



Second review of the State Pension Age

April 2022

The role of the Older People's Commissioner for Wales - an independent, statutory role established by the Welsh Government - is to protect and promote older people's rights and to stand up and speak out on their behalf so they can access the services and support they need and ensure that those who may be vulnerable or at risk of harm are kept safe and protected.

The Commissioner welcomes the opportunity to contribute to the Independent Review of the State Pension Age – call for evidence.

The State Pension plays a critical part in providing income in retirement for older people in Wales and throughout the UK and it can often be the only form of income that the most vulnerable older people will have in retirement. In Wales, relative income poverty amongst older people remains at the highest level of all the other nations of the UK¹. Those who are not receiving the full state pension may be eligible to claim Pension Credit but as we know only two thirds of those who are eligible go on to claim it.

The Commissioner has consistently called on both the UK and Welsh governments to do more to ensure that older people are encouraged and supported to claim what they are entitled to. It is estimated that up to £214m of Pension Credit went unclaimed in Wales in 2018/19.²

Given that the current changes are still underway, with the State Pension Age (SPA) increasing to 67 by 2028 and to 68 by 2046, with proposals from the previous government to bring forward the increase to 68 by 7 years to 2039, now is not the time to make further changes. There is a need for stability and taking stock before considering any further changes.

Life expectancy and healthy life expectancy

The reason for introducing the changes already underway, as well as establishing the six-year review process to consider further changes to the SPA, was the forecast improvements in life expectancy and healthy life expectancy.

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However, life expectancy and healthy life expectancy have not continued to improve at the rates previously projected. Since 2011 improvements in life expectancy in the UK have stalled, and for certain groups of the population, gone backwards³.

There are significant differences in life expectancy across the UK and even greater differences in healthy life expectancy. Although previous years have seen improvements in life expectancy, the rates have shown little improvement in Wales since 2011⁴. In fact, all UK nations, and many others across Europe, have seen a plateau in life expectancy since the turn of the decade.

One of the other core principles set out when establishing these reviews in the Chancellor's Autumn Statement in 2013 was that the SPA should increase with life expectancy so that people spend **on average** "up to one third" of their adult lives in receipt of the State Pension. The TUC rightly point out that looking only at **averages** masks deep inequalities in longevity.⁵

The TUC identify that there is a widening gap in life expectancy between the wealthier and the poorer income deciles. While a man or woman approaching retirement with a median income can expect to spend 30% and 32% of their adult lives respectively in receipt of the state pension, this figure falls to just 26% and 29% for a man or woman in the lowest income deciles. Today, a man on a lower income is actually closer to the 1948 average life expectancy than he is to the current average.

Covid-19 and the workplace

There is a need to take time to reflect and consider what the impact of the pandemic has been on the workforce, particularly on older people and their ability to be able to respond to further challenges and changes. The Covid-19 pandemic has had a significant and disproportionate impact on many older people, and some will have seen significant changes to their financial circumstances.

Whilst the Coronavirus Job Retention Scheme meant that many older workers were able to be furloughed for periods during the last 24 months, as the scheme ended many faced redundancy and unemployment. Some older people who have already lost their jobs or been made redundant as a result of the pandemic will have started to claim for entitlements for the very first time. In April 2021, there were 17,832 people over the age of 60 in receipt of Universal Credit in Wales, an increase in excess of 100% on figures in March 2020.⁶ There is a need for a period of stability, particularly around the State Pension Age, for those older people to be able to recover financially, re-join the workforce and get their retirement planning back on track.

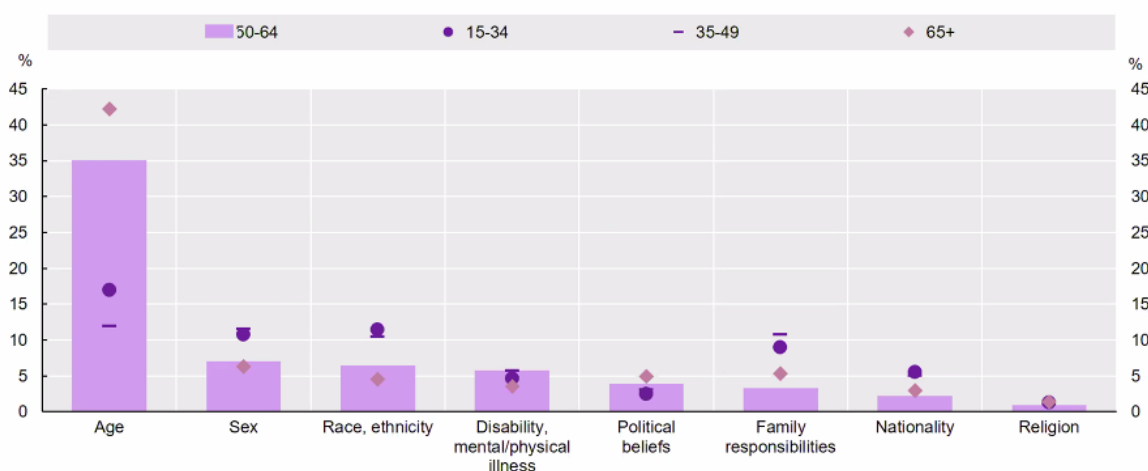
Ageism and age discrimination

There is much work to be done before considering raising the State Pension Age any further. If there is to be an expectation that older people work longer before being eligible for the State Pension, then steps need to be taken to counter ageism and age discrimination in the workplace.

Ageism and age discrimination create barriers in the labour market and in the opportunities for older workers to remain in work or seek new roles. We must address ageism and age discrimination to ensure everyone can work and develop in age-inclusive workplaces, and further action should be taken by the UK Government and all employers to provide greater support to older workers.

According to the OECD, age is the most common reason for work-related discrimination and presents a major barrier to being able to continue to work longer as the state pension age increases.

Age is the most common reason for work-related discrimination



Source: OECD (2020), Promoting Age-inclusive Workforces, Paris, OECD Publishing.

Conclusion

Given that the expected increases in life expectancy and healthy life expectancy have not materialised and that the impacts of the Covid-19 pandemic have yet to be fully understood, the Review should not recommend any further changes to the State Pension Age at this point.

The incomes and employment opportunities of those people approaching State Pension Age have been significantly impacted by the pandemic, and many workers in their 50s and

60s continue to experience ageism and age discrimination in the workplace, which can limit their opportunities to continue working or find new work.

The Review should further consider recommending that the proposal to increase the State Pension age to 68 in 2046 should not be brought forward to 2039 in light of the stalling in improvements to life expectancy and health life expectancy, and the impact that the Covid-19 pandemic has had on people's health and well-being.

¹ Welsh Government. (2020). *Relative income poverty: April 2018 to March 2019*. Available at: <https://gov.wales/relative-income-poverty-april-2018-march-2019>

² Independent Age. (2020). *Pension Credit: a closer look*. Available at: <https://www.independentage.org/pension-credit-a-closer-look>

³ <https://www.health.org.uk/publications/reports/mortality-and-life-expectancy-trends-in-the-uk>

⁴ Life expectancy and mortality in Wales <https://phw.nhs.wales/news/life-expectancy-and-mortality-in-wales-report-published/>

⁵ TUC report extending working lives [Older workers report final.pdf \(tuc.org.uk\)](#)

⁶ Department of Work and Pensions. (2021). *Universal Credit*. Available at: www.stat-xplore.dwp.gov.uk

The Older People's Commissioner for Wales

The Older People's Commissioner for Wales protects and promotes the rights of older people throughout Wales, scrutinising and influencing a wide range of policy and practice to improve their lives. She provides help and support directly to older people through her casework team and works to empower older people and ensure that their voices are heard and acted upon. The Commissioner's role is underpinned by a set of unique legal powers to support her in reviewing the work of public bodies and holding them to account when necessary.

The Commissioner is taking action to end ageism and age discrimination, stop the abuse of older people and enable everyone to age well.

The Commissioner wants a Wales where older people are valued, rights are upheld and no-one is left behind.

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