



for older people, for life
**Independent
Age**

**A State Pension for the 21st Century
Independent Age consultation response**



About Independent Age

What we do

Independent Age is a unique and growing charity: a support community for thousands of older people across the UK and the Republic of Ireland.

We offer a 'helping hand from a trusted friend', tackling older people's poverty and loneliness by offering information, advice and friendship.

Our help varies according to the type and extent of the individual's need. All the older people we help receive:

- Information about benefits and other issues affecting older people
- Ongoing support from our helpline and newsletters
- Membership of the Independent Age community, with the opportunity to participate in events and build friendships with other people.

For those in the very greatest need it can include even more: regular befriending and support from an Independent Age volunteer, detailed assessment and casework, practical support and even financial help in emergencies.

Our support lasts as long as it's needed—in many cases, for life.

And we use the knowledge we gain from providing our services to help influence policy and practice.

Who we help

We help anyone, regardless of their background, ethnicity or gender, but we focus on supporting those who:

- Are over 70
- Are in financial need
- Are lonely or isolated
- Can most benefit from long-term support.

Our research

At Independent Age our experience is specifically in the context of older people, and our response is based on evidence from frontline staff, older people, and volunteers combined with the following research:

- I. Over 3,000 detailed individual reviews of older people, including their health, wellbeing, and finances.
- II. Our Annual Survey 2008 and our Annual Survey 2009, in which a series of topical questions on life, society, and our services were posed to 6,500 and 3,000 of the older people we support respectively, to which 3,315 and 2,424 responded.
- III. A programme of focus groups and interviews undertaken by Independent Age and an Independent research agency during 2008 and 2009, throughout which, 130 respondents took part.

Our view

At Independent Age we have witnessed first-hand how the current system of state pension, topped up by pension credit for the poorest older people, is fundamentally flawed.

We welcome the government's reform agenda, and are particularly interested in Option Two - more radical reform introducing a single-tier pension set at a level above the Pension Credit minimum guarantee.

The current system

It is essential that the most vulnerable older people receive enough money to live a reasonable quality of life, yet the support available in the current system is not reaching those who need it. The latest statistics reveal that 27-38% of older people who are eligible for Pension Credit are not receiving their entitlement, and 1.8 million pensioners still live below the poverty line.

In our experience, a lack of advice and information, stigma and complex application forms deter older people from claiming pension credit. And this means it is the most vulnerable and/or isolated older people who are at the greatest risk of losing out. Introducing a universally paid flat rate pension could overcome this anomaly.

Our concerns

It is important to note, however, that our support for reform Option Two is not without some concerns, and we welcome it with caution. We would like to raise a number of issues which the green paper does not currently address:

1. The question of cost

We would like to see further evidence of how this system would be cost neutral in practice. In particular, the number of people who are currently receiving more than £140, and how many are receiving less. For how many people will this reform represent a levelling *down* of their entitlements?

We would also like reassurances that the introduction of a universal, higher, flat-rate pension will not be used to justify the overzealous cutting of other benefits, such as the winter fuel payment, and council tax or housing benefit. The achievement of reaching more older people via a universal payment must not be used as trade off for reducing the amount of money currently available via different funding streams.

2. Passported benefits

While pension credit has failed to lift all of the most vulnerable older people out of poverty, it is important to acknowledge the role it has played in passporting those that have claimed it, onto other benefits. These range from Housing and Council Tax Benefit, to health benefits such as free travel to hospital and vouchers for glasses, to Cold Weather Payments.

These 'passported benefits' will remain vital to older people, despite reform of the state pension. The government must therefore provide an alternative mechanism for finding those that are most in need, to ensure they receive the additional support available to them.

3. Today's older people

It is disappointing that the reforms will not apply to today's pensioners. For these older people, the problems associated with the current system will remain. It is therefore vital that the government redoubles its efforts to ensure all of those who are entitled to pension credit are receiving it. One of the key aims of the reform is to ensure support for the most vulnerable, but unless this issue is tackled for both *existing* as well as future pensioners, it will be impossible to adequately meet this objective.

We are also very concerned about the cost and complexity involved with running two systems in parallel while the reforms come into force for some older people, and not others. In addition to the possible financial implications of doing this, the government could run the risk of complicating public understanding of the system even further.

The State Pension Age

We are very aware of the demographic changes that make an increase in the state pension age necessary, but can only support a system that takes into account the wider consequences of any rises made.

In particular, moves to raise the state pension age must not only be fair to different generations, but be as fair as possible to those with different needs and backgrounds within those generations. Where necessary, additional measures must be implemented to reduce any disproportionate impact on vulnerable groups.

It is essential to take the following into account:

1. **Caring responsibilities** often increase with age, particularly for women, and make staying in work more difficult, if not impossible. In England in 2006, 17 per cent of women aged 50 to State Pension Age and 10 per cent of women aged State Pension Age and over had looked after someone in the previous week. The percentage of men who had cared for someone in the last week (eight per cent) was the same in both age groups¹.
2. **Health problems** are a major issue for those over the age of 65. An estimated 33% of people aged 65-74 have a limiting longstanding illness². 56% of the people Independent Age supports have a disability or serious health condition. Flexible working and work environments that sufficiently meet the needs of older employees are therefore vital in order to enable older people to play a greater role in the workplace. Priority must be given to prevention techniques aimed at enabling people to live healthier lives, for longer.
3. **Differing life expectancies** and variations in health are evident between different social groups. Poverty is an indicator of poorer health, suggesting that a raise in the State Pension Age will have a greater impact on people with lower incomes. A female born in Glasgow City can expect to live 11.7

¹ Labour market - More older people in employment between 1996 and 2008, Office for National Statistics, accessed June 2011 <http://bit.ly/lSTLw0>.

² The estimate is for the UK, based on Great Britain data from the General Lifestyle Survey 2008, Office for National Statistics, 2010.

years less than one born in Kensington and Chelsea. For males, the difference is 13.6 years³.

4. **Women** will be hit significantly harder by the proposal to equalise men's and women's state pension age at 65 in November 2018, and then raise it to 66 by April 2020. The latest research on the effects of the changes shows that around 330,000 women in Britain born between December 1953 and October 1954 will have their State Pension age increased by 18 months or more, and 33,000 women born between 6 March and 5 April 1954 will see it increase by two years. These 33,000 women stand to lose on average around £10,000 each⁴.
5. **Age discrimination** is rife within the workplace and the job market. During qualitative research conducted by Independent Age in 2009, a number of the older people we help not only told us that they missed working and the work environment, but that they would like to have carried on in employment for longer than they did. They felt they were no longer offered the same opportunities as people at an earlier stage in life, and that their age was a significant barrier not only to gaining employment, but having their skills and experiences recognised in the first place. 65 per cent of older people believe age discrimination still exists in the workplace⁵. This suggests that a longer wait for the state pension, coupled with a lack of access to the job market for older workers, could lead to a cohort of pre-retirement older people at increased risk of unemployment and poverty.

³ Life expectancy at birth and at age 65 by local area in the United Kingdom, 2006-08, Statistical Bulletin, Office for National Statistics, 2009.

⁴ Not enough time: What women think about increases in State Pension age, Age UK, accessed June 2011 <http://bit.ly/inv2aq>

⁵ One Voice: Shaping our ageing society, Age Concern and Help the Aged, 2009.