

## ***The Under-pensioned Seminar,*** **King's College, 3 March 2004**

Around 45 people attended the seminar.

The seminar was opened by Janet Askham (Picker Institute, Oxford, and Institute of Gerontology, King's College London).

Chris Curry (PPI) described the key findings of the *The Under-pensioned* report.

Helen Lindars (Equal Opportunities Commission), Mubeen Bhutta (Policy Research Institute on Ageing and Ethnicity) and Sally West (Age Concern) then presented specific findings relevant to women, people from ethnic minority groups and disabled people.

Alison O'Connell (PPI) concluded the seminar, bringing out some of the policy implications of *The Under-pensioned* report

### **Key points made during the discussion**

Most people are at risk of being under-pensioned. In any year, 5 million people are not accruing any basic state pension entitlement, and a further 7 million are not accruing any S2P. Not everyone has a private pension. Of the 35 million people of working age, only 15 million have a private pension.

'Under-pensioned' can be a value-laden term. People should be rewarded for working hard. If some people voluntarily choose not to work, they should expect lower pensions. However, not all hard work is paid. For example, many carers work very hard, but are not well paid, or paid at all, and their state pension can be lower than it would have been had they been working in the labour market.

There is a role for a minimum income standard that ensures a basic but reasonable standard of living. The Guarantee Credit currently performs this role, but the income level seems low and as the benefit needs to be claimed not all of those eligible receive it.

It will be difficult to encourage people to save as debts incurred before work, through student loans, increase. Women's pay is 15% lower than men's after leaving university. It would therefore take a woman longer to pay off the same student debt than a man.

Any pension reform involving compulsory employer scheme membership or pension contributions would need to consider how the self-employed (and non-employed) could be included. Also, compulsion added onto the current means-tested benefit system would give a high risk of 'mis-selling' private pensions that did not increase retirement income significantly.

People in modest income groups are disappointed with private pensions, and value state pensions. They see state pensions as being 'risk free' (National Consumer Council (2004) *Retirement Realities: Shocked and Struggling*).

Cohabitation, as opposed to marriage, is becoming more important in society, and this has implications for inheriting private pensions. But the long-term aim should be to allow each individual to build up their own pension without having to rely on a partner.

People often assume that the 'policy stereotype' is representative, and are not aware of the holes in the system. The state pension system does not fit with the diversity of the UK today. The system could be forced to fit this diversity, or a new system introduced that is specifically designed to embrace diversity. Some detailed changes could be made to the current system, but these would take time to be effective and would make an already complicated system even more complex.

People want a simple system (O'Connell (2004) *State Pension Reform: The Consultation Response*, Pensions Policy Institute), and to be able to understand what they will get from it. For, example, a Citizen's Pension has these characteristics. It works well for the current under-pensioned, and removes the means-testing trap for would-be savers. A Citizen's Pension should be given serious consideration as part of the reform process.