

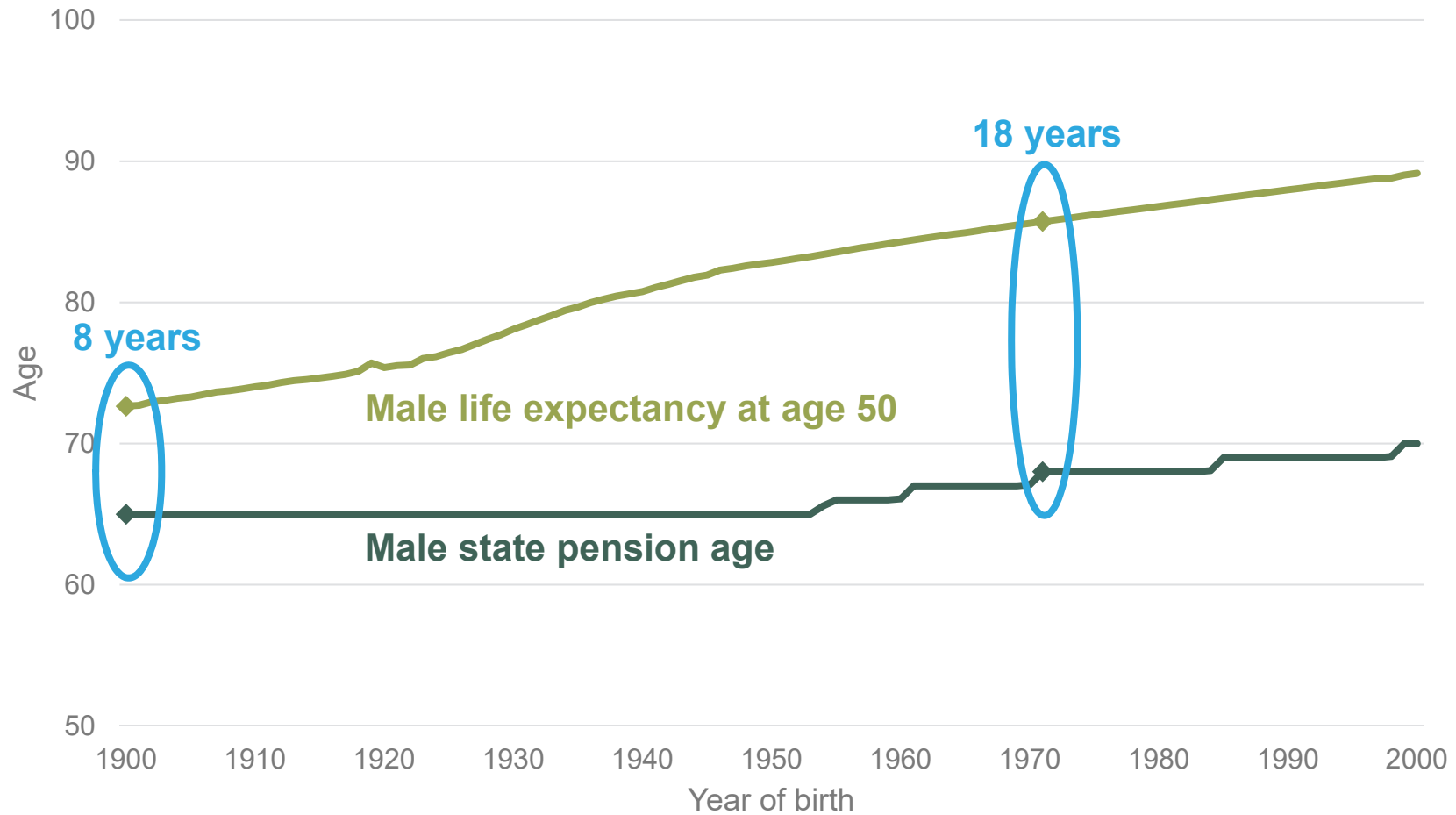
UK state pension age policy

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Paris-London Public Economics Conference

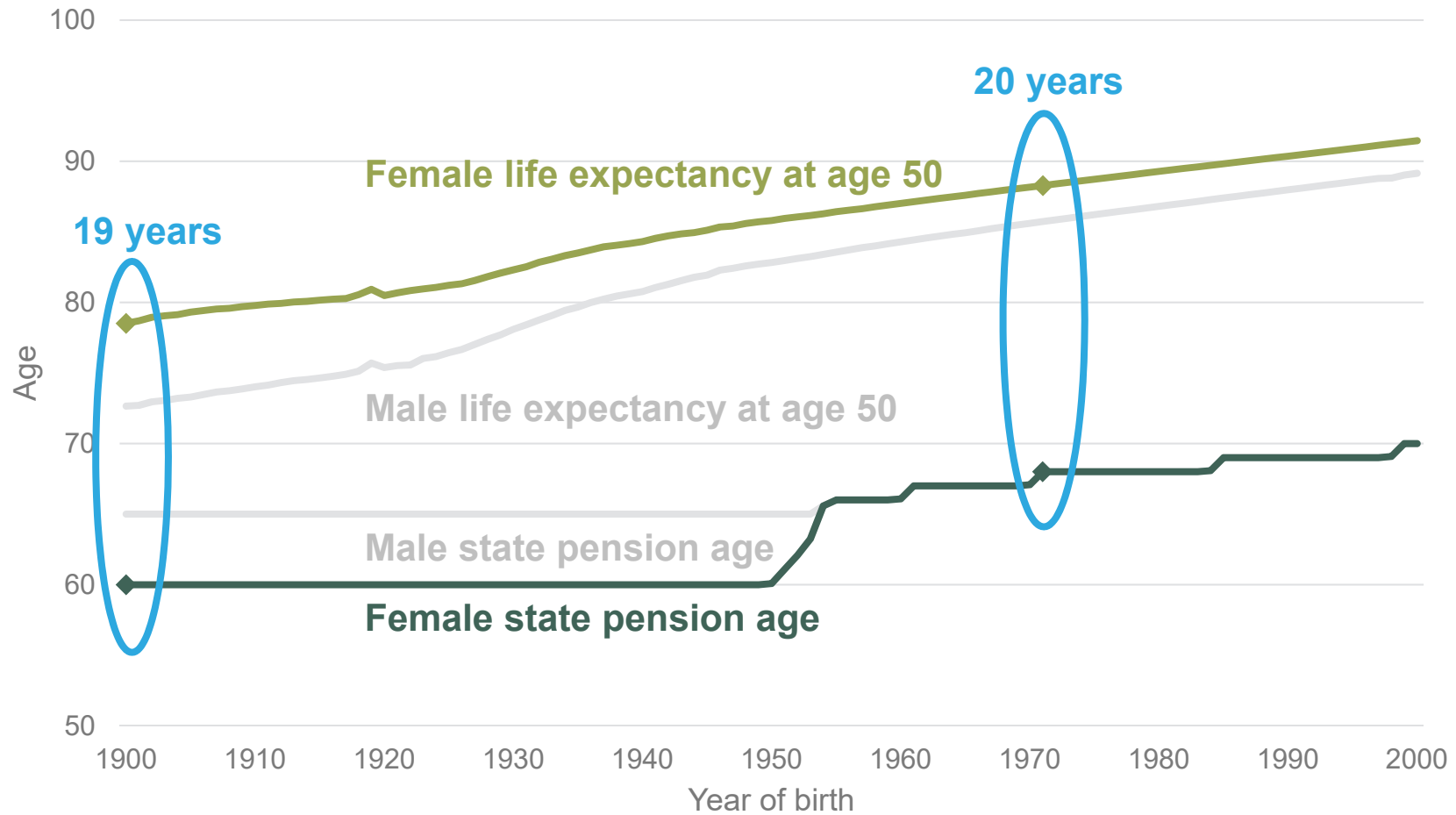
Paris, 12 December 2019

Rising longevity and state pension age: men



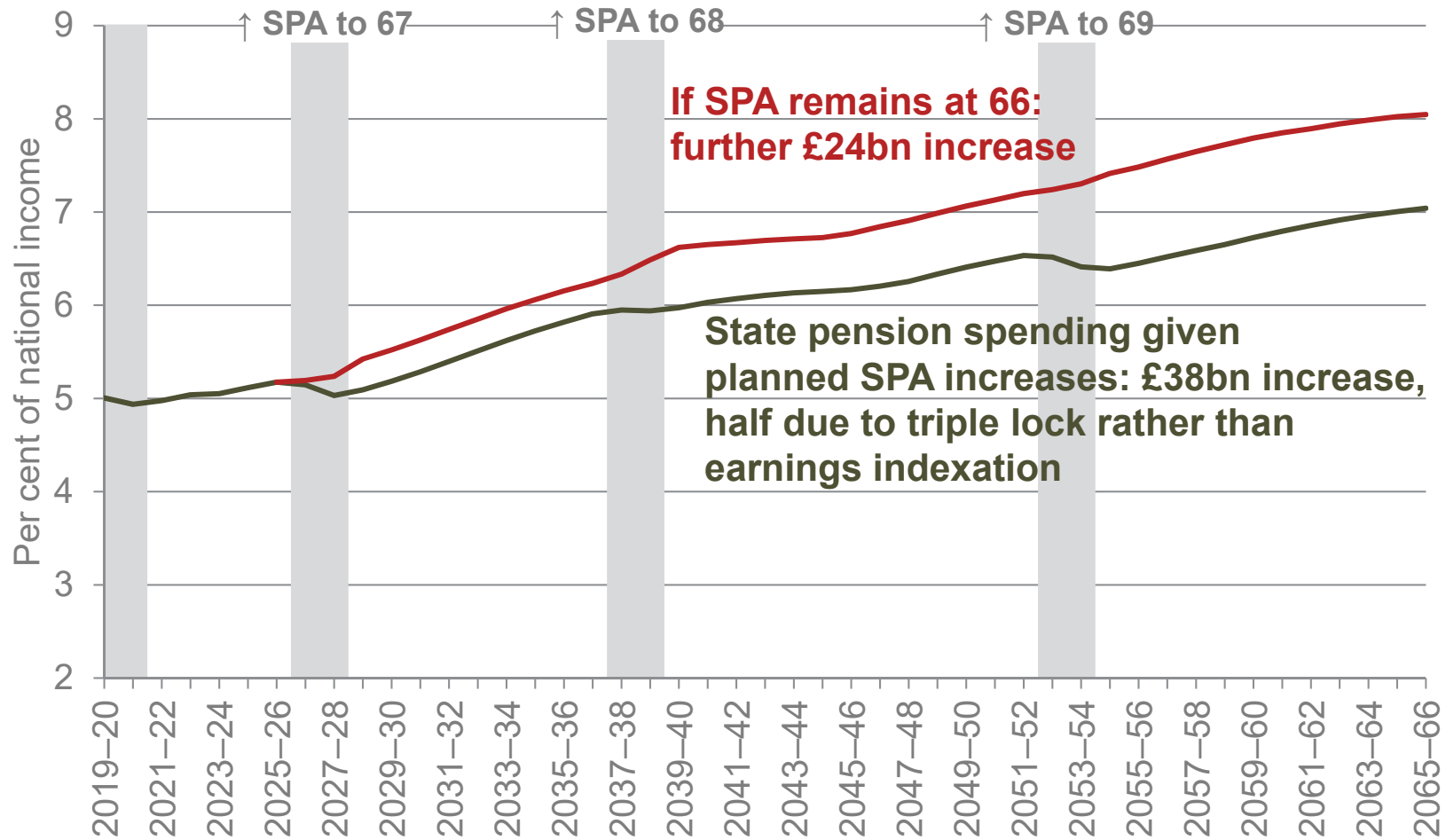
Source: Author's calculations using the ONS 2016 England and Wales Cohort Life Tables.

Rising longevity and state pension age: women

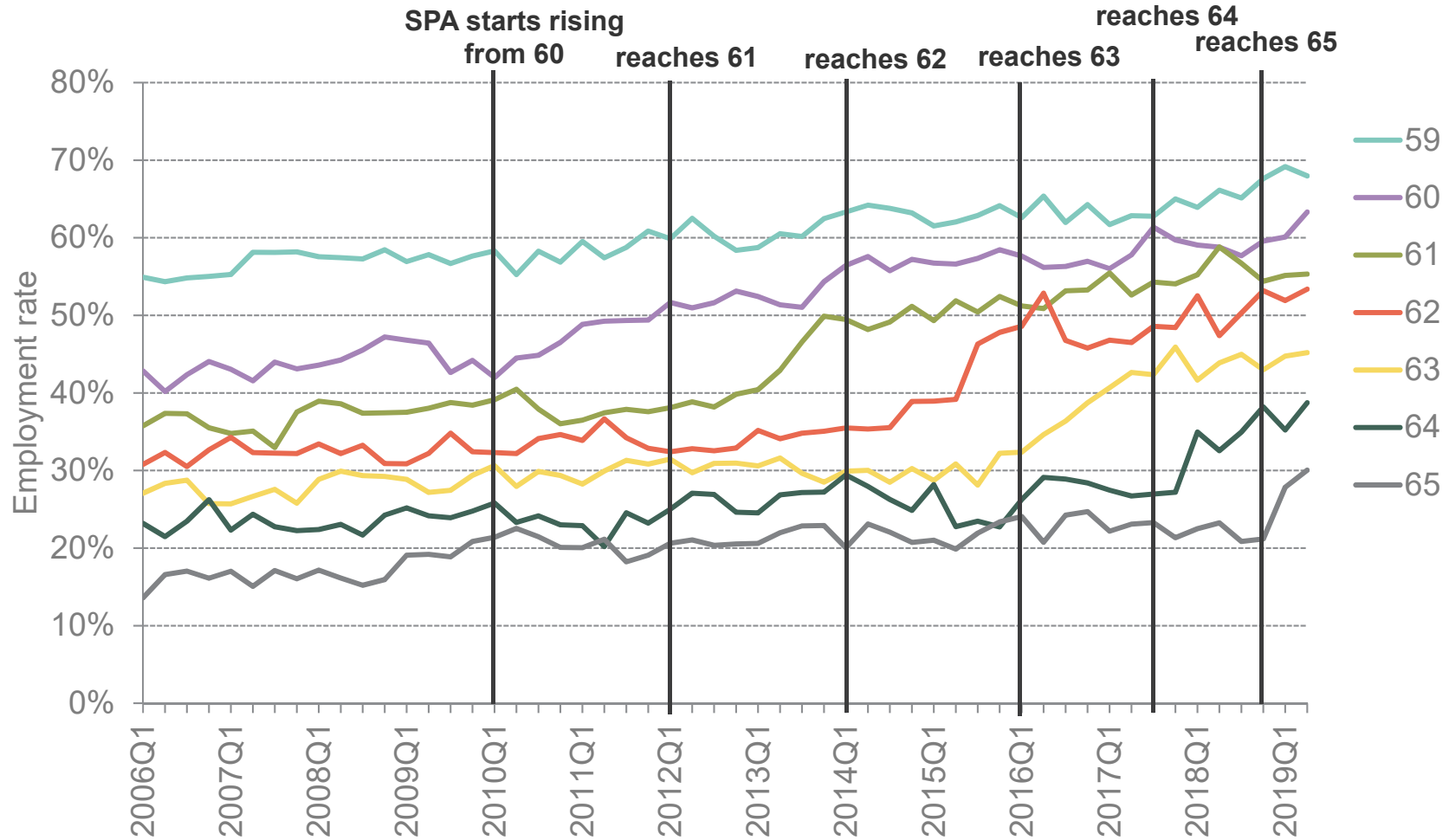


Source: Author's calculations using the ONS 2016 England and Wales Cohort Life Tables.

Consequences of state pension promises

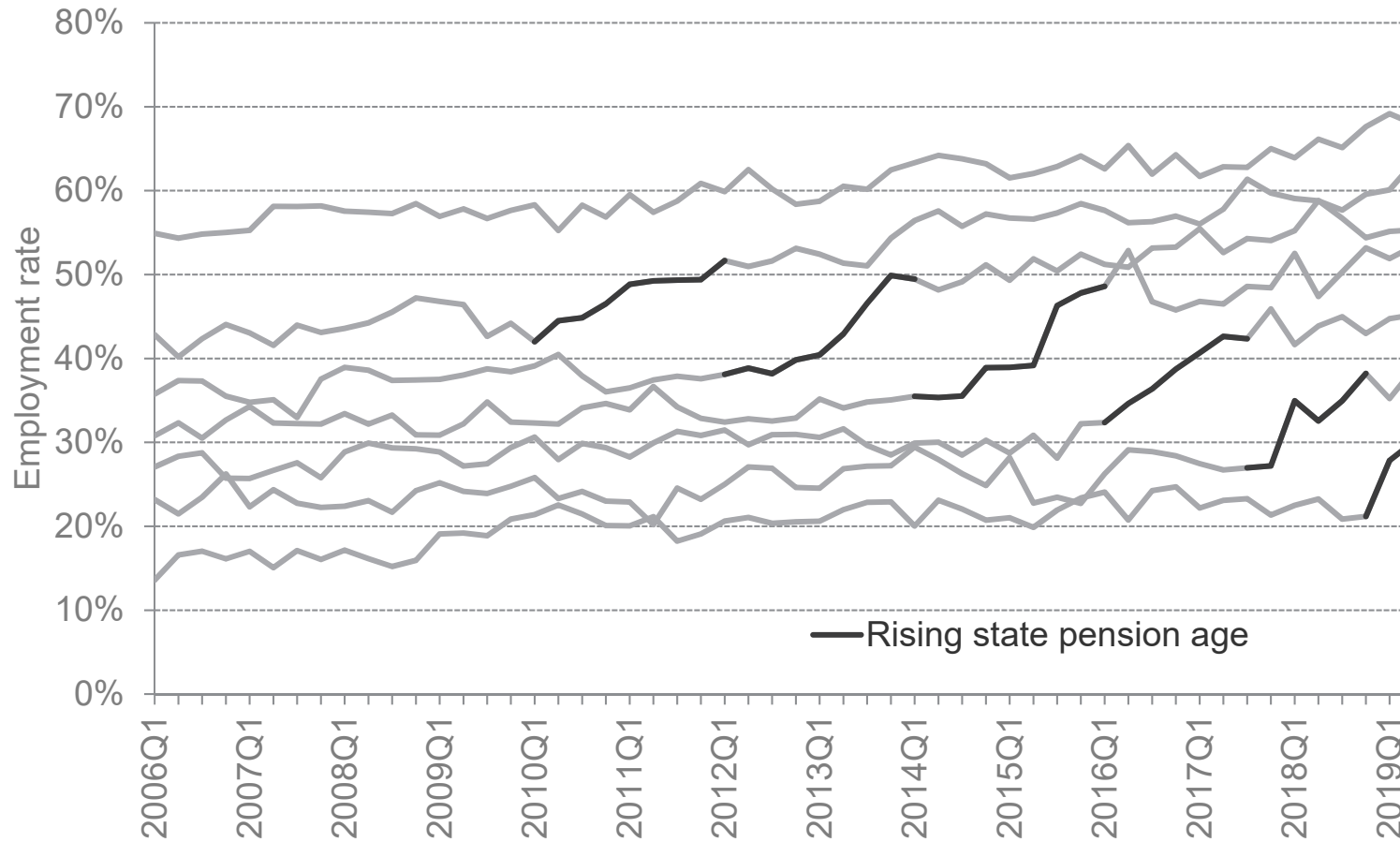


Employment rate of older women as SPA rises



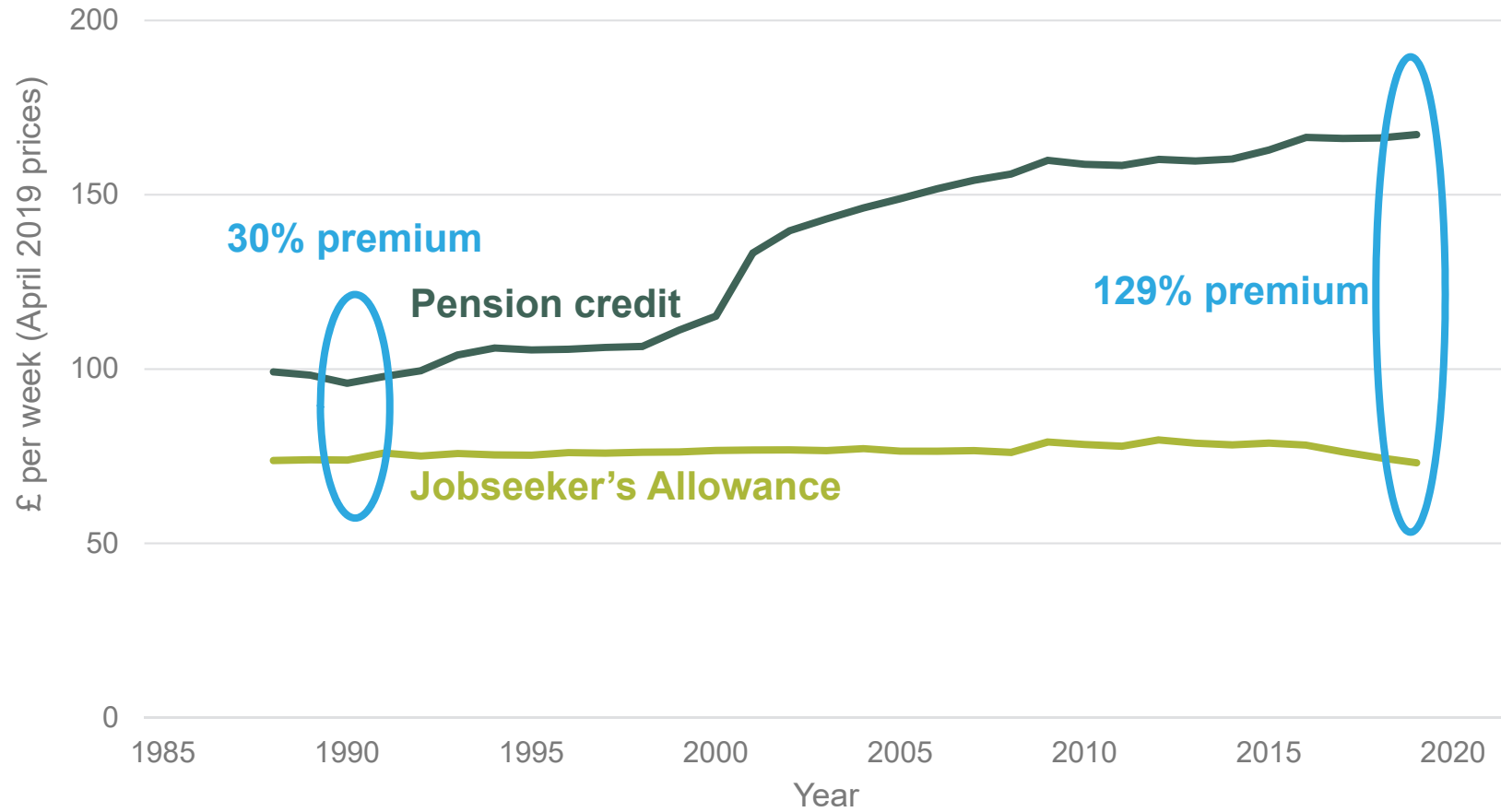
Source: Updated calculations of Cribb, Emmerson and Tetlow (2016) from Labour Force Survey.

Employment rate of older women as SPA rises



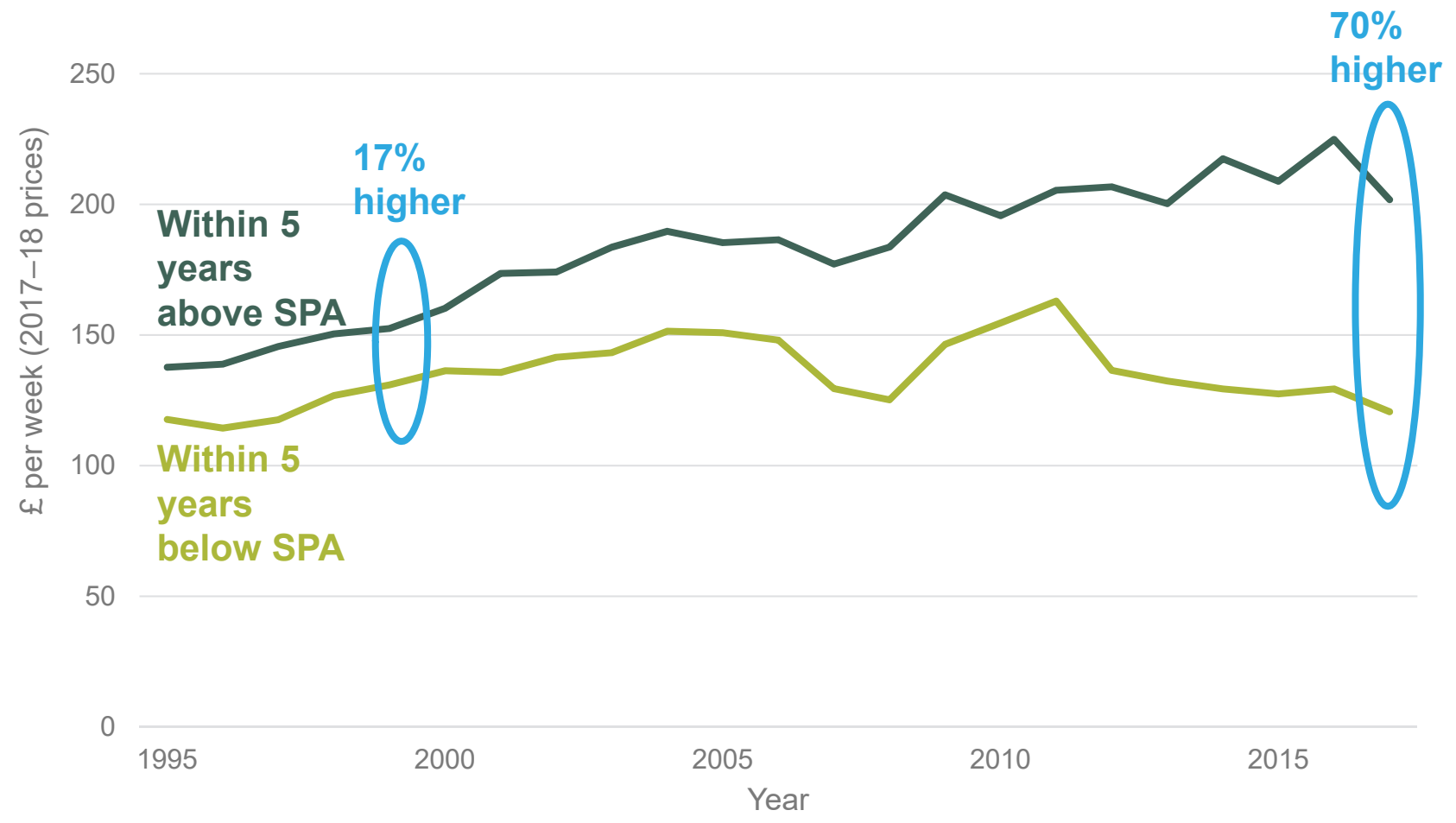
Source: Updated calculations of Cribb, Emmerson and Tetlow (2016) from Labour Force Survey.

Increase in support at the SPA is much much bigger than it used to be



Note: Figures show benefit level for a single childless individual aged just below or just above the female State Pension Age.
Source: Department for Work and Pensions.

Average incomes among the poorest fifth are now much lower below the SPA than above it



Note: Mean household income among those in the lowest income quintile in each age group. Income measured after housing costs.
Source: Author's calculations using data from the Family Resources Survey.

Conclusions

With hindsight, two past mistakes with UK state pension age policy

maintaining 60/65 despite rising longevity and giving the perception this would continue

when increases were legislated these were not communicated effectively

But fixing at age 66 – and legislating no cuts ever to rights already accrued – would be the wrong response

Cliff edge in state support provided either side of the state pension age is large and growing

increase in support for those just below the state pension age would help those unable to work and reduce importance of chosen state pension age