

Consultation Findings

Transitional Arrangements for 1950s-Born Women Affected by State Pension Changes

Pensions (Review of Women's Arrangements)
(No. 2) Bill 2017-19

April 2018



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State Pension Inequality
for Women

Foreword

The APPG would like to thank all the groups for taking the time to participate in the consultation to help identify a workable solution for inclusion in a Bill to address the ongoing concerns raised by 1950s-born women.

Over 100 groups took part and gave powerful illustrative examples of the difficulties women are facing financially and personally.

We listened carefully to the findings, which were complex as expected. Not surprisingly, it is clear there are many different views on the way ahead reflected in the many different points of view submitted by the groups as well as the strength of feeling behind all of the campaigns.

This report summarises the findings of the consultation. The responses will inform a Bill requiring the Government to establish a formal review of pension arrangements for 1950's born women.

The APPG would also like to thank the GMB, National Education Union and Usdaw for funding this work.

All members of the APPG remain advocates for women who have suffered detriment following changes to the State Pension Age.



A handwritten signature in black ink, appearing to be 'Carolyn Harris'.

Carolyn Harris MP
Chair



A handwritten signature in black ink, appearing to be 'Tim Loughton'.

Tim Loughton MP
Co-Chair

Executive Summary

Top lines from the consultation with women:

1

Money worries had the greatest impact on women. Many women are experiencing ill health, poverty and stress as a result of State Pension Age (SPA) changes.

2

Women were affected by a lack of notice, had suffered loss of money, financial security and independence.

3

Women want Government to take account of the difficulties in finding work due to a combination of age discrimination, ill health and austerity measures.

4

Women felt they had experienced a lifetime of disadvantage and changes to SPA was yet another.

5

Women felt angry and let down by Government.

6

Women want gender impact assessments and more notice of any future changes.

Solutions

- A number of alternative solutions were offered in the consultation but there was no single solution around which all women were united. A bridging pension, compensation or bringing the pension age forwards were the more popular options.
- Groups offered their own solutions and there were strong feelings that no woman should be left in poverty or lose their financial independence. Most women are opposed to means testing.
- A Freedom of Information (FOI) request to the Department for Work and Pensions (DWP) in 2016 offered indicative costs which we have tried to align with suggested solutions here. A more robust costing would be required before inclusion in the Bill.
 - Access to pension credit or non-conditional Job Seekers Allowance (JSA). £0.1bn to £1.9bn
 - Changes to make National Insurance Contributions (NICs) fairer – not costed.
 - Early reduced pension or more gradual increase – cost neutral to £7.3bn
 - Equalise State Pension (SP) amount for all women – not costed.
 - Keeping women’s SPA at 60 for women born in the 1950’s – £77bn
 - Rescind 2011 Act/Retain the 1995 Act timetable for equalisation; increase men’s and women’s SPA to 66 between April 2020 and April 2022 – £10bn
 - Bridging pension plus compensation – not costed.
 - One-off payment for women facing the largest increases in SPA – not costed.
 - Transitional payment equivalent to whole or part of State Pension the person would have received under the original (Pensions Act 1995) timetable – not costed.

Next steps

- The results of the consultation will inform the Bill.
- The Bill will call on the Secretary of State to review the pension arrangements for women, born in the 1950’s, who are affected by changes made by the Pensions Act 1995 and the Pensions Act 2011
- The review will look at the impact on women and include a public consultation. It will include potential solutions including access to Pension Credit, equalisation of pensions; and access to UK supported healthcare for women resident outside the United Kingdom.

Introduction

The APPG are advocates for women born in the 1950's who have suffered detriment following changes to the State Pension Age.

The purpose of this report is to bring together the voices of all groups campaigning on behalf of those women to feed into the Pensions (Review of Women's Arrangements) (No.s) Bill 2017-19.

This report is set out in three sections:

- Impact on women – in their own words
- The future – how any further changes should be managed
- Solutions suggested by the APPG and offered by the women

	Name of group	Membership*
A1	63 is the new 60 Pension Group	1,545
A2	Bees Knees SPA Friends	303
A3	Collection Against Real Inequality Injustice State Pension	10,000
A4	Pension 60 Now - Increased State Pension	1,090
A5	Protest Against the 2011 State Pension Age Increase (Facebook group)	2,750
A6	Redcar Older Women's Lobby	36
A7	Specific 50s Women Inequality	10,000
A8	The GAP Years	3,800
A9	Trafford Womens Action Group	30
A10	Trafford & South Mancs, E. Cheshire Women's State Pension Inequality Group	30
A11	UK State Pension & Age Discrimination Group	3,631
A12	We Paid In, You Pay Out	3,883
A13	BackTo60	660,000
B14	WASPI Voice	13,000
B15	WASPI Voice local group (one group)	170
C16	WASPI National	179,500
C17	WASPI International	669
C18	WASPI Local (99 groups)	14478
	TOTAL (*note double counting)	904,915

Methodology

Ten questions were sent to campaign groups seeking opinions on transitional arrangements, the impact of pension changes on women and how changes should be managed differently in future.

Due to time and budget constraints, the consultation focused on groups with agreed positions and was not circulated to individuals; however, the Bill will call upon the Government to undertake a full public consultation.

Responses

116 groups responded to the consultation and their declared memberships are shown in the chart below.

Please note that it has not been possible to verify the membership* numbers declared by each group. There is an unavoidable element of double counting since many women belong to more than one group and local sections of national groups responded.

Smaller groups raised concerns about weighting, so to ensure clarity, they have been categorised as follows:

Group A

Groups independent of WASPI and WASPI Voice (13)

Group B

WASPI Voice national plus one local group (2)

Group C

WASPI national, international and 99 local groups (101)

The Impact of Pension Changes on Women

When asked to rank the impact on women, money worries scored highest. Most groups said that this underpinned all the other problems and all these issues are inter-related.

Below the table are the stories women told us about the impact on their lives.

Rank the impact of the pension age changing for the women in your group	Most important	Second most important
Physical or mental health problems including anxiety or depression	A3 C18x9	A2, 5, 6, 10 C17 C18 x26
Money worries, unable to pay the bills, debt, choosing between eating and heating	A1, 2, 4, 5, 6, 7, 10, 12,13 B15 C16, 17 and C18 x44	A3, 8, 9 B14 C18 x17
Feeling unfairly treated/not listened to/angry or frustrated by the process	A8 C18x18	C18 x11
Fear of losing their home	A9 C18 x2	A1, 4, 7, 13 C16 and C18 x12
Fear of losing their job and fit-for-work or JSA processes	B14	A12 B15 C18 x5
None of the above	A11	C18 x1

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Many only found out by accident when they requested a pension forecast.

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Many women in Berwick upon Tweed are in low income, often seasonal work. They have not had access to company pension schemes, often working for small employers before the advent of auto enrolment.

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1

Lack of notice to prepare and make alternative arrangements

Women said they received little or no notice of changes to SPA which happened very quickly. This left them unable to prepare and make alternative work and financial arrangements. They drew attention to the Cridland Review recommendation that suggested ten years’ notice for every one year of change.

Many women believed they were coming to the end of their working life and had already made decisions based on retiring at 60. These included taking early retirement; sometimes for health reasons or to take on caring responsibilities for grandchildren and or older relatives. Some women moved house or to a new area in anticipation of starting their retirement.

Women took decisions in the belief that they would only have a couple of years until they were able to claim their State Pension and could use savings to bridge the gap. For some, these decisions were irreversible and they now find themselves with insufficient savings to bridge the longer gap of six years.

2

Financial loss

Women felt they had suffered huge financial loss and quoted figures of around £8,000 for each year of delayed SPA as a minimum. Others believed their loss to be in the region of £90k to £225k taking into account all factors.

Added to this, where women had made irreversible decisions about early retirement or moving house, some had used up part or all of their savings. Others have had to draw down on occupational pension schemes.

Some women had sold possessions, including their homes to release equity.

Others had lost out because their divorce settlements were based on their receipt of SPA at age 60.

3

Loss of financial security

For many women, the State Pension is their only means of support in retirement, as occupational pension schemes were not open to them for a variety of reasons. This makes the loss of SPA for up to six years, particularly hard.

Some women are slipping through the benefits net and denied access to JSA or other benefits

Women living abroad have no access to benefits and WASPI International reported women returning to the UK to find work whilst their partners or husbands remained abroad. WASPI International were particularly concerned about women with no support from a partner, those with debilitating conditions and widows. Some widows only receive a widow’s pension for one year and then find themselves with a financial void to fill in a foreign country. These women often find themselves doing physically demanding jobs, such as cleaning work just to survive.

4

Loss of financial independence and choice

Women reported loss of financial independence. Some married women are now reliant on asking husbands or wider family for money. This is a step backwards for a generation of women that fought for equal rights.

Worryingly, some women now feel trapped in abusive relationships because they cannot afford to leave.

5

Access to work, training and JSA

Some women had taken early retirement whilst others were made redundant due to austerity measures, but many women reported difficulties trying to get back into the labour market to bridge the gap to later retirement. Some because there is a lack of suitable jobs available in their area, others due to age discrimination or ill health. It is especially hard for those women who have already left the workforce and those living in rural areas with no access to adequate public transport.

Women on the lower end of the socio-economic scale who had previously done physical work felt they were no longer healthy and fit enough to return to the kind of work they had previously undertaken.

Some 1950's born women felt to be told they could benefit from 'fuller working lives' at the ages of 63 and 64 by applying for apprenticeship schemes was disrespectful. They reported being advised to go for retraining or apprenticeship opportunities and willingly putting themselves forwards, only to be told they did not meet the criteria for educational loans or that none of the apprenticeships were suitable for them.

Some women felt forced to claim JSA and Employment and Support Allowance (ESA), whilst others wanted access to JSA. There is a fear of the DWP, Job Centres and the JSA process.

Some women were refused JSA and sent on courses telling them how to dress for an interview. They also reported having to fulfil the same job search expectations as much younger people with no allowance made for personal circumstances or health issues. Women spoke of being 'degraded' 'humiliated' and 'laughed at' in job centres.

Most women wanted to be able to claim without the standard conditions of signing on which were felt to be demeaning. One group said that workplace and work programmes need to be made 'older person ready'.

Women felt the workplace was not generally welcoming to older women.

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They often feel humiliated and vulnerable without the financial security they were told they would have at 60. With more notice and a less accelerated SPA they could have made more informed decisions at the appropriate time about work and pension provision.

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Many have suffered huge indignity and loss of confidence as they try to get back on to the labour market and women who are well qualified and had successful careers can't even get interviews for basic jobs.

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“

By being born women ... the inequality that 1950's women have borne throughout their lives. Lower paid jobs, barred from joining workplace pensions schemes, working part time to facilitate childcare and elderly parents care.

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One lady relies on her elderly parents to financially support her and pay her rent, as her ESA and Housing Benefit has stopped. She sits in a cold flat and has to go to the food bank, her health is poor and she is awaiting surgery. She is just one of many in our group.

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6

A lifetime of disadvantage

Many 1950's women started work at 15 and felt they had little, if any, equality of pay or opportunity throughout their working life. Women born in the 1950s did not have pay or pension parity with men. Many did not have the chance to earn enough to get a full state pension as they were employed in low-income or temporary work. Women have earned less than men over a lifetime and many women were not offered workplace or private pensions. They also cited gaps in National Insurance accrual due to work breaks for maternity leave and caring for children and elderly relatives. Women struggled to recover loss in pay where they had taken breaks from work, reporting that on re-entering the workplace, they often lost seniority or were unable to return on the same pay and conditions.

This cohort of women believe they have missed out on affordable childcare, pay and employment protection in addition to being denied opportunities for promotion and career advancement.

Taken together, this combination of factors has reduced women's income and pension prospects over the course of their work life. Women now feel doubly disadvantaged by having access to their State Pension delayed.

Changes to the State Pension mean that some 1950's born women are only receiving about £130 per week State Pension whilst others get £159.

7

Poverty and ill health

Some women are in ill health and unable to return to work. Many groups reported women suffering illness, stress, anxiety, depression or shock at the impact of pension changes. Some reported a loss of self-esteem and feeling vulnerable, whilst others felt a psychological impact of being unemployed or unemployable. Women talked of shame, distress and feeling worthless

Some women are now dependant on relatives for financial support, whilst others are relying on food banks or not switching on their heating.

Several groups reported women facing financial hardship and living in 'never ending' poverty.

A worrying number of groups said they knew of women neglecting themselves, self-harming or contemplating taking their own lives because they felt their life was pointless or they had nothing left to live for.

Women also stated that whilst many people are living longer, there is disparity of life expectancy by geography and social class and many women are not living to the new SPA.

Women had plans on how they would spend their time after reaching their 60th birthday and spoke of shattered dreams.

Many found the changes devastating to their personal finances and have been left in poverty and insecurity. Any savings they made to ensure comfort in retirement have been used for day-to-day living so the future looks very bleak.

For women living abroad - not being able to have an S1 has meant an increased financial burden as they have to pay annual fees to be 'affiliated' to their country of residence health scheme. This has increased their financial burden in many cases to 'breaking point'.

8

Loss of trust and anger at Government

The level of anger at the Government cannot be overstated.

Women feel that Government have broken a financial and social contract with them.

Women have made a significant contribution to society by bringing up families and caring for older relatives whilst working part-time in low paid jobs that either did not offer an occupational pension or allow part-timers to join their schemes.

Women variously described the Government as ‘criminal’ ‘dishonest’ and ‘divisive’. They talked of feeling ‘let down, insulted, furious, betrayed, patronised, helpless, robbed, cheated, discriminated against, treated with contempt, ignored and like a lost generation.

There was an overwhelming feeling that Government had at best mismanaged the situation by taking action without properly considering the consequences and at worst, had committed fraud.

There is a growing feeling that the Government are turning one generation against another.

The ongoing situation has led to anger towards all politicians who have failed to bring about a fair resolution. This group of women have lost trust and faith in the political system.

Women living abroad spoke of feeling abandoned and disenfranchised after a lifetime of contributing in the UK. They have not been mentioned in debates and no MP has stepped forward to champion them.

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Another woman who has a county court judgement against her because she's used all her savings and cannot afford to pay council tax, water rates and electricity.

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There is very little quality of life, no holidays, not being able to provide little gifts for the family or friends. Not being able to clothe or feed themselves properly. One lady has been having beans on toast as a main meal for weeks now.

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The Future

Women want better management of any future changes including;

➤ A gender impact assessment. This should take account of the impact on the individual and the relationship of trust between politicians and the electorate.

➤ The impact assessment to be published.

➤ Account taken of women living abroad.

➤ The consultation process improved so that women's voices are heard.

➤ For the concerns of women to be addressed before following through with the changes. This includes:

- Effective transitional arrangements for people affected significantly and financially.
- The qualifying level of NI contributions changed

➤ 15 years notice of changes to SPA

Solutions

The table below sets out how women ranked the solutions offered on the questionnaire. There is a wide range of opinion about the best solution.

Women were asked if they had alternatives to those offered and these are set out underneath.

There were strong feelings that no woman should be left in poverty or lose their financial independence.

Women want Government to take account of the difficulties in finding work due to a combination of age discrimination, ill health and austerity measures.

Women feel they have nowhere left to go and they need an income to cover the gap until they reach the new SPA.

There are high expectations that the APPG will find a workable solution.

Rank what form of transitional arrangements your group thinks the Government should offer	Preferred first choice of these groups	Preferred second choice of these groups
Bridging pension	A5, 8, 9, 10 B15 C16, 17 and C18 x82	A12 C18 x9
Bring pension age forward	A4, 12 C18 x6	A2, A5, A6, A8 C18 x7
Bus pass and Winter Fuel Allowance	No group chose this option	A4 B15 C18 x4
Compensation	A3, 7 C18 x8	A1 C16, 17 and C18 x74
Pension at 63	A1, 2, 6	A9, A10
None of the above	A11, A13 B14 C18 x1	A3, A7, A11 B14

Other transitional arrangements the Government should consider

Pension Credit, JSA, benefits and concessionary age qualification

Note: There were strong feelings against means testing from all but one group.

- Pension Credit for worst off women before their new SPA date to provide them with an income until their new SPA.
- Pension credit equivalent to JSA; but without the conditions of signing and attending job centre assessments.
- Pension Credit according to 1995 Act timetable (for men as well) Early Reduced Pension (ERP) according to 1995 timetable. A means tested solution for those in hardship with savings threshold raised to £12k to £32k.
- Non-conditional JSA for those within 3/4 years of state pension age.
- Relaxation of JSA, ESA and Personal Independence Payment rules to help women in the direst circumstances
- Qualification for entitlement at 60 for state pension, pension credit, winter fuel allowance, bus pass back to 60 for men and women equally. Free NHS prescriptions from 60 for men and women, free dental care, council tax etc.
- Access to concessionary passes e.g. gym & sports memberships, football clubs, theatre, cinema, etc at age 60.

National Insurance Payments

- Cessation of NI payments for working women with 40 or more years' worth of NICs.
- A reduction for those who have had to work on.
- Amalgamating incomplete NI contribution years and abolishing the 6-year cut off for previous contributions.

Early Reduced Pension or Gradual Increase

- Reduced pension (some suggested for life) at an earlier age.
- Gradual increase of SPA for women to 67 spread over a longer period (20years). For example as the Netherlands model a 3-month increase per year from 6/4/1950 - 5/4/51 with 3-month increase per birth year until birth date of 5/4/1979 to age at state pension 67 years or similar.

Equality of state pension amount – week to week

All 50s born women get equal state pension amount of £159. Currently, women up to April 5 1953 – get around £130.

Rescind the 2011 Act

Return of the money earned as a result of making pension contributions, on the basis that women would retire at age 60.

Women born after 1958 – a bridging pension

For women still waiting for their pension, that is not be actuarially reduced for life, plus compensation in the form of an actuarial increase to the State Pension they eventually receive.

Women born before 1958 compensation

To make up the shortfall in pension plus fast track access to an amount equivalent to JSA/ESA.

Costs

Costings are not available for all the options presented by the groups outlined above but an FOI request to DWP in 2016 offered the following – some are based on hypothetical policies. These figures can only be indicative as the first cohort affected by the 2011 changes reached SPA on 6 July 2016.

The FOI response also states that some would not be lawful if introduced.

Variant SPA timetables

- i. Retain the 1995 Act timetable for equalisation; increase men’s and women’s SPA to 66 between April 2020 and April 2022 – £10bn
- ii. A more gradual increase in SPA – 12 alternatives range from – cost neutral to £7.3bn

Pension credit

- iii. The qualifying age for Pension Credit minimum guarantee (PCMG) is aligned to women’s SPA. One option is to break that link for a temporary period to enable access to PCMG before SPA whilst retaining the timetable (this would meet the need for an income to bridge the gap but the submissions received suggest that any good will gained from this would be lost if this were to be means tested) – 8 alternatives range from – £0.1bn to £1.9bn

Alternatives to amending the timetable

- iv. One-off payment for women facing the largest increases in SPA – not costed.
- v. Transitional payment equivalent to whole or part of State Pension the person would have received under the original (Pensions Act 1995) timetable – not costed.

(i) to (v) were considered during the passage of the Pensions Act 2011

Hypothetical policies

- vi. Change Pension Credit Qualifying Age for men and women to 1995 Act SPA timetable (from 17/18 to 19/20) – cumulative cost of £1bn
- vii. Paying women with an SPA increase of greater than 12 months under the 2011 Act changes an amount equivalent to the full basic SPA for the additional increase over 12 months – £1.5bn

(vi) and (vii) are illustrative costings produced for hypothetical policies

Reversing the 1995 Act changes

- viii. Keeping women’s SPA at 60 for women born in the 1950’s – £77bn

(viii) is the option put to the Work and Pensions Select Committee by the WASPI campaign in 2015.

Next steps

➤ The results of the consultation undertaken by the APPG will inform the Pensions (Review of Women's Arrangements) (No. 2) Bill 2017-19.

➤ The Bill will call on the Secretary of State to review the pension arrangements for women, born in the 1950's, who are affected by changes made by the Pensions Act 1995 and the Pensions Act 2011.

➤ The review will look the impact on women living in the UK and women living abroad. It will include:

- the financial impact on such women, including:
 - direct financial effects, and
 - any indirect effects on financial security or independence,
- access to work, training and benefits for such women, including an estimate of the number of such women in receipt of no such State benefits,
- the earnings potential of such women compared with men of the same age,
- the pay and access to workplace pension schemes and full-time work for such women compared with men of the same age,
- the number of such women who accrued 35 years of National Insurance contributions before retirement,
- the number of such women who are not able to access the full State Pension,
- potential solutions to support such women, including but not limited to:
 - access to Pension Credit;
 - equalisation of pensions; and
 - access to UK supported healthcare for such women resident outside the United Kingdom,
- the effects of the timetable of changes made by the Pensions Act 1995 and the Pensions Act 2011 on such women, including whether women born in any particular year of the 1950's have been particularly adversely affected,
- the options for transitional arrangements, including an assessment of the cost of such arrangements, and
- the costings for a scheme to compensate such women for any adverse impact as a result of such changes.

➤ The review will include a public consultation.



This report has been produced by Campaign Collective for the All Party Parliamentary Group on State Pension Inequality for Women.