

national assembly of women pensions briefing 5

invisible women?

For all the recent consultations on pensions, we have still not seen any real action which will help women to see a better retirement. Every piece of evidence demonstrates the dire financial position of older women (2000 figures show the average state pension for women is £64 per week); every technical analysis of the pensions options currently available points to the disadvantages for women; different generations of women will face the same high hurdles in the pensions system with only a few lucky ones getting adequate retirement incomes. Now is the time to make women visible in all the debates about pensions.

what's happening?

The Government seems to be wanting everyone to recognise there is a pensions crisis (true) but is looking at the wrong issues. Official statements reveal only small proposals which fiddle at the margins of the current arrangements when what is needed is a complete overhaul of the system with women's needs at the forefront.

The fact that people are living longer is not about to cause an economic crisis. It is impossible to predict the future make up of the population. Looking back at the inaccuracies of past projections makes this all too obvious. We know approximately how many older people there will be but we cannot know how many children will be born in the next 20 years and beyond.

Even assuming that the population forecasts are correct, the situation in the UK will not produce the problems potentially faced by other countries so we will not be at a competitive disadvantage with our major trading partners.

There is little purpose in talking about the potential crippling costs of future pensions when we have some of the poorest pensioners in Europe. The priority is to create a truly fair

pensions structure which will end discrimination against women.

what are the choices now?

An occupational pension scheme: only available if your employer has one. Usually the employer adds to the employee contribution. The best scheme is a final salary one which gives you a proportion of your final salary for each year of service. Such schemes are closing down at a rapid rate.

A private pension: virtually the sole option for those who are self-employed. Unlikely that an employee will get additional contributions from the employer. The calculation of such pensions discriminates against women because, on average, they live longer than men. Despite the fact that regional differences in life expectancy are greater than the difference between the sexes, these are not taken into account. So women get less pension for the same money as an equivalent man.

The state pension: has some protection for women who have young children and gives some help to low earners. It has been allowed to fall in value over the years. Although changes have helped more women to qualify for a state pension in their own right, it is not enough to support them in retirement and they end up on means tested benefits – one million women pensioners rely on means tested benefits. Worse, many do not apply (around half a million) and live below the official poverty level for pensioners.

Fewer women than men have access to an employer pension scheme and no pension option properly protects those who have no/low earnings because of family care responsibilities.

what needs to be changed ?

- the assumption that a system created for men will deliver decent pensions for women. More women are in

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paid jobs than ever before but their family responsibilities limit their hours and wage levels.

- we need genuine recognition of the unpaid work done mainly by women in caring for children and elderly/sick relatives. With an ageing population more family carers will be forced to limit working hours or cease paid work.

- raising the level of the basic State pension is the only way to give a decent pension to women for their paid and unpaid work.

- the practice of charging women more for private pensions should be stopped. All other risks are shared. Why should women as a group be required to pay more?

- we need compulsory employer contributions to pension funds and better security for pension scheme funds. We all need to be certain that the money saved for pensions is safe and will provide what we reasonably expect.

- the National Insurance system must be reformed, with better prospects for very low paid workers; the same contribution rate regardless of wage levels – higher earners (mostly men) do not pay contributions on all their earnings unlike all lower paid workers (mainly women); qualifying contribution conditions which are realistic and enable most women to qualify for a full State pension.

- an analysis of the present tax breaks for pensions and how these affect men and women. Higher earners (mostly men) can get tax relief at 40 per cent on pension contributions when they can afford to make their own provision. The UK uses 2.8 per cent of Gross Domestic Product in tax breaks for private pensions. Some of this money would be better used to help lower paid workers.

is it possible ?

Yes, it is! The National Insurance Fund had a surplus of £10.5 billion in 2000-01. Because pensions are complicated and most people do not understand them, it is easy to believe that the Government cannot

afford to improve things. More older people are not a cause for concern, we should be celebrating the fact that we live longer. It is not a basis for causing panic or doing nothing.

- If we do not have reform, the majority of future pensioners will be dependent on means tested benefits. These are expensive to administer and many people are reluctant to claim.

- The emphasis should not be on private provision. Savings are made without any certainty of what pension level will be paid at retirement. Yet the government has announced that it plans to reduce State pension provision by one third by 2050 and push more people into dependence on private arrangements.

- The OECD in a study of pensions across nations pointed out that private pensions are much riskier. If the financial services and stock markets do not produce adequate incomes more people will, in any case, be forced to rely on the State but on means tested benefits.

- Only the State system can take account of periods spent in valuable family caring; the administration costs are lower; there is the flexibility to help those who have had a lifetime of low earnings. Why can't the State be the main source of pensions for older people?

- Even though the number of pensioners will increase in the first part of the 21st century, Treasury forecasts indicate that a lower proportion of the public purse will be spent on state pensions – from 4.4 per cent of Gross Domestic Product to 3.4 per cent. The 'crisis' we hear so much about could be helped, at least in part, if Government was not determined to take money from pensioners.

what next ?

Women should be **seen** and **heard** in decisions about pensions. Don't be worried that pension details are too technical. Just think about what is fair and what you want.

- challenge the myths about the pension 'crisis'.

- ask politicians why the government is not prepared to spend money to help future pensioners.

- be clear that the money can be found, it is only the political will to make changes which is stopping progress.

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priorities for action

- Better basic state pension, based on residence not years of employment

- Higher basic state pensions, eliminating any means testing

- Reformed National Insurance scheme covering all earnings and abolishing the lower and upper earnings levels

- State compensation for women affected by the married women's stamp and the pre 1978 lack of HRP

- State expenditure on pensions raised to European Union average

- Any tax relief to be targeted at low paid

- Unisex annuity rates in all pension provision

- Retention of survivor benefits in all pension provision

- A separate consultation through a Green Paper on women's pensions

don't allow women to remain invisible in the pensions debate!

FURTHER COPIES OF THIS BRIEFING MAY BE OBTAINED FROM BARBARA SWITZER, 16 FOLLETT DRIVE, ABBOTS LANGLEY, HERTS WD5 0LP, SWITZER@GN.APC.ORG

MORE INFORMATION ABOUT THE NAW MAY BE OBTAINED FROM MARGARET BOYLE, BELVEDERE, SAVILE ROAD, HEBDEN BRIDGE, WEST YORKS HX7 6ND, WWW.SISTERS.ORG.UK, NAW@BELVEDERE.CLARA.NET

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