

PENSION STATISTICS IGNORED

The equalisation of the state pension age, which is currently under consideration, affects the lives and expectations of millions of people and its impact on society will be felt far into the future. It goes without saying (or does it?) that decisions as to the age of eligibility should be based on accurate information. The issue is a contested one; the EOC, the TUC and major pensioners' organisations argue in favour of equalisation at 60, while it is no secret that the government favours raising women's state pension age by five years to 65. Indeed, one suspects that last year's consultation exercise, in which over 4000 organisations submitted evidence to a government committee, was mere window dressing to provide a spurious legitimacy to a decision which may have already been made.

A key question is the extent to which people depend on the state pension when they retire, or have an alternative source of income in an occupational pension. Ann Widdecombe, junior Social Security Minister, has argued that the basic state pension is of declining importance to retired people, claiming (in the face of plentiful statistical evidence to the contrary) that the majority retire with an occupational pension comparable in amount to the state pension (Guardian, August 22nd, 1992: 29). It is equally disturbing when a government appointed body, the Social Security Advisory Committee, includes similar misleading statements in a report arguing for equalisation at 65. The following letter from ourselves to Sir Peter Barclay, Chair of the SSAC, concerns the way the Report deals with the question of other sources of income for elderly people, particularly occupational pension receipt.

'We are concerned that the booklet Options for Equality in State Pension Age: a Case for Equalising at 65, produced by the Social Security Advisory Committee under your Chairmanship and published on August 4th, could mislead readers as to the sources and adequacy of elderly people's income.

'On page 12, para 3.6, the authors state that 'Now almost two thirds of those who retire can do so with an occupational pension'. The next paragraph comments that the remaining third are a 'substantial minority with no occupational pension cover [who] are mainly women and low paid men'. These statements give the impression that two thirds of retired people have occupational pension cover, which, it might be argued, would make state pension income relatively unimportant as a source of financial support for the majority of retired people.

'This is a grossly misleading impression, as shown by the evidence from the recent OPCS survey of over 3,500 people aged 55 to 69, published on June 4th as Retirement and Retirement Plans (Bone et al, 1992) and conducted for the Department of Social Security. Of all men in the sample, 68 percent had

occupational pension entitlements, but only 29 percent of women had entitlements from their own employment. Less than half of the whole sample had any occupational pension rights at all. Even where an occupational pension was drawn, the median amount received by women was half that of men, £20 compared with £40 per week. Considering all retired men (835) and women (1210) in the sample, the median weekly income from occupational pensions was £18 for men and zero for women.

'This survey data, which was collected and analysed by a government department, shows that the majority of people aged 55 to 70 have no alternative to the state pension as their main source of income when they retire and that the trend towards increased occupational and private pension cover is a very modest and gradual one. The survey also highlights the seriously disadvantaged position of women, who will be further impoverished if the state pension age is raised to 65.

'It is disturbing that the SSAC publication conveys an inaccurate view to the Secretary of State on an issue which is central to the debate about changing the state pension age. Such a change is too important a matter to be decided without making use of the most complete, reliable and up-to-date information available on older people's financial circumstances. We therefore hope that a correction can be made and that the SSAC will in future make use of the information collected at government expense by the OPCS survey.' (dated 4.11.92)

The following reply was received from a Mr. Smith:

'I am sorry that you found the Committee's report misleading at paragraphs 3.6 and 3.7. There is no implication, intended or otherwise, that the state retirement pension does not constitute a major course [sic] of financial support for retired people.

'The intention behind the paragraphs concerned was to make it clear that, however much the occupational pensions sector may have grown in recent years, a **substantial minority** of low paid workers - many of whom are women - derived little or no benefit from the expansion of occupational cover.

'This was to reinforce the Committee's view that such people needed more - not less - help from the state scheme. Having reread the paragraphs in the context of what follows, the Chairman is satisfied that the intention was made clear.

'In the circumstances, the Chairman has no plans to make a correction to the report as you suggested.' (our emphasis, letter dated 11.12.92).

Apparently over half of pensioners (those who have no occupational pension income) constitute only 'a substantial minority'! The complacency of the SSAC Chair's reply does nothing to increase confidence that the decision on state pension ages, due to be announced soon, will be based on careful consideration of the evidence. Instead, it is likely to reflect the government's preference for increased marketisation of pensions with reduced, and selective, state provision.

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