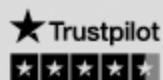




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Would you delay PART of your state pension to get more later? And should ill people and carers get it early?

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- People reaching state retirement age currently have an 'all or nothing' choice
- They should be allowed to take part of their state pension and put off drawing the rest, says Aviva
- Ex-Pensions Minister Ros Altmann says early payouts would help other groups

By TANYA JEFFERIES FOR THISISMONEY.CO.UK 

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Savers who want to ease into or delay retirement should be allowed to take part of their state pension and put off drawing the rest, says a major financial firm.

Aviva argues that people reaching state retirement age currently have an 'all or nothing' choice of starting payments immediately, or waiting and getting higher sums later, and they would benefit from more flexibility.

But you also cannot get the state pension early, and former Pensions Minister Ros Altmann says this would be a much more valuable change that could help address problems for those who are seriously ill, caring for others, or have paid in for 45-50 years.



Pension planning: Around a third of employees aged 45-plus believe they might not have enough money to retire when they choose, says Aviva

The state pension age is in the process of **rising from 65 to 66 for both men and women**, and the rules for deferring it and analysis of whether this is worth doing is below.

Meanwhile, the Government doesn't appear inclined to change the present system.

A Department for Work and Pensions spokesperson said: 'An independent review concluded that a universal state pension age remained the best system, providing simplicity and clarity to enable people to plan for retirement. The Government remains committed to this.'

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How would part delaying the state pension work?

Aviva says its research shows around a third of employees aged 45-plus believe they might not have enough money to retire when they choose, and almost half are considering whether to delay stopping work or are already doing so.

'We believe the choice between claiming 0 per cent or 100 per cent of the state pension no longer reflects our increasingly flexible working lives,' says Lindsey Rix, chief executive of UK savings and retirement at Aviva.

'We are calling on the government to allow individuals to make flexible withdrawals from their state pension when they reach their state pension age.

'The state pension age acts as an artificial 'hard line' in the working lives of many. If we fail to prepare for an ageing workforce, the consequences will be damaging for generations to come.'

Aviva is calling for complete state pension flexibility, from state pension age – to take all, none or some of what they are due - to enable a more phased approach to retirement.

Although it doesn't say so, this could also help with tax planning as people could adjust how much state pension they take to top up earnings, but still stay under taxable income thresholds.

As an example of part-delaying the state pension, the firm says an individual could claim half of their entitlement for three years, from their state pension age, to complement part-time working.

How much is the state pension and what are the deferral rules?

The basic state pension is £129.20 a week plus additional second state pension top-ups, and the full flat-rate state pension for those retiring since April 2016 is £168.60 a week.

Savers can get a **5.8 per cent boost to their future income** for each year they put off taking the state pension, or 1 per cent for each nine weeks of deferral - but nothing if the delay is less than nine weeks.

The extra pension you receive for deferral is only uprated in line with price inflation, not in line with **the triple lock** which guarantees rises of at least 2.5 per cent a year.

This would be the equivalent of an annual

£4,383.60 for three years, after which

someone could fully retire and claim the other half of their state pension for an enhanced equivalent of £5,191.44 a year.

'The three-year delay has enhanced the total value of the state pension by £807.84 per annum,' says the firm. These figures give no consideration of the possible impact of the state pension triple lock on the value of the state pension.'

Aviva says its analysis of official data shows the median - meaning the midpoint - age of the population has risen from around 34 to 41 over the past 40 years, and this trend reflected in the workforce.

It adds there are more than 10 million people aged over 50 in work, which is a record high.

Should the Government let people take the state pension early?

State pension flexibility could be welcome, but for state pension age not amount of pension, says Lady Altmann.

'Just allowing people to take part of their state pension, while still requiring them to wait to an ever-rising state pension age, will not remedy the injustices in the current system

'We already have the lowest state pension in the developed world and receiving only part of it will just add complexity, but will not help those in failing health or caring for others.'

Altmann says the real problem with state pensions is the starting age has risen so sharply and many people, especially women, desperately need to receive payments before that.

She says there should be age flexibility to help the following groups.

Ill people: 'A band of ages at which you

Delaying the state pension and taking it early

This is Money pension columnist Steve Webb has answered several questions on this topic.

Should I delay taking my state pension to get bigger payouts later? What are the pitfalls?

I don't need my state pension so can I put payments on hold - and will I benefit from doing this?

could start receiving state pension, perhaps under certain conditions, would recognise the enormous differences in healthy life expectancy across the UK.

'Currently, depending on where you live or what type of career you had, there is nearly 20 years difference in healthy life expectancy.

'There is no recognition of this in the state pension system. So even if you are terminally ill, have paid 50 years of National Insurance and have no other pension, you can't get a penny of your state pension before you reach pension age.'

Carers: 'If people are caring for loved ones and are already in their early 60s, there would be social benefit in allowing early access to state pensions to reward family carers who have such difficult lives.'

People with long NI records: 'Perhaps people who have paid 45 or even 50 years of National Insurance could be allowed their state pension sooner.

'Currently, you only need 35 years NI for a full pension and can't get any state pension until you reach the starting age, regardless of how many years contributions you have paid beyond 35.'

My husband deferred his state pension and wants it as a lump sum now - but got a shock 'no': Is there a way to get the cash?

I'm a grounds worker struggling with work at only 52 - why can't I claim state pension early but get lower payouts?

