

Opinion

State pension age increase to 66 is a problem when Covid-19 has blighted employment prospects

Many over-60s are losing livelihoods and may be more vulnerable to Covid-19. This is an opportunity to offer an earlier pension, even at a reduced rate



By **Baroness Ros Altmann**

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'Right now, many over-60s are losing their livelihoods and may be more vulnerable to Covid-19' (Photo: Dan Mullan/Getty Images)

The UK **state pension age** has been rising in recent years. In 2010, women could start receiving state pensions from age 60 and this had increased to 65 in 2018, the same as for men. But as of now, nobody can get a state pension before age 66.

State Pension age increases aim to control the costs of supporting our aging population and supposedly reflect rises in average life expectancy in recent decades. With more people living longer, staying healthier and having less physically-demanding careers, they should be able to retire later.

Unfortunately, the reality is less clear-cut and the pandemic has blighted employment prospects for many older people.

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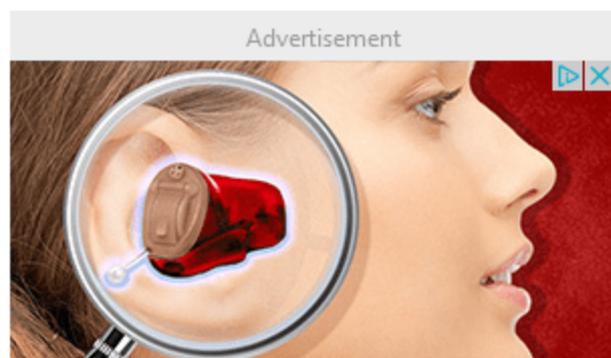
I believe an ever-rising state pension age will cause significant problems.

Even if 'average' life expectancy has been rising, not everyone is living longer and healthier. Life expectancy – and especially healthy life expectancy – varies significantly across the UK. Official **figures** show that better-off groups in England stay healthy for nearly 20 years longer than the more disadvantaged, who have often had damaged life chances, or hard physical careers, or lived in deprived areas. Nevertheless, these individuals must still wait till age 66 for their pension, regardless of their health or personal situation.

The welfare state pays pensions to people in later life because they cannot reasonably be expected to keep working. National Insurance contributions build entitlement to a state pension which, after a lifetime of working and contributing to society or the workplace, pays out when they are older. But when William Beveridge designed our system in the 1940s, life was far more uniform and regimented, with most jobs having a standard retirement age. Nowadays people retire at different ages, they have more opportunities for working part-time when older and a system of private pensions has been encouraged, which can help those who have paid into

a private scheme to retire earlier if they need or want to.

However, the state system is rigid. One only needs 35 years **National Insurance** contributions for a full state pension, but those who have paid in for over 45 years cannot get a penny from the system before age 66 (rising to age 67 and then 68 in coming years). Regardless of whether they are too unwell to work, or even terminally ill, they get nothing before the ever-rising starting age.



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I have long believed this is a social injustice, but the impact of the current pandemic makes the need for reform all the more acute. I believe there should be greater flexibility, allowing people to receive state pension earlier, perhaps if they have paid in for many decades and genuinely cannot work.

Right now, many over-60s are losing their livelihoods and **may be more vulnerable to Covid-19**, or are feeling

they must care for loved ones. Expecting these individuals to find new work, competing with so many others who are likely to be unemployed soon, seems unreasonable. This may be an opportunity to offer the chance of an earlier pension, even at a reduced rate (as private pensions would be when paid early). Nobody would be obliged to take it sooner, but if they wanted to, it could be adjusted actuarially to reflect early receipt.

Rather than just one minimum age, which reflects only average life expectancy increases and does not account for those whose health and life expectancy are so much worse than average, the state pension could be paid within a band of ages starting around 63 perhaps for both men and women.



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Currently, the only flexibility in the state pension age applies to those who are well-off. If you are healthy and wealthy enough not to need your state pension at age 66, you can delay receiving it and get more each year. But if you are very ill and have little other income, you cannot receive even a reduced pension sooner.

Allowing earlier access for those who need it would mean the National Insurance system better reflects society and operates more equitably.

The pandemic has been a dreadful shock to all of us. It has upended so many aspects of our lives that we have always taken for granted. If one silver lining to come from this situation is a fairer state pension system, which recognises the needs of the least healthy and most disadvantaged, I think that would be a welcome improvement.

Baroness Ros Altmann is a pensions expert who served as minister of state for pensions between 2015 and 2016