

# Pension Age Increase

In 2002 an independent Pensions Commission was established to review the long term challenges facing the UK pension system and as part of this review the State Pension was identified as an area that needed to be changed to ensure that it remained sustainable and a fair system for generations to come.

The initial proposal was to equalise state pension age for men and women and gradually increase the state pension age for women born after 6th April 1953 from age 60 to 65. This is due to complete in November 2018.

From 2018 to 2020 the state pension age for both men and women will increase to 66 with a further increase to age 67 between 2026 and 2028 and to 68 between 2044 and 2046.

In March 2016 the government announced that a further review would be undertaken to consider the future of the state pension. Today, John Cridland has released his final report and has

recommended raising the state pension age to 68 between 2037 and 2039. He has also recommended that the age should further increase in line with longevity expectations but by no more than one year every decade. The result of this is that the state pension age could rise to age 70 by as early as 2057 which would affect anyone born after 1987.

John Cridland has confirmed that "My review considers the consequences of an ageing society. It addresses how we can afford to live a longer pensionable life, how we can work longer where this is necessary and possible, and where it is not, how to give assistance to those who need it. The aim is to smooth the transition for tomorrow's pensioners, and to try and make the future both fair and sustainable."

Based on these proposals, an individual aged 25 today can expect to receive a state pension at age 70, an individual aged 35 it is likely to be 69 and an

individual aged 45 it will be age 68.

John Cridlands report also includes a recommendation regarding the triple lock on annual increases and whether to allow early access to state pension in some cases. Both these proposals were rejected and a recommendation proposed that the state pension increase should be linked to earnings and by retaining a single state pension age this would make it simpler and clearer for individuals and trigger them to start planning for retirement.

The government is due to make a final decision on the report by May 2017.

For further information please do hesitate to contact your Frenkel Topping Consultant directly or make contact with our Head Office on:

(T): 0161 886 8000

(E): [enquiries@frenkeltopping.co.uk](mailto:enquiries@frenkeltopping.co.uk)