national assembly of women

the state of the state pension after 13 years of new labour

progress for women

● The government has recognised that the previous system of 40 year uninterrupted working was based on a man's working pattern and had to go. It has reduced the number of contributory years for a full state pension to 30 for both men and women and credited in caring responsibilities from this April. This will increase the proportion of women retiring on a full pension from 30% to 75% in 2010 rising to 90% by 2020. This really is a huge step forward.

● The government has also accepted that poverty among pensioners affects women much more than men, with two thirds of the 2.5 million pensioners living below the official poverty line being women. They haven't done enough about it but nonetheless this is an advance and a useful campaigning tool.

● The government has recognised that the minimum income pensioners need to provide for basic needs is £132.60 for single pensioners and £202.40 for pensioner couples, as against the measly £97.65 and £156.15 of the Basic State Pension (from April 2010). Again, this is an important advance, which tends to be overlooked because the vehicle they have chosen to distribute it is the means tested Pension Credit.

present position

● The Basic State Pension is only linked with RPI, and is eroding in value, as pensioners' living costs are rising more rapidly than inflation.

● The proposed linking of BSP with average earnings was delayed until beyond 2012, and is very likely to be shelved.

● State Pension Age for both men and women will increase to 66 from 2024, to 67 from 2034, and 68 from 2044.

● The introduction of the Pensions Credit has brought a vast proportion of pensioners into means testing.

● About 2.6m receive the Pension Credit, but up to 1.7m pensioners are eligible but do not receive it. 33% of these are over 80. Up to £2.9bn in Pension Credit goes unclaimed.

● Although the reduction in qualifying years to 30 will benefit those retiring after April 2010, women now over 60 have not been helped, and were not even allowed to accrue further rights if they continued to work beyond 60.

● Private sector occupational pension schemes are in rapid decline: final salary schemes have all but disappeared, and employer contributions to money purchase schemes are far too low.

● Public sector final salary schemes are under attack – the race to the bottom is being promoted.

● The cost of tax relief on private pensions is £37bn, with the top 1% of taxpayers receiving a quarter of this.

campaigning priorities

- Expose the myth that means testing works. Pension Credit was introduced seven years ago and despite saturation marketing and massive investment with 1,800 staff employed visiting people at home, £292m in IT systems, and personal backing from ministers, the take up is less than 70%. This leaves 2.5m pensioners living in poverty, two thirds of whom are women, and the same proportion as in 1997-98. Not only does it not work, but it is a scandalous waste of public money, with admin costs estimated at £170m in 2008 and an Audit Commission report showing that each claim costs £114 to administer. Now that all three main political parties seem equally committed to expand means testing across government, this will be one of the biggest battlegrounds of the next few years, so the campaign will have to be creative.

- Basic State Pension to be set at a minimum of £165 per week (based on the latest available figures from 2009) as the National Pensioners Convention is demanding, and linked to average earnings so that it can be relied on as a solid basis for living a dignified life in retirement. In the middle of a damaging recession, the virtual disappearance of occupational pensions and the collapse of trust in financial institutions, the arguments for the state to provide for its citizens in old age become more compelling. Across the EU the average state pension amounts to 60% of average working pay, but in the UK it is only 30.8% and the NPC report that "only pensioners in Latvia, Spain and Cyprus are more likely to fall into poverty than those in the UK". Why is this acceptable? As all political parties soften us up for cuts in services and benefits, the case needs to be made for transferring money from the rich to the poorer for a change. We have long argued that the Upper Earnings Threshold (currently £43,888) mainly benefits higher paid men and its abolition would bring in £10bn in extra revenue, so this combined with the £37bn saved from tax relief to mostly higher earners would give around £75 per week to every pensioner. A Basic State Pension of £165 could then be afforded. Just think what could be done with the £100bn uncollected in taxation each year mainly from large institutions and businesses. It is not therefore a question of affordability but of priorities and of benefitting the many not the few in reality not rhetoric.

- Crediting women over state pension age who lost out because Home Responsibilities Protection was not in place before 1978 with extra years.

- No further increases in the state pension age. The rise to 68 from 2044 has been pushed through, with very little debate and we cannot allow this to slide further and further up. 68 is already three years too far and this debate needs to be closed down firmly and permanently for we don't live just to work and we won't work til we drop.

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