



The Government's Review of the State Pension Age

The UK Government is currently reviewing the future of the state pension age under the provisions of the Pensions Act 2014, with the aim of announcing before May 2017 whether the pension age will increase and, if so, to what age.

The pension age has already accelerated rapidly since 2010 and is currently due to increase to 68 from 2044 to 2046. The increase is particularly rapid for women, although it also impacts on men.

In late March 2017, the Government published two key reports which will influence its review of the state pension age:

- John Cridland's Review of the State Pension Age;
- the Government Actuary's Department (GAD) review of UK mortality trends.

The NASUWT has submitted detailed evidence to the Cridland Review and has also met with John Cridland. The NASUWT has used these opportunities to oppose the increase in the state pension age.

For example, the NASUWT presented evidence to John Cridland sourced from Department for Education (DfE) data which demonstrated that, between 2010 and 2015, only 44 per cent of teachers in England and Wales worked up to their current pension age. Hardly any teachers (only 2.5 per cent of teachers between 2010 and 2015) worked beyond 60. The NASUWT's evidence stressed that the pressures of teaching mean that many teachers do not make it even close to a pension age of 60, never mind 68. A higher pension age risks condemning many teachers to poverty as the gulf between their active employment and the age at which they can take their pension increases.

The Cridland Review Final Report

The key pension outcomes of the Cridland Review Final Report are:

- the pension age should increase to 68 from 2037 to 2039, seven years in advance of the current legislative timescale;
- there should be no further pension age increases before 2047, with increases to the pension age after this being on a ten-year basis;
- the 'triple lock' indexation of the state pension should end and it should be uprated by an earnings index in the future, rather than a minimum 2.5 per cent per annum;
- there should be means-tested access to some pension income from age 67 when the pension age is increased to 68;
- the Government should introduce pension measures which support working past the state pension age, including that people who defer their pension should have the option to be rewarded through a lump sum once they start drawing their pension;

- people over state pension age should be able to draw down part of their pension, whilst the balance increases in value because it is deferred. This should be introduced as soon as possible and by 2027 at the latest;
- the Government should communicate better to people about changes to the pension age;
- steps should be taken to ensure that people can build up as much state pension as they can by taking up additional National Insurance credits.

The Cridland Review Final Report also makes the following employment-related recommendations to support people who have to work longer because of the increase in the pension age:

- all employers should have a policy in place which assists people with carer responsibilities;
- there should be statutory carers' leave for people with carer responsibilities. This should be introduced as soon as possible and by 2027 at the latest;
- there should be a mid-life careers review (a 'mid-life MOT') to encourage people to make realistic choices about work, health and retirement;
- older workers are essential to tackling skills shortages. The Government and employers should make more use of older workers as apprenticeship mentors and trainers – passing on skills from one generation to the next. Work on this should begin immediately.

The NASUWT Response

The Teachers' Pension Age

One of the key issues associated with the increase in the state pension age is that this is also the teachers' pension age in the reformed Teachers' Pension Scheme (TPS). By 2037, all teachers will be in the 2015 TPS and will see their teachers' pension age increase to 68, with the minimum age at which they can take their pension increasing to 58, if this has not occurred already.

The NASUWT's Evidence to the Cridland Review stressed that the link between the state pension age and the teachers' pension age must be broken, and that the TPS should be allowed to set its own pension age.

The NASUWT has always made it clear to the Government that the review of the link between the state pension age and the teachers' pension age must be carried out following any decision to increase the state pension age, as this was a key Treasury announcement during public service pensions reform. The Cridland Review Final Report has also stated this expectation very clearly to the Government. The NASUWT will continue to press for the link between the state pension age and the teachers' pension age to be broken.

Reducing Teacher Burnout and Changing the Culture in Schools

The NASUWT is pleased that John Cridland has recognised the specific pressures that face teachers and has commented on teacher burnout, which drives teachers out of the profession well before their current pension ages of 60 or 65, never mind a pension age which is 68 plus.

The NASUWT is pleased that John Cridland has recognised that flexible working opportunities need to increase, and that older workers need to be valued much more by employers if teachers and other workers in high-pressure jobs are not to drop out of the labour market into hardship well before they take their pensions. The NASUWT will be seeking clear action by the Welsh Government and local authorities to ensure that older teachers' expertise is recognised and that a range of rewarding career pathways are made available to teachers of all ages to retain them in the profession.

The Government Actuary's Department (GAD) Review of Mortality in the UK

Using the Government's life expectancy assumptions and at the Government's request, the Government Actuary's Department (GAD) has modelled two scenarios – one where people spend 33.3% of their adult lives in retirement, and one where people spend 32% of their adult lives in retirement (with adult lives beginning at 20). These give the following projected increases to the pension age which GAD has reported to the Government:

- under the 33.3% scenario, the pension age increases to 68 in 2039;
- under the 32% scenario, the pension age increases to 68 in 2028;
- under the 33.3% scenario, the pension age increases to 69 in 2053;
- under the 32% scenario, the pension age increases to 69 in 2040;
- under the 32% scenario, the pension age increases to 70 in 2054.

The NASUWT Response

An increase of the pension age to 69 in 2040 and a further increase of the pension age to 70 in 2054 is completely unacceptable to the NASUWT. For hundreds of thousands of teachers across the UK, the increased pension age is a hurdle which they simply will not be able to reach.

The NASUWT calls on the Government to completely reject the pension age increases in the GAD report. The Government is expected to announce the outcome of its state pension age review by May this year at the latest.

The NASUWT trade dispute over pensions continues.

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Undeb yr Athrawon The Teachers' Union

