Men and women must now wait until 66 to receive their state pension, but it could pay out £219,000 at today's rate if you live to 90

- **Rise kicks in on Tuesday and applies to anyone born after 5 October 1954**
- **Full rate state pension is currently £175.20 a week, or around £9,100 a year**
- **The next age rise to 67 is due to be phased in between 2026 and 2028**

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State pension: The full rate is currently £175.20 a week, or around £9,100 a year

Older people must reach the age of 66 before they can draw the state pension, starting from next week.

The state pension age has been hiked for both men and women - though far more dramatically for the latter - as the Government seeks to keep it roughly aligned with life expectancy, curb costs and create equality between the sexes.

The new state pension age of 66, which kicks in on Tuesday, applies to anyone born after 5 October 1954.

The full rate is currently £175.20 a week, or around £9,100 a year, and that level of guaranteed income for life would cost an estimated £336,500 if you bought it via an annuity.

This is a crucial source of income for many retirees, especially if you haven't got much saved in work or personal pensions.

It would amount to around £182,000 if you live for 20 years and £219,000 if you reach 90, in today's money.

But in reality it will be more due to annual increases which have exceeded the inflation rate in recent years due to the 'triple lock'.

This perk for the elderly, which the Government now looks set to retain **despite a recent wobble,** guarantees annual state pension increases of at least 2.5 per cent.

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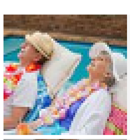

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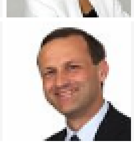

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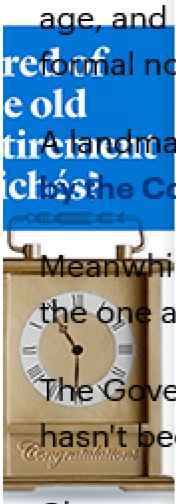
Changes to the state pension age have caused huge controversy in recent years due to the Government's decision to speed up two changes to women's state pension age, and time them in quick succession - especially as many say they were sent no formal notification of the changes.



A landmark case against the increase in women's state pension age was **dismissed by the Court of Appeal last month.**

Meanwhile, the next rise to 67 is due to be phased in between 2026 and 2028, and the one after to 68 is currently scheduled between 2037 and 2039.

The Government brought the second rise forward from 2044 to 2046, though it hasn't been legislated for yet.

Changes are also pending to the age you can start tapping private pensions, as the Government recently confirmed this would rise from 55 to 57 in 2028, affecting anyone now aged 47 or younger.

We look at the options to fill the gap **here.**

State pension age: Changes to date and in the future (Source: Hargreaves Lansdown)

Financial services firm Aegon says the state pension forms the main source of income in retirement for many people.

It points to recent official figures showing that benefit income, which includes the state pension, makes up 43 per cent of the average weekly pensioner income.

Aegon estimates that a pension pot of £336,500 would be required to buy an annuity creating a weekly income of £175.20 for life. The figure was calculated using the average offers of the top three annuity providers on the Money Advice Service best buy tables.

It assumes the individual lives in London, is in good health and the income will increase in line with price inflation.

Buying an annuity is poor value, due to the price of the lifetime guarantee and the need to fund it via interest rates on government bonds, which have been at rock bottom for years.

Pension freedom reforms introduced five years ago mean most people now shun annuities, and instead invest their pensions pots in financial markets to provide an income in old age.

Steven Cameron, pensions director at Aegon, says: 'For many people, the state pension will make up a core part if not the majority of their retirement income.'

But he notes: 'For most people, relying on the state pension alone won't provide the lifestyle they aspire to in retirement.

'This is why it's vital to plan ahead for the retirement you want by making additional personal provision, for example by saving through a workplace or personal pension.

Life expectancy: The average figures mask big disparities between regions, social groups and occupations, says ex-Pensions Minister Ros Altmann (Source: Hargreaves Lansdown)

'And the sooner people start on that journey the longer their contributions have to grow with investment returns.

'Private provision also offers more flexibility and could allow for a more gradual transition to retirement rather than having to keep working till a state pension age which could rise to 68 in the future.'

A survey of 2,000 people carried out for Hargreaves Lansdown last spring revealed that only 36 per cent are confident they will ever be able to afford to retire. That represented some 26 per cent of women, and 46 per cent of men.

Sarah Coles, personal finance analyst at Hargreaves, says: 'More than a decade of rising pension ages has made an enormous difference to people's working lives. However, so far, it hasn't made enough difference to their pensions.

'We don't know how much we've saved, or where it's invested, and two thirds of people aren't confident they'll be able to afford retirement.

'Women are in a particularly worrying position, because almost three quarters aren't sure they can ever afford to stop work.

'If you're at an earlier stage in your career, the key is putting aside as much as you can afford as early as you can afford to do so.

I'm a grounds worker struggling with work at only 52

Why can't I claim state pension early but get lower payouts? Steve Webb replies **here.**

'If you have opted out of your workplace pension, or weren't automatically put into it because you earn less than £10,000, talk to your employer about getting into the scheme.

'Once you start paying in, they'll have to do so too – so your efforts will be magnified.'

Former Pensions Minister and campaigner Ros Altmann believes that there is a strong case to allow early access to state pensions, because healthy life expectancy across the country varies by around 20 years.

Meanwhile, Covid-19 has caused many over-60s to lose their jobs, damaged their health or forced them into caring for loved ones, she says.

'The average life expectancy masks an enormous difference between regions, occupations and social groups.

'Those who can afford to wait beyond age 66 or who are physically fit and want to keep working, are able to delay their state date and receive a higher pension.

'But no allowance is possible for those in the poorest health, with no other income and unable to work, to draw even a reduced amount sooner.

'I would prefer to see a band of ages whereby those who need it can access their state pension sooner, subject to minimum contribution requirements and other assessments.'