government approach to tackling health inequalities and extending working life.*

### Age Concern listening events

Reaction to the proposed increase in state pension age was divided. Some opposed this expressing concern at disadvantaged groups such as manual workers with lower life expectation. They also questioned whether life expectancy would continue to increase as predicted. Others, sometimes reluctantly accepted, that an increase was probably inevitable.

Drawing on their own experiences many asked how longer working would be achieved. They raised issues including: how to change employer attitudes; provision of training for older workers; flexible working and financial incentives for part-time work.

- 7.1 The Government proposes to increase state pension age in line with gains in average life expectancy so that between 2024 and 2044 it would be raised to 68. Age Concern believes that caution should be taken in respect of raising the state pension age. It should not be increased beyond 65 unless: it is as part of a clear package of improved state provision; health inequalities are reducing; the least well off are protected; and there is a programme of action to facilitate later working.
- 7.2 We support measures previously announced and set out in the White Paper around extending working life and the suggestions made such as better information. However these do not amount to the cross-government approach to extending working lives that is needed. This must include: life long learning; improved support for

older workers and people with health problems, measures to enable flexible working; tax credit and benefit reforms to make part-time work pay; and the abolition of mandatory retirement age. It is welcome that the DWP now do not have a compulsory retirement age – this should be extended across all government departments.

## 8. Personal accounts

*We support the proposals for auto-enrolment into a new system of personal accounts.*

*Deduction of contributions should start as soon as an employee is paid.*

*If employees who are aged under 22 or earning less than £5,000 wish to join the scheme then employers should also be required contribute.*

*We support the model in line with the Pensions Commission's proposals. This is likely to have lower costs, be easier to understand and be more portable than a model that includes a choice of provider as well as investment funds.*

### Age Concern listening events

Although personal accounts will not directly affect most of the people who took part in these events due to their age, participants were still keen to discuss and comment on the proposals.

In general people were supportive of the idea of automatic enrolment into accounts although a few felt full compulsion was necessary. There were concerns about the security of the scheme with a high level of mistrust of private pension providers and to a lesser degree mistrust of the Government. There was also concern about people's willingness or ability to contribute to pensions given levels of debt and other financial pressures.

### Auto-enrolment

8.1 We support the Government's proposals to introduce auto-enrolment into a new low cost scheme of personal accounts in line with the Pensions Commission's recommendations. This should improve opportunities for saving for workers who currently do not have occupational pensions many of whom will be women. We believe the "soft compulsion" of auto-enrolment represents the right balance between encouraging and forcing saving.

- 8.2 We agree that it is essential that employers are required to contribute if the employee does not opt out. We accept that the Government will want to consult with employers, especially small businesses, on transitional support. However if the scheme is introduced in 2012 and full minimum contributions are phased in over 3 years it will already be 9 years before it is fully up and running. It is essential that this is not delayed further or phasing is extended.
- 8.3 The introduction of auto-enrolment will need to be carefully monitored. It will be important to check that those opting out understand the consequences of doing so and are not pressurised to opt out by employers not wishing to contribute. Similarly monitoring should check that those with little to gain are opting out. For example someone with low earnings approaching state pension age with partial entitlement to a state pension may benefit little from starting to build up a private pension. As stated below it is also important that people have access to appropriate individual information and advice.
- 8.4 Deduction of contributions should start as soon as an employee is paid. Any delay could make it less likely an employee will remain in the scheme as they will have become accustomed to a higher wage. It would also penalise those who change jobs frequently. Employees could be given information about personal accounts as soon as they start a job which would enable them to opt out straightaway if they choose to.
- 8.5 We accept that it would be difficult to auto-enrol self-employed people into the scheme. However as many have limited pension provision we agree they should be encouraged to join.

### **Contribution levels and eligibility**

- 8.6 The paper proposes that auto-enrolment should apply to employees aged 22 and over who have annual earnings of around £5,000 or more. We understand why younger workers and those on very low earnings are excluded but believe that if these groups decide to pay into personal accounts their employer should be required to contribute on the same basis as for older/higher paid employees.
- 8.7 As stated earlier our interest is overall outcomes and we have concerns that some people, mainly women, who spend long periods of time out of the labour market or on very low pay will not be able to build up sufficient private income to provide an adequate minimum retirement income when combined with their state

provision. This could be addressed through increased tax relief or direct contributions to personal accounts for disadvantaged groups.

- 8.8 The 8% default contribution in general appears about right. However it will not necessarily provide an adequate income for everyone when combined with state provision - particular for those who have periods out of the labour market. It is important that the scheme allows and encourages employees and employers to make additional provision. Initiatives such as the 'Save more tomorrow' scheme whereby employees commit to making future increases in contributions could play a useful role. However the more that inertia is used as a way of diverting earnings into long-term savings the more important it is that people have access to information and advice to help them make informed decisions.

### **Scheme design**

- 8.9 In terms of the scheme design Age Concern would like to see a model in line with the Pensions Commission's National Pensions Savings Schemes (NPSS) rather than one where individuals have a choice of provider as well as the type of investment fund. We would expect this to have lower ongoing running costs in the short and longer term. Brand competition could increase costs without necessarily improving performance. The most effective competition for individuals is likely to be around fund management as would be achieved in a scheme such as the one proposed by Investment Management Association (IMA). A national system for administration with choice about asset management is likely to provide meaningful but manageable options for those who feel able to make these decisions. In practice many people will not make a specific choice and therefore would be enrolled into the default option so the management of this will be very important.
- 8.10 Compared to a scheme where there is a choice of providers the NPSS model is likely to be more straightforward for individuals to understand, more portable and easier to administer.

### **Current saving**

- 8.11 In advance of the introduction of personal accounts all efforts should be made to encourage people to start saving before then and for employers to contribute to pensions. In order to ensure that people do not delay savings it is important to consider arrangements that could allow people to start contributing to a stakeholder pension that can be easily and cheaply transferred to

the new personal accounts. The importance of not delaying building up retirement provision needs to be publicised.

## **Annuities**

*The conversion of pension funds into income will be an increasingly important issue particularly for women. The case for unisex annuities must be regularly reviewed and there should be disclosure provisions for members of couples considering purchasing a single life annuity.*

- 8.12 The White Paper says that personal accounts will be subject to the same rules as other pension schemes. The conversion of the fund into income will be an increasingly important issue especially as: more people will have pension funds on reaching retirement; people will often have limited experience in making these kind of financial decisions; and particularly in the first few years the amounts held in funds may be low. The issue of information and advice is considered below.
- 8.13 Although tax rules now enable people with total funds of less than a certain level (currently £15,000) to take this as a lump sum there will be people who will have built up small amounts in a personal account who will not be able to take advantage of these rules due to also having a modest occupational pension. The position of those with perhaps just several hundred pounds in a personal account will need to be considered.
- 8.14 Women receive lower pensions than men from annuities and this will become an increasing issue as pension provision becomes more annuity-based. The arguments for and against unisex annuity rates need to be reviewed regularly particularly as the gap between men and women's life expectancies has been narrowing and an increasing number of women have private pensions.
- 8.15 The position of women in couples dependent on their partner's income also needs to be reviewed as most annuities purchased are single life. Members of couples purchasing annuities should be required to disclose to their partner that they are considering purchasing a single life annuity. This should encourage couples to give greater thought to the financial position of the surviving partner usually a woman.

## **9. Information, advice and financial capability**

*There needs to be a clear strategy of financial information, advice and education developed alongside the strategy for pension reform.*

- 9.1 There is a short section on information and choice in the White Paper. We agree that the introduction of personal accounts will provide an opportunity to give information at key times and we support other areas of work such as the DWP informed choice programme and the Financial Services Authority financial capability strategy.
- 9.2 Now the Government has set out its policy on pensions there needs to be a clear strategy on information and advice along with a programme of education to improve financial capability and support for people to make appropriate decisions. This needs to be delivered in a number of ways including information through leaflets and on the internet, personalised information such as pension forecasts, and interactive web-enabled materials. However some people on low and modest incomes will need individual generic advice over the telephone or in some cases face to face. Information and advice needs to be tailored to individual needs. For example women are more likely to have complicated working lives and career breaks due to caring responsibilities and need advice that takes this into account.
- 9.3 There is a strong case for an independent organisation to oversee and co-ordinate provision of information and advice. We welcome the work of the Resolution Foundation and agree with their analysis that there is a need for generic financial advice targeted at people on low to moderate incomes. Organisations such as Age Concern can have a role to play as part of this – for example a number of local Age Concerns are involved in projects which are being developed under the DWP Pensions Education Fund programme.
- 9.4 The information and advice strategy around personal accounts needs to be developed alongside the design of the new scheme and should cover decisions about: starting to save; monitoring and changing saving over time; and decumulation. The latter is very important as so far the main focus has been on encouraging saving whereas decisions taken around converting a pension fund into income also have a major impact on retirement income. Some people may simply not make a choice about converting their pension fund so it is likely that there will need to be some form of default. However the aim must be that this is very rarely used and that the vast majority of people are given the right level of support to make an appropriate decision based on their circumstances.

- 9.5 The strategy for personal accounts needs to be integrated with a broader approach around information and advice on state and private pensions and financial capability more generally and other related areas such as employment and skills.

## **10. Ensuring long term stability and consensus**

*Age Concern supports the idea of an ongoing pensions commission which could increase the likelihood of long-term settlement and consensus. There needs to be independent analysis to look at the advantages and disadvantages of different models for an ongoing commission and periodic reviews.*

- 10.1 Pension policies must be in place long-term if they are to succeed. It is important to try to gain consensus around the broad package of reforms both in the short and longer term. We would not wish to see a similar situation to the introduction of SERPS which was introduced with all party consensus in 1978 yet legislation was passed within a few years to significantly reduce its value.
- 10.2 The Pensions Commission's work has been immensely helpful in enabling a shared understanding of the issues and options for reform. Age Concern believes this work could be built on through an ongoing commission which could provide independent analysis and recommendations around issues such as contribution levels, longevity, state pension age and pension uprating. The aim should be to help build broad support and maintain long-term stability and more certainty for individuals. The Government would still be responsible for pension policy but would have the benefit of the expert advice and recommendations from the commission.
- 10.3 However the Government instead proposes periodic reviews. We accept that this could provide a similar role to a commission but we have some reservations. Firstly specifically commissioned work is likely to be more limited in scope than an ongoing body. The work of the Pensions Commission has shown the immense value of having independent experts working together over a period of time to look at all the evidence and to make recommendations around the different aspects of provision. Secondly it could prove easier for a future government to abandon the idea of regular reviews than to disband a commission. Therefore some form of ongoing body may increase the likelihood of ensuring that pension policy continues to be fully informed by independent analysis.

10.4 There are a number of possible models for an ongoing commission and commentators have suggested different roles that it could take. We would like to see independent research and analysis looking at the advantages and disadvantages of the different models and periodic reviews.

A list of Age Concern England Policy Papers is available from the Policy Unit at the address given below or on receipt of a large sae. The list is revised in March and September of each year. Most policy papers are also available to download on our website: [www.ageconcern.org.uk](http://www.ageconcern.org.uk). These can be found in the policy section.

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