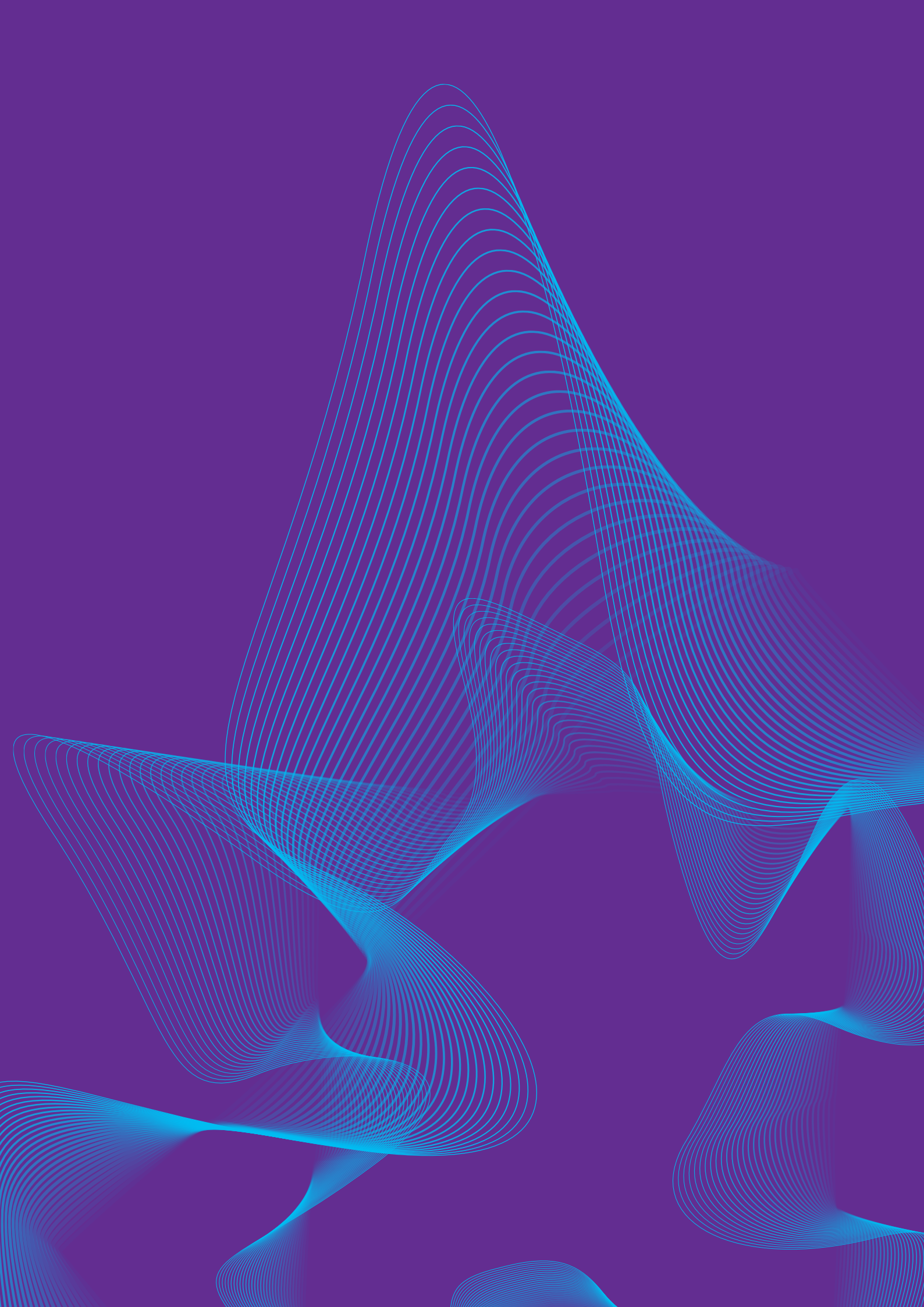
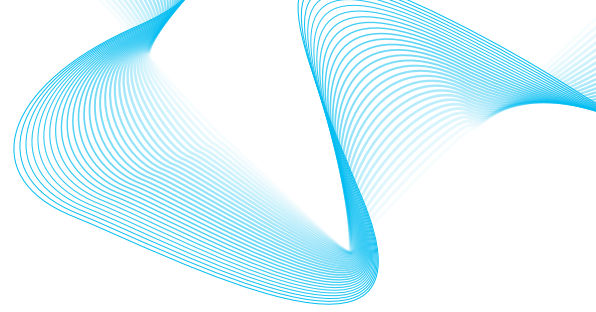


Commissioned by:

 **Phoenix**
Insights

The future of the state pension





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Executive summary

This report presents the findings of a mixed methods research study by the Policy Institute at King's College London. The research was commissioned by Phoenix Insights to explore how the state pension can be made fit for the 21st century. This research consisted of three phases including:

- ♦ Two day-long deliberative workshops, each with 50 members of the public in London and Birmingham;
- ♦ 10 follow-up in-depth interviews with participants from the deliberative workshops; and
- ♦ A roundtable event with stakeholders working in the field of pensions and longevity.

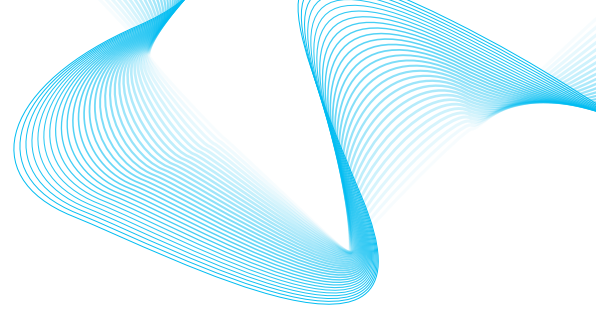
The following section summarises the key findings from the study.

1.1 The public's wishes for retirement

- ♦ When asked what they wanted most from their retirement, participants chiefly spoke about maintaining independence and freedom, specifically in relation to their health and finances. Participants did not want to be a burden, either physically or financially, to family or friends.
- ♦ Independence and freedom were also spoken about in relation to hobbies and interests – participants noted the importance of being physically active, as well as having the financial means needed to connect to social networks and undertake activities that provide meaning.

1.2 The public's attitude to the state pension

- ♦ Participants in the deliberative workshops consistently defined the state pension as a form of financial support from the government that ensures pensioners achieve a “basic” standard of living in retirement, in lieu of a salary.
- ♦ However, they tended to overestimate their level of knowledge in relation to the state pension. Upon questioning they struggled to explain even basic aspects of how the system worked, something which many were both embarrassed and concerned by.
- ♦ Features participants struggled to explain included: the number of years of national insurance contributions needed to achieve the full state pension, the factors which make you ineligible for the state pension, the amount of money you receive from the state pension, what the triple lock is, and, to a lesser degree, the difference between the state pension and a workplace pension.
- ♦ Participants' lack of knowledge was further revealed by misconceptions about the state pension, the most prominent being the belief each person's national



insurance contributions are kept in a personal pot, ready for them to access when they reach state pension age.

- Participants tended to agree the standard amount of state pension received was not adequate to live comfortably in retirement and that a workplace pension, private pension, or additional assets such as property were required to supplement it. This view was reflected in experiences shared by retirees in the workshops and those who had retired family members, who reported that the current cost of living crisis, and in particular the rising cost of gas and electricity, meant those in retirement were struggling to make ends meet.
- Across both workshops participants expressed concern about the sustainability of the state pension in the long term. Increased life expectancy, the ageing population and an increasing level of distrust in government were all perceived as threatening the long-term existence of the state pension.
- Additionally, participants questioned the equity of the state pension system, specifically raising concerns about the fairness of the process for qualifying for the full state pension, and the impact of geographical inequalities on the adequacy of the state pension, given the varying cost of living across the country. Despite these worries, participants commonly considered the triple lock and the state pension's status as a universal benefit fair and called for these features to remain intact in the future.

1.3 The case for change: age as a determinant for access

- Participants largely felt raising the state pension age in line with the country's increasing life expectancy was the best option for determining access to the state pension, once the context of rising longevity and the country's ageing population were understood. Participants recognised that without doing this the government may not be able to financially support the increasingly large portion of the population in retirement in the future.
- However, raising the state pension age in line with the country's increasing life expectancy was felt to have its downsides. Unequal life expectancy levels across the country, unanticipated events that undermine the accuracy of "average life expectancy," a person's physical and mental ability to work to retirement age and employment shortages for young jobseekers were all considered factors in need of addressing if the state pension is to increase in line with life expectancy.

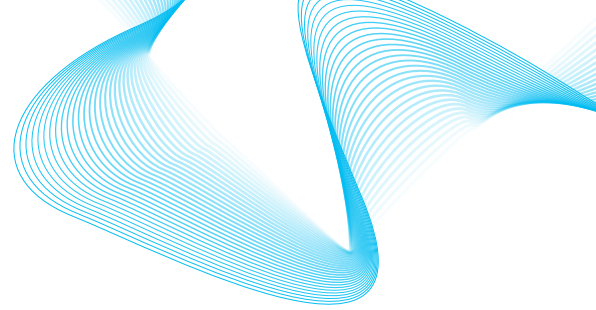
1.4 Principles for change

- Four principles for change emerged from the thematic analysis of the findings from the deliberative workshops: a shared responsibility, inclusivity, personalisation and integrity. Participants felt strongly that any reforms made by the government aiming to create a state pension fit for the 21st century should be guided by these principles.

PRINCIPLE	DEFINITION
A shared responsibility	<p>A successful reform is one in which responsibility is shared – between citizens and the state, employers, or a combination of all three.</p> <p>Participants expressed a strong belief that the state, employers and citizens all have a role to play in ensuring people have enough money to live on in retirement. The state and employers were considered responsible for providing financial support to workers for retirement, in addition to sharing information about the steps required to ensure they are financially secure in later life. In turn, citizens were felt to be responsible for using the money and information provided by the state and employers to attain financial stability for retirement.</p>
Inclusivity	<p>Any reform needs to be inclusive and ensure that everyone has the opportunity to benefit from what is being offered.</p> <p>It was commonly stated that the state should consider how it can provide further financial support to those who, through no fault of their own, fail to qualify for a full state pension. Groups considered as falling into this category were thought to include those with caring responsibilities, health conditions, or atypical working patterns. Furthermore, participants voiced strong support for initiatives that enabled older workers to stay in the workforce beyond retirement age (if they desire to do so). Such proposals included flexible working patterns and retraining in the later stages of their career.</p>
Personalisation	<p>Any reform should acknowledge that “one size does not fit all” when comes to planning for retirement. Circumstances and needs change – reforms must account for this.</p> <p>Participants felt any reforms to the state pension should acknowledge people’s unique circumstances when planning for retirement. As such, the government should take wider societal inequalities into consideration and the impact such disparities could have on a citizen’s ability to build their national insurance contributions, work up to the current age of retirement and maintain their physical and mental health sufficiently to enjoy retirement.</p>
Integrity	<p>There must be transparency about why reforms are being enacted and what they intend to achieve. Open communications at key points should highlight whether these aims are being met – and what the contingency plan is if not.</p> <p>Participants displayed low levels of trust in the government and their ability to adequately manage and maintain money paid into the system through national insurance contributions. Given this concern, participants called for more openness and transparency from the government about how the state pension works, and the reason for reforms when they occur. Increased communication about the state pension, an increased emphasis on financial literacy in schools and the establishment of an independent body to oversee changes to the state pension were specifically suggested as ways to meet this need.</p>

1.5 Reforms to ensure the state pension is fit for the 21st century

- ♦ To explore how the state could ensure the state pension is fit for the 21st century, participants were presented with three key challenges in need of addressing during the workshop:
 1. How can we help people save more?
 2. How can we help people to stay in work longer?
 3. How can we provide additional support for those who need it?



- As part of the workshop participants were offered details of several potential reforms to mitigate each of these challenges. Following extensive discussion, participants identified six key reforms (two for each challenge) they felt met the need to ensure the fairness, sustainability, and adequacy of the state pension in the long term (while also meeting the requirements set out by the four principles). The follow table summarises participants views on the six reforms.

CHALLENGE 1: HOW CAN WE HELP PEOPLE SAVE MORE?

Increase information about the state pension and improve financial literacy

Participants strongly supported increasing communications about financial management and improving financial literacy amongst the general population. It was felt that given the state pension does not provide enough to sufficiently support pensioners, the government should equip people with the ability to make informed financial decisions through their lives that would ensure their financial solvency in retirement.

Widen access to auto-enrolment

Participants were also highly receptive to the idea of removing the minimum earning threshold of £10,000 to provide auto-enrolment to lower earners and offering an employer-only contribution option. This approach was considered “fairer” than the current system, which was seen to penalise part-time and “zero-hours” contract workers (ie those who tend to earn under £10,000), and those forced to work part-time through no fault of their own (ie due to caring responsibilities or health problems).

CHALLENGE 2: HOW CAN WE HELP PEOPLE TO STAY IN WORK LONGER?

End the cliff edge to retirement through phased retirement and flexible working

It was felt that offering phased retirement to workers in the later stages of their career acknowledged the value these staff have brought to their workplace, and the experience and skills they can pass onto their colleagues.

Phased retirement was also seen as beneficial to older people’s mental wellbeing, as it eases them into a life without work. Practically, working part-time post retirement age was considered favourable as it enables those with insufficient savings to continue working.

Reskill and retrain employees for long term careers

Participants commonly made a connection between phased retirement and the need for career review and retraining, reflecting that offering a career review or retraining to move into a different role in their organisation (depending on their needs) allows older workers to adapt as they reach the later stages of their career and may facilitate their being able to stay in the workforce longer.

CHALLENGE 3: HOW CAN WE PROVIDE ADDITIONAL SUPPORT FOR THOSE WHO NEED IT?

Early access to state pension (for select groups)

Participants welcomed the introduction of early access to a portion of the state pension before the age of retirement but felt this offer should be limited to three specific groups: People who can no longer work for health reasons; those who can no longer work due to the physical demands of their role; and people with caring responsibilities. It was felt that without restricting early access the system was in danger of being abused, and those unable to manage their finances responsibly could end up spending the money “frivolously,” leaving them without financial support for later life.

Reform working age benefits

While participants were strongly in favour of providing financial support to those nearing retirement age (ie those approximately 10 years away from retirement) who were in need, they queried whether it would be more appropriate to provide these people with other state benefits that reflected their individual circumstances, such as universal credit, housing benefits, disability benefit or carer’s allowance.

This was considered preferable as it removed the need to lower the state pension age to support vulnerable people nearing retirement and meant the state pension fund was maintained at its current level, an important consideration given concerns over its sustainability.

Introduction

1.6 Research context

In December 2021 Baroness Neville-Rolfe was asked to review the method used to determine the state pension age by the UK government. The independent review considered the impact of contextual factors such as the UK's ageing population, varying life expectancy rates across the country, the need to ensure intergenerational fairness and the affordability and sustainability of the state pension.

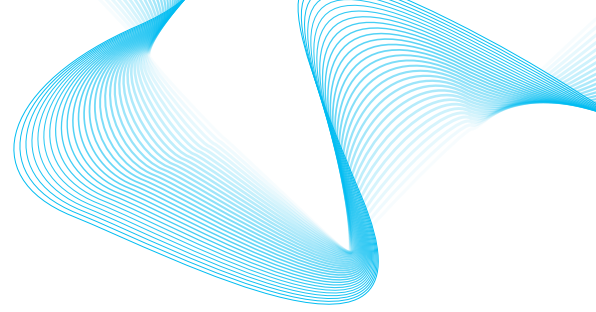
Baroness Neville-Rolfe's report, published in March 2023, concluded that the public had a right to expect to spend a fixed proportion of adult life in receipt of the state pension, and that "this proportion should be set at 'up to 31 per cent' of adult life" (Department of Work and Pensions, 2023). Enacting this recommendation would see the state pension age rise, as planned, to 67 between 2026 and 2028, and to 68 between 2041 and 2043. (Neville-Rolfe, 2023, p7). Baroness Neville Rolfe further reflected that acting on this recommendation would not address concerns about the long-term affordability and sustainability of the state pension for the state. As such, while no "firm recommendation" was made, it was further suggested there be "a limit on state pension-related expenditure of up to six per cent of GDP" (Neville-Rolfe, 2023, p10).

In addition to Baroness Neville-Rolfe's review, the Government Actuary was commissioned by the UK government to assess the changes to the state pension age under the current legislative timetable for the rise to 67 in 2026-28 and 68 in 2044-46, subject to consideration of the latest life expectancy projections (Government Actuary Department, 2023). Findings from the analysis, also published in March 2023, noted that slowing improvements in life expectancy and the unknown long-term impact of the Covid-19 pandemic make it difficult to accurately calculate an ideal age to receive state pension going forward (Government Actuary Department, 2023).

The Secretary of state for Work and Pension's review, while agreeing with the recommendation to raise the state pension age to 67 between 2026 and 2028, did not confirm a date to raise it further to 68 noting that "significant external challenges, including the Covid-19 pandemic and recent global inflationary pressures" brought a "level of uncertainty to data on life expectancy, labour markets and public finances" (Department of Work and Pensions, 2023, p4). As such, it was stated that a further review of the state pension age would be conducted within two years of the next parliament.

It is within this context that the Policy Institute at King's College London presents the findings from our deliberative study exploring how the state pension can be made fit for the 21st century. This research, the first public conversation about the state pension since those conducted for the Turner review almost 20 years ago, was commissioned by Phoenix Insights to complement the reviews of the state pension age conducted by Baroness Neville Rolfe and the Government Actuary. It consisted of three phases including:

- ♦ Two day-long deliberative workshops, each with 50 members of the public in London and Birmingham,



- ♦ 10 follow-up depth interviews with participants from the deliberative workshops; and
- ♦ A roundtable event with stakeholders working in the fields of pensions and longevity.

1.7 Research aim

As stated above, the overarching aim of this research study was to understand how the state pension can be made fit for the 21st century. In order to unpick the key issues at stake, as discussed in Baroness Neville Rolfe's independent review of the state pension age, this research study explored the following questions with members of the public and relevant stakeholders:

- ♦ What is the purpose of the state pension?
- ♦ How fair is the state pension? Who does it benefit? Who loses out?
- ♦ What are the challenges facing the state pension?
- ♦ Mindful of these challenges, how must the state pension evolve? What are the options for reform? To what extent are these reforms fair, and are the reforms future-proofed?
- ♦ What is the role of the citizen, the state and the employer when it comes to preparing financially for retirement? What are their rights and responsibilities?

1.8 Methodological approach

There were three phases to the research study.

Phase 1: Deliberative workshops in London and Birmingham

Two day-long deliberative workshops were conducted in person with 50 members of the public in October 2022. The workshops were facilitated by researchers from the Policy Institute at King's College London ('King's'). The aim of the event was the same as the objectives for the wider study, as noted above. A topic guide for the workshops was developed in collaboration with Phoenix Insights also based on these aims. Expert presentations and stimulus such as case studies and policy proposals were used to aid participants' understanding of the context and support discussions.

A flexible and responsive approach was taken to facilitation, which allowed for the structure and content of the groups to evolve based on the participation and engagement of those taking part. The workshops were observed by an illustrator who captured the key findings from the sessions. These outputs are shown in figures 1.12 and 1.13.

Phase 2: Follow-up depth interviews

10 follow-up depth interviews took place over the phone in late November and December 2022. The 10 participants were recruited via email following their participation in the deliberative workshops in London and Birmingham. The interviews lasted approximately 45 minutes and were conducted by a researcher from the Policy Institute.

The aims on the follow up depth interviews were to understand:

- ♦ Participants' reflections on the topics discussed during the workshop.
- ♦ What actions participants had taken to prepare for their retirement as a result of attending the deliberative workshop.
- ♦ Participants' reflections on taking part in a deliberative event.

Phase 3: Roundtable event

A roundtable event took place in January 2023. It lasted for three hours, and involved 20 stakeholders from a range of public, private and third-sector organisations. The workshop was structured by a guide and incorporated plenary discussion as well as individual exercises. The workshop was facilitated by researchers from the Policy Institute at King's and took place in Central Hall Westminster.

The aim of the event was to develop policy recommendations informed by the public deliberative workshops in consultation with experts in this field to balance both public demand and the technical challenges to any reforms.

1.9 Recruitment and sampling

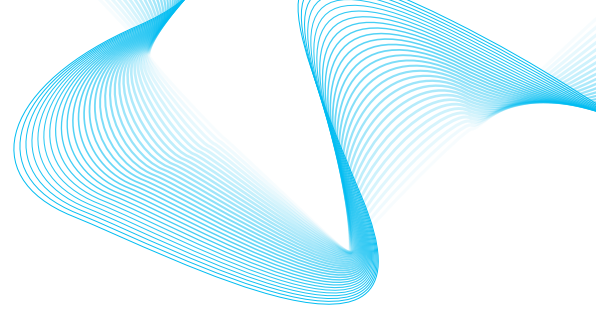
Public participants

The Policy Institute worked with a specialist recruitment agency, Criteria Research, to recruit 50 participants to for each deliberative workshop. Quotas were set against key demographic characteristics (such as age, gender, ethnicity and work status) to ensure a diversity of views was captured across the sample. A screening questionnaire was developed by the Policy Institute and used during recruitment to ensure participants met the inclusion criteria. For details of the achieved sample please see the methodological report.

Stakeholders

The Policy Institute worked collaboratively with Phoenix Insights to develop a longlist of stakeholders who would be well placed to participate in this programme of work. In doing this, we aimed to draw on a diverse range of organisations and individuals who could represent a variety of perspectives and experiences.

Following the development of the longlist, a carefully drafted invitation letter was sent from Phoenix Insights which explained the purpose of the work, what their role would be and sought their willingness to contribute. This letter was followed up with



emails and phone calls to secure their participation. In total 20 stakeholders took part in the roundtable event.

1.10 Approach to analysis

Data were coded by both members of the research team at The Policy Institute, who identified and refined emerging themes on an iterative basis. Analysis was conducted using a grounded-theory approach assisted by qualitative analysis software NVIVO. The analysis was verified through an analysis workshop during which the research team discussed and agreed emerging themes.

Participant quotes have been used throughout to illustrate the findings. Quotes from participants from the public deliberative works are identified by their gender and the location of the workshop they attended and quotes from stakeholder participants are identified by their gender and the sector they work in.

1.11 Interpreting the findings

The report does not provide substantive numerical findings, since qualitative research cannot support this kind of analysis. This is because purposive sampling seeks to achieve range and diversity among research participants rather than to build a statistically representative sample.

Instead, the qualitative findings provide in-depth insights into the range of views and experiences of the participants in the study and verbatim quotes are used where relevant to illustrate these. In this report, we use a range of direct quotes from participants from the public workshops and the roundtable event.

We also use data from the pre and post workshop surveys. However, given the relatively small sample findings, these are expressed as numbers rather than percentages.

1.12 Illustration of deliberative workshop: London



1.13 Illustration of deliberative workshop: Birmingham



2. The public's wishes for retirement

When asked what they wanted most from their retirement, participants chiefly spoke about maintaining independence and freedom, specifically in relation to their health and finances.

Participants frequently mentioned the importance of being able to look after themselves once they stopped working so as not to be a burden, either physically or financially, to family or friends.

Independence and freedom were also spoken about in relation to hobbies and interests – participants noted the importance of being physically active, as well as having the financial means necessary to connect to social networks and undertake activities that provide meaning.

Before exploring people's attitudes to the state pension, it is important to understand the context of what it is they want from their retirement. This chapter explores the four key areas participants emphasised as being vital to achieving a good retirement: financial security, good health, social networks and hobbies and interests.

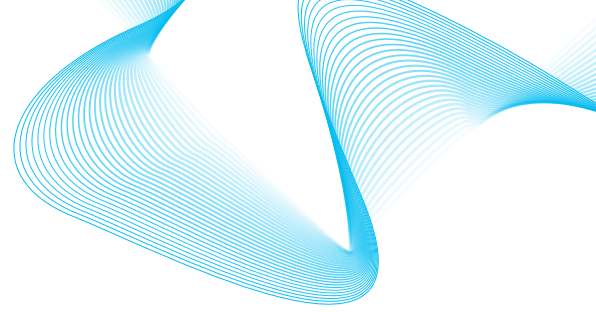
2.1 Financial security

Financial security was commonly described as the foundation for retirement. Participants spoke about not wanting to have to worry about paying for essential goods and bills later in life. Paying off loans, especially mortgages, accumulated earlier in life were identified as key ways to achieve the financial stability that they wanted.

"You don't want to be at that age, do you, and then be worrying about what you're getting in every week and counting your pennies when you've given so much already."

Female participant, London

The cost of living crisis had shone a light on the importance of being able to meet their financial needs for the long term. Participants recognised the increasing costs of bills such as gas and electricity could leave them with less money saved for retirement and suggested that future retirees may need to manage their expectations when it comes to the level of income they have at their disposal. Despite this, participants expressed a desire to be in receipt of an income that would match the one that they had while working at a minimum. Indeed, many spoke about wanting the means that would enable them to carry out and enjoy things they did not have the ability to do earlier in life (be that due to work or family commitments, or financial limitations). Objects and experiences desired by participants ranged from travelling abroad to buying a bottle of alcohol they enjoy.



“You need to have enough money that yes, you’ve got security with paying your bills and buying the groceries. But then you need money to be able to do other things. Things you just enjoy doing... I’m a pensioner now. And um-, I have... children and grandchildren who live overseas... so I travel and I’m able to do that... So, you know, I think if you’re looking for a good retirement, you’ve got to think, it’s not just food and bills, you then need something left over, so, to suit whatever your circumstances are.”

Male participant, London

2.2 Good health

Participants repeatedly emphasised the importance of good health during retirement, describing it as a necessity for enjoying later life. Physical health was explicitly linked to freedom and independence – participants consistently voiced their concern for those who end up physically unwell in later life, unable to look after themselves. They hoped to be able to carry out activities such as travelling, and spending time with their children and grandchildren in retirement, and thus felt it was very important people could retire when they were able to enjoy themselves.

“Family is important to me. I’m able to exert myself with my grandchildren and run around and play football and have them on my shoulder. You know, go apple picking and do all of these things. And I really enjoy it... I sort of think to myself, my mother died at 75. I’m 60, does that mean that’s 15 years? I think as well because this generation needs two incomes coming in, so grandparents actually play quite an active role looking after grandchildren. So, if you’re like 77, 75 and still working, you’re not going to be able to that.”

Male participant, London

Having to depend on family or friends for physical support was a particular concern, with several participants fearing being a “burden” to their loved ones.

Good mental health was also raised as important for enjoying retirement, although to a lesser extent. Those who did mention it tended to connect poor mental wellbeing to feeling stressed about precarious financial circumstances or experiencing loneliness due to being socially isolated. Access to a social network and activities were suggested as positive ways to achieve good mental health in later life.

2.3 Social networks

As mentioned above, access to and interaction with a social network were identified as key to a good retirement. Participants repeatedly expressed their desire to have family and friends around them in later life, with close contact with children and grandchildren being seen as especially important to maintaining good mental health. A life in retirement without social networks concerned participants, who felt that those in this position were in danger of being “forgotten” by society.

“I worry about elderly people, people who are reaching pension age, and they’ve never had any kids and they’re not married and they’re on their own. They get forgotten, like, those are the people that end up sitting at home, you know, hating on, no, this, no commitment. And you know, they could be dead for 5 days, 10 days before anybody, because nobody’s actually checking on them. And then if we have communities where people could actually join together... regardless of their circumstances, just feel that they’ve got a team to push them forward.”

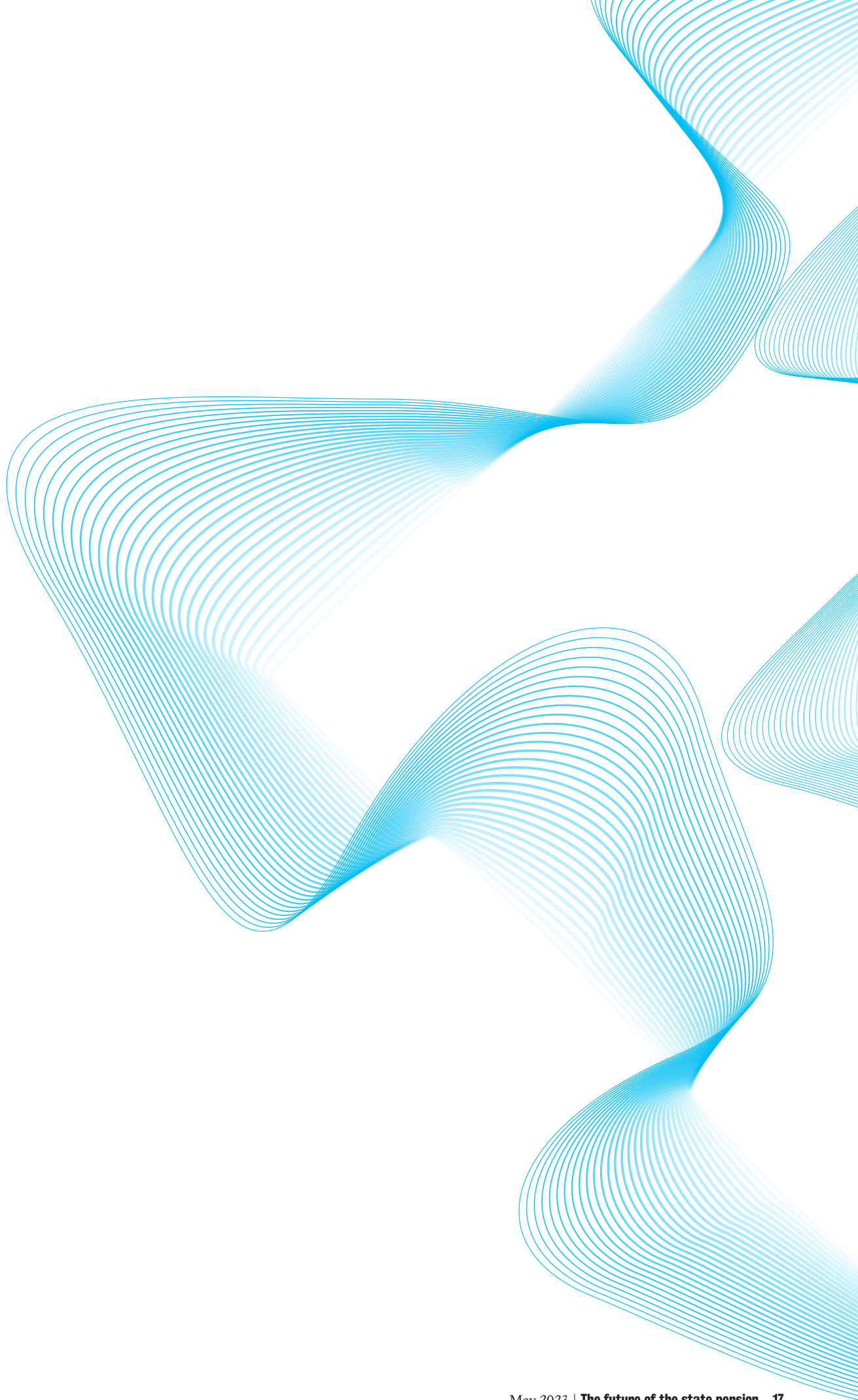
Female participant, London

2.4 Hobbies and interests

While the freedom to spend your time as you please was noted as an important part of retiring, participants also described the importance of having activities to keep you busy. This view appeared to link to a wider concern about the potential physical and mental impact that retiring could have if not managed well. Partaking in clubs and classes was felt to be a useful way to foster social connections and prevent people from feeling isolated. Participants expressed their desire to take up hobbies they didn’t have the time to do before, such as walking, hiking, travelling and dancing. In a similar vein, although to a lesser extent, participants spoke about continuing to work (full time or part time) if they had the physical and mental capacity to, which they saw as having similar advantages.

“I can see myself doing something part time. Yeah. I can see myself doing something part time that gives me the social aspect and keeps me linked into what’s going on with the world. And then I can see myself pursuing my creative stuff. So, I’d like to think I’d have a, I’d like to have a balance.”

Female participant, London



3. The public's attitude to the state pension

Participants in the deliberative workshops consistently defined the state pension as a form of financial support from the government that ensures pensioners achieve a “basic” standard of living in retirement, in lieu of a salary.

However, they tended to overestimate their level of knowledge in relation to the state pension. Upon questioning they struggled to explain even basic aspects of how the system worked, something which many were both embarrassed and concerned by.

Features participants struggled to explain included: the number of years of national insurance contributions needed to achieve the full state pension, the factors which make you ineligible for the state pension, the amount of money you receive from the state pension, what the triple lock is, and, to a lesser degree, the difference between the state pension and a workplace pension.

Participants' lack of knowledge was further revealed by misconceptions about the state pension, the most prominent being the belief each person's national insurance contributions are kept in a personal pot, ready for them to access when they reach state pension age.

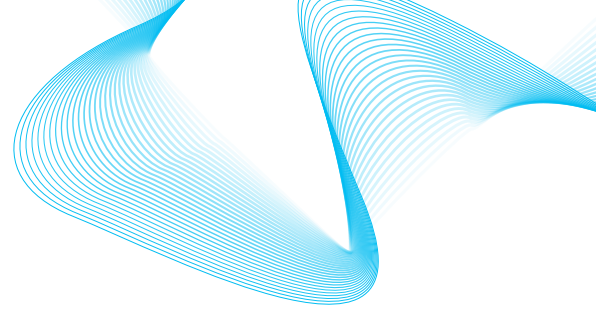
Participants tended to agree the standard amount of state pension received was not adequate to live comfortably in retirement and that a workplace pension, private pension, or additional assets such as property were required to supplement it. This view was reflected in experiences shared by retirees in the workshops and those who had retired family members, who reported that the current cost of living crisis, and in particular the rising cost of gas and electricity, meant those in retirement were struggling to make ends meet.

Across both workshops participants expressed concern about the sustainability of the state pension in the long term. Increased life expectancy, the ageing population and an increasing level of distrust in government were all perceived as threatening the long-term existence of the state pension.

Additionally, participants questioned the equity of the state pension, specifically raising concerns about the fairness of the process for qualifying for the full state pension, and the impact of geographical inequalities on the adequacy of the state pension, given the varying cost of living across the country. Despite these worries, participants commonly considered the triple lock and the state pension's status as a universal benefit fair and called for these features to remain intact in the future.

This chapter initially explores participants' perceptions of the state pension; what they thought its purpose was, their level of knowledge of it and common misconceptions about it. The chapter then goes on to discuss stakeholders' reaction to participants' views of the state pension that were presented to them at the roundtable event. Finally, participants' concerns in relation to the adequacy, sustainability, and equity of the state pension are then examined in detail.^{3.1}

Perceptions of the state pension



This section explores workshop participants' understanding of the state pension. Specifically, it covers what the purpose of the state pension was thought to be, what level of knowledge participants generally had about the state pension and common misunderstandings about it which arose during discussions.

3.1.1 The purpose of the state pension

When asked what the purpose of the state pension was, participants consistently defined it as a form of financial support from the government that ensured pensioners achieved a “basic” standard of living in retirement, in lieu of a salary.

“I think the government will always go with survival, they’re not going to go with ‘here, have a lovely retirement, good luck’. But they’ll always go with covering your basic needs.”

Female participant, London

Amongst those who had a private pension or additional assets, the state pension was described as a “safety net” to ensure “no one fell through the gap,” thus protecting retirees from a life of poverty. However, it was largely agreed the state pension would not provide enough financial support for people in retirement, especially in the context of the cost of living crisis, and a private pension or additional assets were essential in order to live comfortably.

“I’ve been thinking that we’ve been talking about the pension as a cushion. I’d say it’s more of a chair in which we sit, but the cushion is the private pensions and other things, which will make it a bit easier to sit on that chair.”

Male participant, London

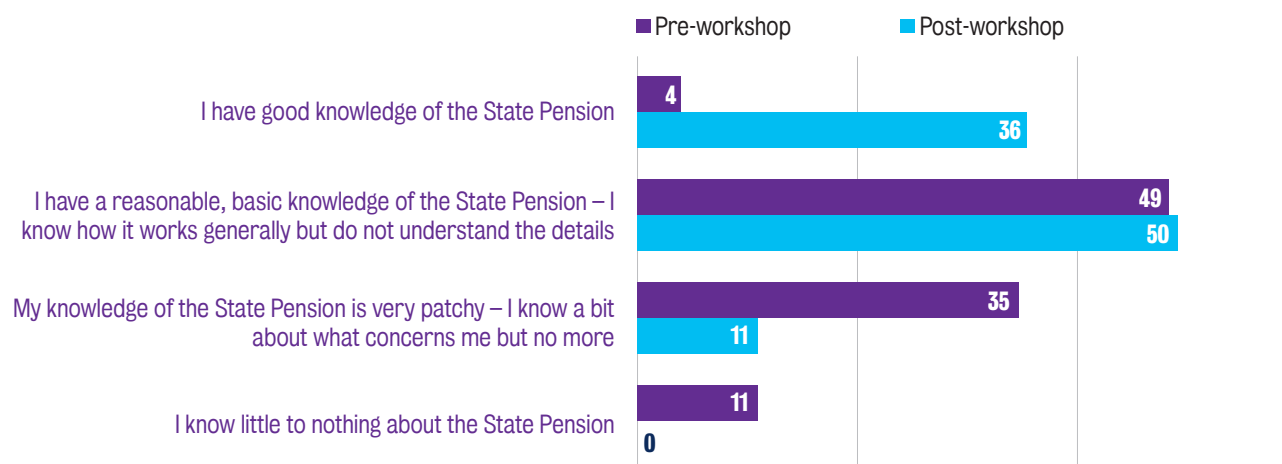
3.1.2 Knowledge of the state pension

Across both workshops participants tended to display low levels of knowledge about the state pension. A survey completed by participants prior to their participation in the workshop showed that they overestimated what they knew; around half (49 per cent) identified as having a reasonable, basic knowledge with a further third (35 per cent) stating their knowledge was patchy. Not only did levels of knowledge increase as a result of the workshop – by the end of the session a third claimed to have a good knowledge and half a reasonable, basic knowledge – but through the discussions participants revealed that contrary to their survey responses prior to the workshop their working knowledge of the state pension was actually very limited. At a basic level, and as noted above, people generally understood that the state pension was money the government gave to citizens to support them in retirement. Upon further questioning however, participants struggled to explain even basic aspects of how the system worked, something which many were both embarrassed and concerned by:

“I think it’s a shame to say but I don’t know enough. And now as I’m getting older, I’m starting to read up a little bit more and I’m thinking wow you know, I didn’t even think about it 10 years ago and now I’m starting to really think about you know for my future, so I don’t know enough.”

Female participant, London

HOW KNOWLEDGEABLE, IF AT ALL, WOULD YOU SAY THAT YOU ARE ABOUT PENSIONS?

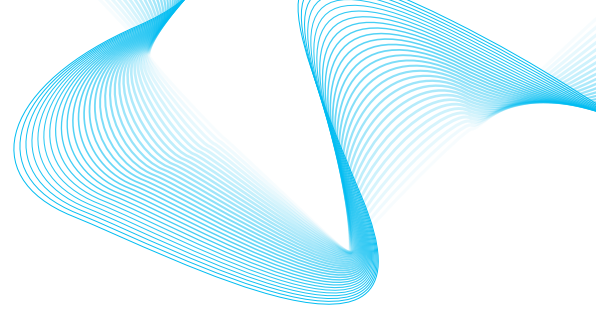


The following five aspects of the state pension were, typically, the ones which participants demonstrated least knowledge of:

- ♦ **The number of years of national insurance contributions you need to achieve the full state pension:** Those who weren't receiving their state pension at the time of the workshops commonly expressed their surprise that you needed to acquire a certain amount of years NIC to receive the state pension, and when relayed to them, the number of years of NIC you needed.
- ♦ **The factors which make you ineligible for the state pension:** Participants were surprised to uncover people could be ineligible for the state pension. Throughout the workshops participants frequently asked about the eligibility of different groups such as the unemployed, carers and asylum seekers.
- ♦ **The amount of money you receive from the state pension:** Participants could not state the amount a person would receive from the new state pension or basic state pension¹. When the amount was revealed, people were surprised at how little it was, and expressed concern that it was not enough money to live on.
- ♦ **What the triple lock is and the implications of it:** Participants reflected that although they had often heard the phrase triple lock "thrown around," they did not understand what it meant and how it related to the state pension and what someone might receive in retirement.

¹ The new state pension is a regular payment from Government that most people can claim in later life. You can claim the new state pension at state pension age if you have at least 10 years National Insurance Contributions and are: a man born on or after 6 April 1951; and a woman born on or after 6 April 1953. (Government Digital Services, 2014)

Everyone eligible for the basic state pension has now reached state pension age. To get it you need to have enough National Insurance qualifying years. You also need to be either a: man born before 6 April 1951 woman born before 6 April 1953. If you were born on or after these dates, you'll claim the new state pension instead. (Government Digital Services, 2012)



- ♦ **To a lesser extent, the difference between the state pension and workplace pensions:** There were those who, when asked about their state pension, responded by discussing their workplace pension, unaware there was a difference between the two.

3.1.3 Common misconceptions about the state pension

Participants' lack of knowledge was further revealed by misconceptions about the state pension that were revealed during the workshops. Of note is that these misperceptions were hard to shift, even after watching a presentation by Steve Webb, formerly the Minister for Work and Pensions from 2010 – 15 and currently a Partner at Lane Clark & Peacock LLP, which outlined what the state pension is and how it works.

The most prominent misunderstanding was the belief each person's national insurance contributions are kept in a personal pot, ready for them to access when they reach state pension age. Participants were generally surprised and disappointed to discover their own national insurance contributions were not set aside for them, a fact revealed in Steve Webb's presentation at the beginning of the deliberative workshop. This information provoked a strong emotional response from participants who felt this to be unfair. It was largely agreed that if a person provides thirty five years of contributions, they should be entitled to receive this money in retirement and should not be concerned that they could die before they are able to recoup the money they invested in the system, or that the government may use their contributions on something else.

Participants currently in work and paying national insurance held the strongest opinions on this; they expressed their concern about the sustainability of this system, especially in the context of the cost of living crisis and the ageing population. Ultimately, they were worried that the government would run out of money before they reached state pension age. Contrastingly, retirees receiving the state pension initially described feeling "guilty" they were taking money they had not directly earned. However, this remorse was quick to dissipate once they realised they had paid the state pension for previous generations.

"As far as I'm concerned, when you simply say that, reminding me that the people, the people working today are paying for, paying for my pension. When I was working, I was paying for the ones before isn't it, so, that's the pattern, don't make me feel guilty!"

Female participant, Birmingham

With a couple of exceptions, there was a strong sense, in both workshops' that the full state pension was an entitlement for all working people once they reached retirement age to ensure they receive a minimum income. On further discussion, participants also discussed how this entitlement should be extended to those who, through no fault of their own, have had to stop working due to illness or caring responsibilities.

“I don’t really know much at all. I thought when you retire everyone is entitled to the pensions. I don’t know why... I thought this is what happens.”

Female participant, Birmingham

It should be noted that the discussion of how individual contributions subsidised current pensioners tended to lead to wider conversations about the fairness of the system. This is explored further in section 3.2.3 of this report.

Stakeholder reaction to participants knowledge of the state pension

Stakeholders were unsurprised at the low levels of knowledge and misconceptions about the state pension amongst workshop participants, as well their unfamiliarity with the issues facing the system for the future. They observed that the public’s understanding of pensions tends to come from loved ones who have retired, and that this can lead them to have an outdated understanding of even basic aspects of the state pension, such as how much financial support they will receive and when they will receive it.

“I think because there’s so much gearing on your understanding of retirement, you look to who else you know, who’s retired, which, among your peers who generally haven’t, so you see your what happens your parents’ retirement. So, you understand the terms they that retired under and not the circumstances under which you’re going to retire.”

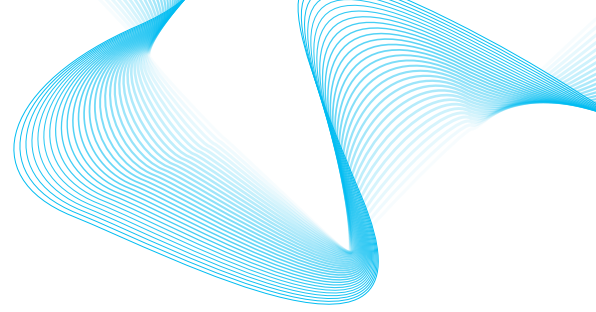
Male participant, Third level organisation

Stakeholders additionally acknowledged that the low levels of knowledge and misconceptions reflect the wider failure of the system to educate people about the importance of planning financially for retirement. Stakeholders noted the need to improve understanding of the state pension and the wider benefits system, reflecting that people cannot proactively manage their finances and plan for retirement if they do not understand how the system works.

“It’s really important understanding where the misconceptions are. Because when we talk about incentivizing to keep working or to pay into private pensions as a result of these policies, if people aren’t understanding a policy in the first place, how are we going to get those results? And then people are going to be going into the state pension without being informed enough, I suppose. I think. So yeah, I think education is really important.”

Female participant, Government department

Despite participants’ low levels of comprehension about the state pension, stakeholders did not feel the system needed to be simplified further and stated that the current system was easier to understand and navigate than earlier iterations in the 1980s and 1990s. It was instead felt there was a need to raise awareness.



3.2 Concerns about the future of the state pension

The more information participants received about the how the state pension worked, the more questions they had regarding its future. Three key areas of concern were raised:

1. Adequacy of the state pension: Is the state pension going to be enough to live on in the future?
2. Sustainability of the state pension: Who is going to pay the state pension for future generations?
3. Equity of the state pension: How fair is the state pension, and how can it be made fairer?

The following section explores participants' views on these issues in detail.

3.2.1 Adequacy of the state pension

As established in section 2.2.1, participants tended to agree that the state pension did not provide enough money to live comfortably in retirement and that a workplace pension, private pension, or additional assets such as property were required to supplement it. This view was reflected in experiences shared by retirees in the workshop, and those who had retired family members, who reported that the current cost of living crisis, and in particular the rising cost of gas and electricity, meant those in retirement were struggling more to make ends meet. These participants viewed the state pension to be paid at a level where even basic needs could now no longer be covered by it.

“As it currently stands, you need to have a private pension if you want to have any sort of decent standard of living.”

Female participant, London

Exacerbating participants' concerns about inadequacy of the state pension was the challenge people faced attempting to save in a private pension or acquire additional assets. Younger participants (ie those between 18 and 30) were particularly worried about the current cost of living crisis' impact on their ability to save money for the future. They were concerned they would not have enough money to support themselves in retirement because they could not afford to save any of the money.

“It's just a minefield. The bottom line is that we've got so much income, whatever it is, each of us and there's so many demands on the income; housing and food, like the cost of living, etc, that pensions are often put to one side. Yeah. We've just got to live rather than worrying about retirement. So again it's, it's very difficult.”

Male participant, London

Older participants were sympathetic to younger people's (ie those aged between 18 and 35) inability to sufficiently support themselves and save for the future in the

current financial climate. These participants acknowledged the disparity between their experience of saving money and building assets and that of younger generations today and tended to consider it to be unfair. The ever-increasing cost of housing and rising mortgage rates were repeatedly raised as a concern by participants across the workshops. Older participants, especially those in the London workshop, were compassionate about the struggle younger people faced attempting to get on the property ladder, and contrasted current high prices with the competitive rates of the past that enabled them to buy their homes.

“I was able to get on really easily, I got onto the housing market because it was before that rise started coming, and people say to me now when I was like ‘Yeah, I paid x amount for my house, and it’s now worth six times what I paid for it in 1997... I bought a house at 24, 25, whatever it was.’ Then, you know, there’s people in their nearly 40s that still can’t afford it.”

Female participant, Birmingham

3.2.2 Sustainability of the state pension

Across both workshops participants expressed concern about the sustainability of the state pension in the long term. The country’s increased life expectancy, the ageing population and what was thought to be increasing distrust in government were all perceived as being threatening to the long-term existence of the state pension.

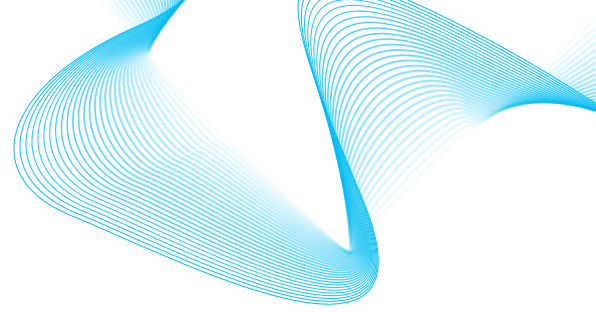
“I suppose it depends on how close you are to retirement if you can see when you’ll be drawing pension and there’s no changes coming that’s not so bad. If you’re in your 30s, 40s I wouldn’t, I wouldn’t have a lot of faith in what’s going on. I’m getting my pension in a couple of years and I expect it to be there. If I was 25 I might not.”

Male participant, London

Given the context of the cost of living crisis and increasing inflation rates in the Autumn of 2022, participants appeared concerned about the state’s ability to continue to fund the state pension. Participants across the workshops expressed their disappointment in the government, which they felt were responsible for economic crisis. This perceived mismanagement of the economy led participants to consider that the state pension may not exist in the long term, given the government may be forced to spend this money on other state services.

“I still think of retirement as what I thought about it when I was a child, and my parents presented it to me as a child... at 65, they’d be in a place where they didn’t have to work anymore, didn’t have to, they were comfortable... And the reality is now, none of us actually know that we’ll hit 65... Because now I just think just in my mind, there isn’t going to even be a state pension by the time I’m pensionable age. Can I trust that it’s going to be there or that what am I paying into right now will be maintained by our government by the time I get to that point?”

Female participant, London

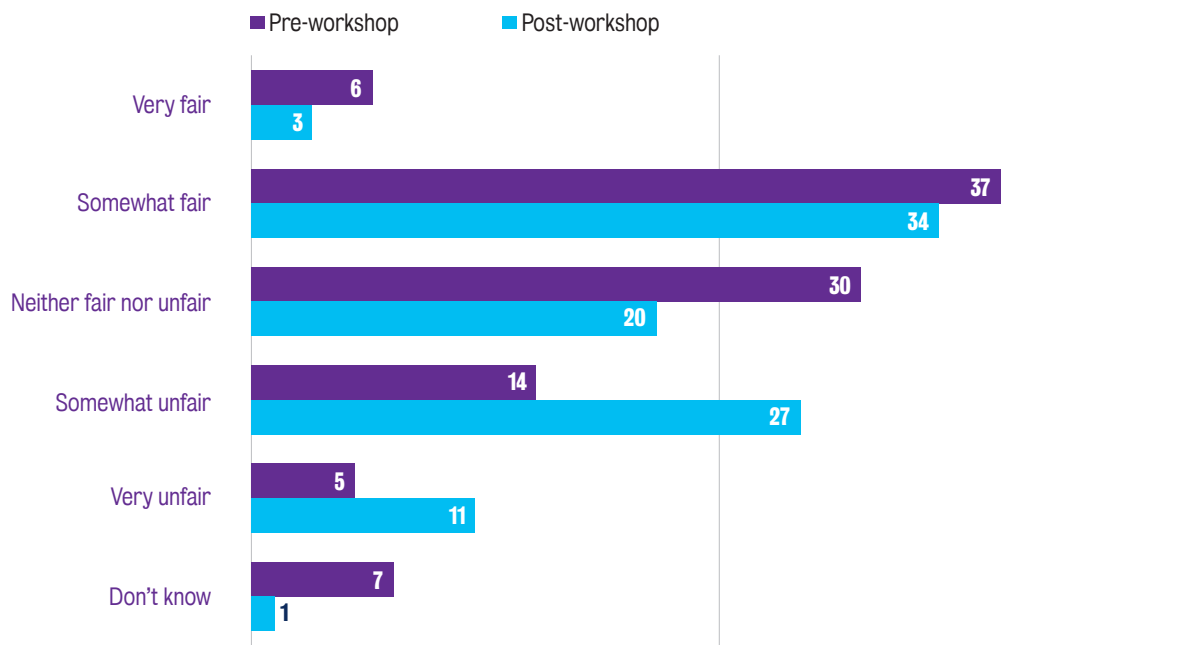


This concern was elevated upon hearing an expert describe how the country's ageing population and increased life expectancy would lead to more people in retirement and fewer people in work, thereby reducing the amount of money being collected via national insurance contributions. Given these circumstances participants tended to accept that raising the state pension age was likely to be the best way to manage the ageing population, but this approach was also felt to have its problems (the public's views on increasing the state pension age is discussed in detail in chapter 4).

3.2.3 Equity of the state pension

The desire for equity was a theme that carried throughout discussions in the two workshops. Participants explored the equity of several aspects of the state pension. As shown by the findings from the pre and post workshop survey, while only one in five thought that the state pension is an unfair system before the workshop, this had risen to a half of participants after the session. This finding reflects the change in participant's attitudes during the workshops; learning the details of how state pension worked led participants to question how well the system met the needs of certain groups in society.

TO WHAT EXTENT DO YOU THINK THE STATE PENSION IS A FAIR OR UNFAIR SYSTEM?



Aspects thought to be particularly unfair included the method for determining the amount of state pension you receive (ie is it means tested or a universal benefit), the triple lock, the factors which enable you to qualify for the state pension, and the impact of geographical inequalities on the adequacy of your state pension at retirement age. The following section explores participants views on each of these issues.

Means testing vs universal benefit

The state pension is currently a universal benefit that is not means tested, meaning a person's wealth or income does not impact their eligibility to receive the full state pension (provided they have achieved the required amount of national insurance contributions or equivalent over their careers). The concept of potentially means testing the state pension in the future was discussed at length during the workshops. Overall, participants were not in favour of this and wished for it to remain a universal benefit. Common themes emerged regarding why this approach was thought to be fairer.

Means testing discourages financial planning for later life

Participants expressed their concern that means testing would “punish” people who had worked hard to amass wealth and save money for retirement during their working life. While people largely did concede that the wealthy were unlikely to need the financial support they received from the state pension, they felt that providing the required years of national insurance contributions should entitle a person to receive their state pension, regardless of other assets they had at their disposal. Indeed, older participants voiced their worry that a means-tested system could unfairly penalise those who saved their money and amassed assets to hand over to their children and grandchildren in later life. In this scenario, money and assets retirees did not intend to use in their lifetime would be utilised to determine the amount of support they deserved from the state, potentially leaving them unsupported and denying their loved ones the opportunity to benefit from what they had. Given the current financial climate this was thought to be particularly unfair; they recognised that young people today did not have the same opportunities as they had had (particularly regarding getting on the housing ladder) and thought that passing on their wealth was a way to even out these generational divides.

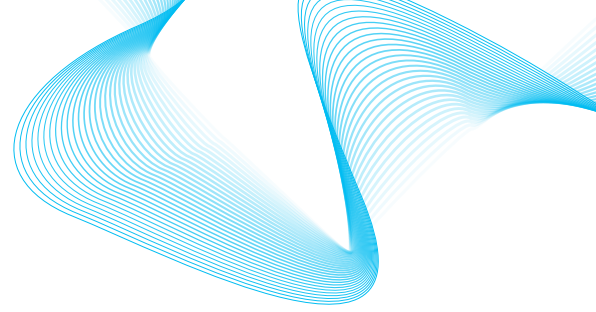
Linked to this was participants repeated suggestion that a means tested system would remove the incentive to work for some people as they would be guaranteed an income in retirement regardless of the amount of time they worked, or whether they had attempted to build a private pension or other assets.

“I guess my simple thing is that, whether you've, whether you've got a low income or whether you're a millionaire, you've still contributed. You've contributed for those 35 years, and you're doing that through life. It could be then that you ended up splitting it with your wife, or something happens, and you lose half of it. If you have that basic amount, that's fair to all... And yes, some people are going to be more affluent, and they're going to end up on cruise every year, but that's going to happen.”

Female participant, London.

The cost and efficacy of means testing

Furthermore, participants expressed concern regarding the cost and efficacy of a means tested system. Participants believed a means-tested systems would be expensive to run, with one participant in London estimating that as much as “£180 million” would be needed for it to function, which they considered to be a large



amount of money. In addition to cost, participants were worried about the accuracy of a means tested system. Anecdotal evidence was shared of instances where means testing for benefits such as Disability Living Allowance (DLA) and university and college hardship funds were felt to be assessed incorrectly. There was a concern the same mistakes could be made if the state pension was means tested, resulting in people losing out on financial support that is rightfully theirs to receive.

“I would say that I’d agree with the flat rate just because I’ve seen how that has really screwed over people at university just because interesting financial circumstances their parents have had. People may on paper look like they have a lot of money but actual solid money to give to their children, they might not have, so I would think flat rate seems like a good idea.”

Female participant, London

Could means testing ensure support for those truly in need?

That said, there were people in the workshops who discussed the potential benefits of means testing the state pension. These participants tended to feel it was unfair for the very wealthy to receive financial support from the government if they did not need it to pay for the basic necessities in retirement. It was suggested that national insurance contributions from the rich could be used to support public services such as the NHS and food banks, instead of going back to them. Reference to food banks and the importance placed on ensuring the provision of basic necessities reflects the wider context of the deliberative workshops, which took place during the cost of living crisis.

“I have a friend who is a multi-millionaire, and he’s getting everything. And the £400, he gets all of it, you know, and he really doesn’t need it. He could have offered it to some food banks or something.”

Female participant, London

This view, although less typical across the workshops, was more prevalent in Birmingham, where participants criticised an elite, upper class in the South of England who were perceived as having more money than those in other parts of the country.

“That wouldn’t be a bad idea because at least it’s a level playing field and then you can see exactly where people are. Some parts of the country are far wealthier than others and that depends on where you are.”

Male participant, Birmingham

The triple lock

The triple lock was introduced in 2010 to ensure the state pension would not lose value in real terms. It is a three-way guarantee which ensures each year that the state pension increases by the greatest of the following measures: average earnings, prices, ie inflation (as measured by the Consumer Prices Index (CPI)); or 2.5 per cent (Edginton and Clarke, 2023). As mentioned previously in this report, participants had little to no knowledge of the triple lock prior to attending the workshops in London and Birmingham. Upon learning how it functions, participants strongly supported the measure, and were firmly opposed to any major changes to it that would undermine retirees' financial security, especially in the context of the cost of living crisis. The section below explores participants' perceptions of the current triple lock system in further detail, in addition to their views on potential reforms to the scheme presented to them during the workshop.

Participants' reaction to potential reform: Reforming the triple lock to a double lock

A suggested proposal to introduce a "double lock" (ie removing the 2.5 per cent underpin but continuing to ensure pensions meet inflation but do not exceed it) presented during the deliberative workshop was met with a mixed reaction. There were those who felt the double lock to be advantageous, reflecting that the proposal protected pensioners from rising inflation rates, particularly important during a period of high inflation.

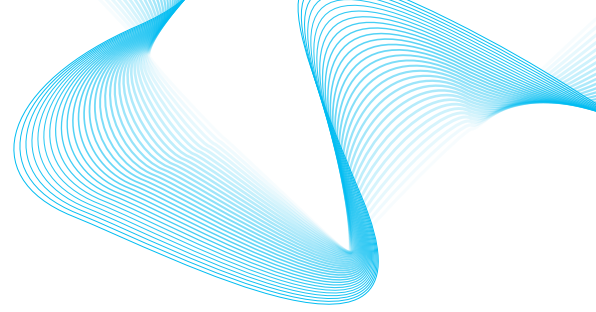
"The double lock seems absolutely fair to me, it just speaks for itself, even if you have the double lock, it still will increase 0.7 per cent more points than the average earnings. As long as it's keeping up with inflation, primarily for me, that's all that matters."

Male participant, Birmingham

However, most participants generally felt the proposal would be unfair, given average earnings were not also rising to meet inflation. Thus, it was suggested that if the double lock was introduced, average earnings would also need to meet inflation. Participants who suggested this equally acknowledged this would create further debt for the state, and therefore would not address the issue of making the state pension more affordable in the long term.

"If you look at the cost of living prices as it is, most things in the shop have gone up 25 per cent. If you give somebody 10 per cent of that for a 25 per cent increase it's never going to make their life improve. It's still going to be, am I having that or am I having that because I can't have both. That applies to the whole country, not just the pensioners."

Female participant, London



Inter-generational fairness

Equity played a significant role in participants' belief in the need to protect the triple lock. Participants commonly stated that those at retirement age were entitled to a certain level of financial security from the state, having contributed via their years in work. Linked to this opinion was the view that it was only fair that future pensioners enjoyed the same guarantees that those currently in retirement, and this view informed wider conversations about potential alterations to the triple lock to make the state pension more affordable for the government in the long term.

Participants reaction to potential reform: linking the triple lock solely to average earnings

An additional proposal to link the state pension solely to average earnings in the future was poorly received across the workshops. While there were participants who pointed out that doing this would save the state money, the price paid for this was thought to be far too high; they concluded that pensioners would just not have enough money to live on. Their decision was informed by the high inflation rates at the time of the workshops that participants discussed, reflecting on their own experiences of how hard it was to make ends meet.

To a lesser extent, participants also questioned the fairness of using an average salary rate given the levels of economic inequality across different parts of the country. They were concerned that using an "average" salary as a proxy would fail to reflect the cost of living experienced by those in more expensive parts of the country (such as London), and consequently would leave retirees with insufficient funds to support themselves.

Stakeholder reaction to participants response to the triple lock

There was a mixed reaction to participants' positive response to the triple lock. While there were stakeholders surprised at its popularity across all age groups, they largely felt the high level of support was not startling when you consider younger people desired the same financial benefits as those enjoyed by current pensioners and were unlikely to have realised that funding the triple lock, especially ensuring it keeps in line with inflation, could lead to other services being underfunded.

"I thought the point about people's support for triple lock was quite interesting. Because you'd get to kind of assume that if you want it to be fair, intergenerationally, you want to have it to be sustainable, and there doesn't seem to be that link there potentially, between maybe that the Triple lock is it going to work against that? So, I thought that it's interesting, potentially."

Female participant, Government department

National insurance contributions

The equity of several aspects of national insurance, and in particular national insurance contributions were discussed during the workshops. This section of the report examines various aspects of national insurance contributions participants questioned the fairness of, these being: current stipulations around voluntary national insurance contributions, national insurance contributions for low paid workers, awareness levels of national insurance credits amongst those entitled to them, access to a loved one's national insurance contributions following their death, and continuing to pay national insurance contributions after fulfilling the 35 year qualifying criteria.

Voluntary national insurance contributions

Upon learning about the limitations of the voluntary national insurance contributions system, participants consistently voiced a belief that the system was unfair to workers on low wages and those who miss the deadline to pay voluntary contributions.² Following their review of Sanjay's story (a fictional case study discussed in the workshops)³, participants repeatedly stated their belief that it was wrong to put an "arbitrary" time limit on when the gap in voluntary contributions need to be paid. They reflected that a person may not have paid the gap in their contribution by the deadline for a valid reason such as not having enough money to pay it or simply being unaware that they were allowed to pay it within a certain period.

"It seems very unfair to me. I mean, the guy has done nothing wrong...now they're saying he's not going to get the pension because they've got this arbitrary deadline of 6 years... he paid in when he could, but when he wasn't allowed to pay in, he didn't realize that he'd missed the deadline... it seems to me he's losing out, and he's no fault of his own that he's losing out. And, if there's anyone to blame, it's probably the government, who I'm sure probably didn't encourage the appropriate civil servants to advertise the fact that you've only got six years to do this."

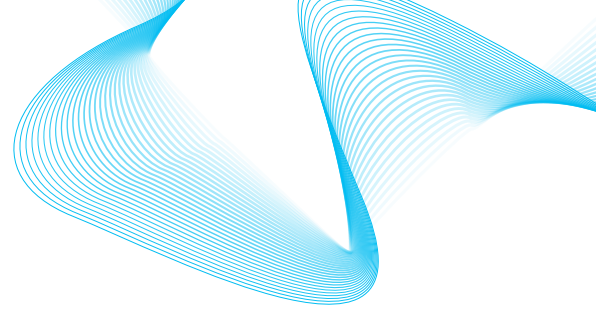
Male participant, London

National insurance contributions for low paid workers

Those working in multiple low paid jobs and in the "gig economy," were also believed to suffer through this system, although to a lesser degree. Participants were concerned these people may not make enough money in one role to qualify for a full state

² A person may get gaps in their record if they do not pay national insurance or do not get national insurance credits. This could be because they were: employed but had low earnings; unemployed and were not claiming benefits; self-employed but did not pay contributions because of small profits; or living or working outside the UK. Gaps can mean they will not have enough years of national insurance contributions to either: get the full state pension (sometimes called 'qualifying years'); or qualify for some benefits. They can usually only pay for gaps in their national insurance record from the past 6 years. (Government Digital Service, 2015).

³ The following scenario was presented as a case study to participants. This version is a summary of what was presented to participants. A full version can be found in the methodological report: Sanjay in his early fifties and starting to plan for his retirement. In his previous job, Sanjay did not qualify for national insurance contributions due to his low salary. Now that he is earning more, Sanjay decides to pay for the gap in his contributions through voluntary national insurance contributions. After speaking to the Citizens Advice Bureau Sanjay realised, he missed the deadline to provide a voluntary national insurance contributions. Because he cannot cover this gap in his national insurance, he will not be entitled to his full Basic state pension when he turns 65.



pension, despite earning enough money across their cumulative roles. Additionally, participants expressed their concern for part-time workers who, through no fault of their own, needed to limit their working hours, resulting in them losing out on national insurance contributions. Participants voiced their concern that women would be adversely affected by this stipulation, given that they are more likely to change their working patterns due to caring responsibilities.

“Some women work part time, and now they pay half, the contribution, which is then reflected, I believe, on your state pension. And those who work part time, you should all get the same pension.”

Male participant, Birmingham

Awareness of national insurance credits

Furthermore, carers and those not working due to illness were also perceived to be in danger of losing out under this system. It should be noted that in voicing this concern, participants were largely unaware that national insurance credits are available to people in these situations.⁴ Once this system was explained by facilitators in the workshops, participants questioned why more people were not aware of this. Indeed, there was a perception amongst participants that carers and those not working due to illness did not know what they were entitled too because they were chiefly focused on the needs of those they care for or their health, and that this unequal access to information made the system unfair.

Access to a loved one's national insurance contributions following their death

The status of a person's national insurance contributions following their untimely death was repeatedly raised by participants in the workshops in relation to fairness. Participants strongly expressed their belief it was not fair that the money a person contributed to their national insurance was lost upon their death. It was consistently suggested that the fairest option would be to give all their money to a partner or a family member, regardless of whether they had reached retirement age. This view was rooted in their misperception, which was hard to shake, that their national insurance contributions were kept in a personal pot and were for their own use.

“It's a bit unfair, if it is 35 to get the state pension, you work 34 years and then pass away. It should all go to your other half; it should go to your children.”

Female participant, London

Paying national insurance contributions after fulfilling the 35 year criteria

Furthermore, although to a lesser extent, participants queried the fairness of continuing to pay national insurance contributions once you had reached your full 35 years. One participant reflected on their personal situation, stating that they don't

⁴ National insurance credits are a way of maintaining a person's national insurance record when they're not making national insurance contributions. They help a person to build up 'qualifying years', which count towards their overall entitlement. They are entitled to national insurance credits if they: are, or have been, claiming benefits due to ill health or unemployment; are, or have been, on maternity, paternity or adoption pay; are, or have been, looking after a child under 12; are, or have been, on an approved training course; are married to or are a civil partner of a member of the armed forces and you went with your partner on an overseas posting; are, or have been, on jury service; or have served a prison sentence for a conviction which was later quashed (Money Helper).

have any private pension and didn't think it was fair that they kept contributing national insurance after 35 years when they could be saving that extra money for their retirement. Indeed, there was a concern that having to pay your national insurance contributions beyond the 35 year requirement meant you missed out on an opportunity to build up your savings for retirement, and this was especially felt to be a concern when considered in the context of conversations regarding the adequacy of the state pension. This view was backed by a recommendation from a group in London who suggested those who contribute more than 35 years' worth should, in turn, be given more money through the state pension.

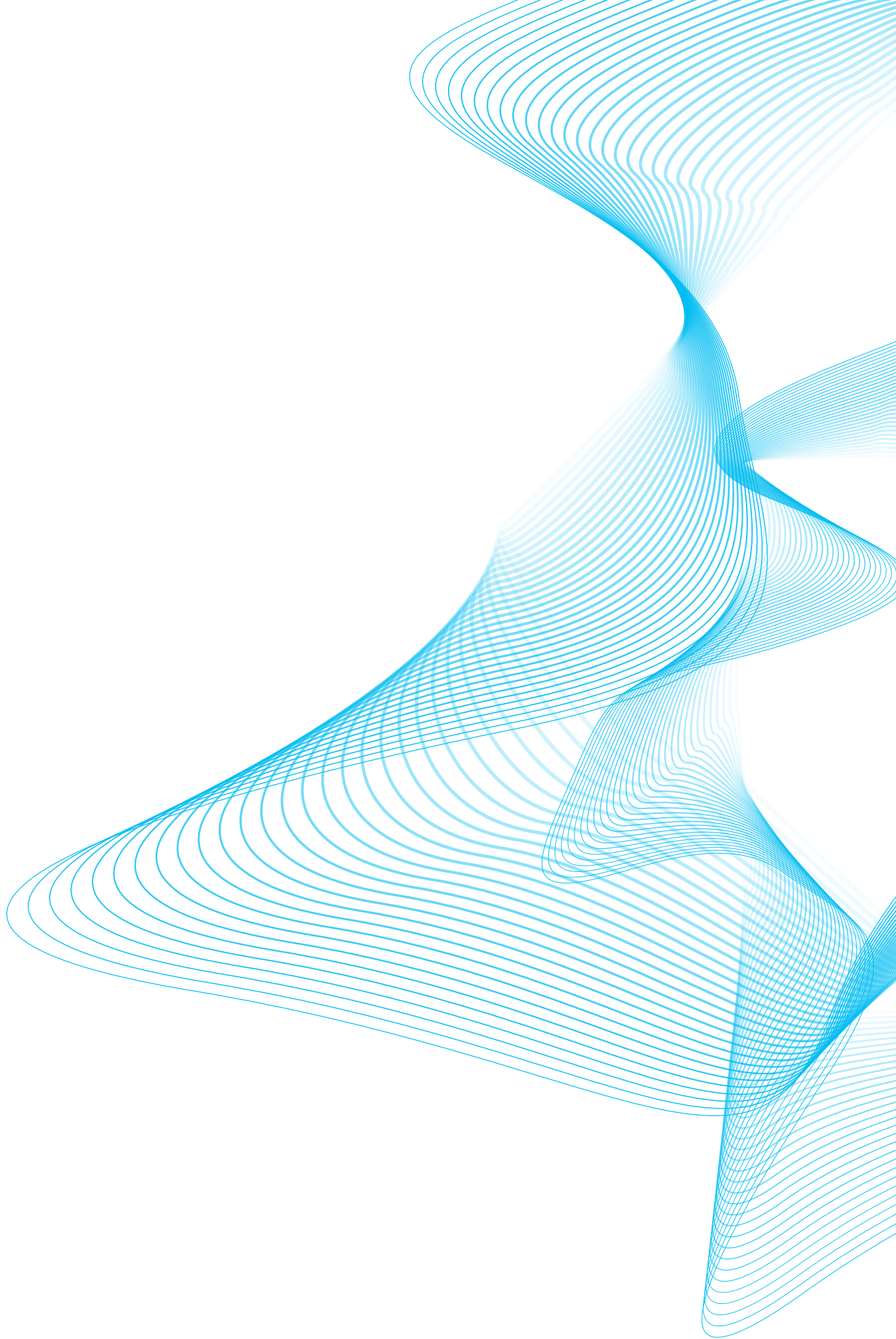
Geographical Inequality

Social inequality was also brought up in relation to the equity of the state pension. Participants noted the difference in cost of living between London and other parts of the country and questioned the fairness of the amount of state pension you received being the same across the country. Participants reflected on the higher cost of living in London when compared to other parts of the country, but also noted that there was support for coping with this through, for instance, the London Living Wage. Based on this, participants – and particularly those in London – questioned why the state pension wasn't weighted to acknowledge the higher costs incurred in certain parts of the country.

“I think there's a huge disparity. £185 in Nottingham can get you a lot more than £185 in London. So, there's a disparity in that, a bit. And I don't know how you make it fairer.”

Male participant, London

However, on the other side of this, geographical inequality was also discussed in relation the state pension age, and plans to increase it, given the variation in life expectancy across different sections of the population.



4. The case for change: age as a determinant for access

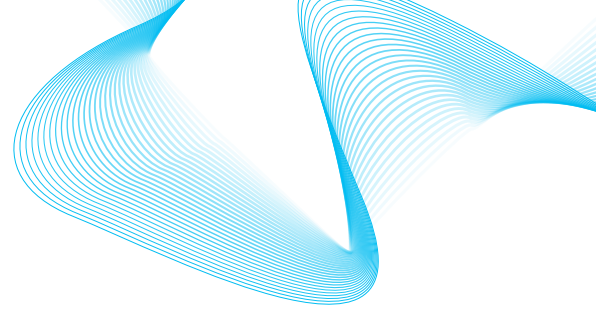
Participants largely felt raising the state pension age in line with the country's increasing life expectancy was the best option for determining access to the state pension, once the context of rising longevity and the country's ageing population were understood. Participants recognised that without doing this the government may not be able to financially support the increasingly large portion of the population in retirement in the future.

However, raising the state pension age in line with the country's increasing life expectancy was felt to have its downsides. Unequal life expectancy levels across the country, unanticipated events that undermine the accuracy of "average life expectancy," a person's physical and mental ability to work to retirement age and employment shortages for young jobseekers were all considered factors in need of addressing if the state pension is to increase in line with life expectancy.

During the workshops, experts Steve Webb (formerly the Minister for Work and Pensions from 2010 – 15 and currently a Partner at Lane Clark & Peacock LLP), Catherine Foot (Director of Phoenix Insights) and Daniela Silcock (Head of Policy Research at the Pensions Policy Institute) presented participants with information contextualising the current state pension and why reform might be required to ensure its sustainability in the long term. Having gained knowledge of the issues facing the state pension from these experts, participants immediately understood the importance of creating a state pension for the future that was cost effective, sustainable and fair for all. Furthermore, they displayed high levels of engagement in the content of the workshop and provided thoughtful opinions on the points raised.

Significantly, participants largely concluded age was the best way to determine access to the state pension. At the outset of the workshops, participants instinctively felt age was the best way to decide when you received the state pension. This appeared to stem from a perception that this must be the fairest way to do things given it's the way the system currently works. It also became clear that given participants' low levels of knowledge about the state pension (as explored earlier in this report) it was difficult for them to determine how the system should be changed.

As the deliberations progressed and participants became more informed about how the system worked, there were clearly aspects of it that were felt to be unfair and required reform, such as auto enrolment (please see section 6.1.2 for participant's views of this topic) and national insurance contributions (you can find more information on the public perceptions of this in section 3.3.3). Ultimately, however, bringing men and women's state pension ages in line and linking any increase to improvements in life expectancy was thought to be justifiable, once the context of rising longevity and the country's ageing population were understood. Participants accepted that without delaying the age at which it is possible to claim the state pension, the government may not be able to financially support the increasingly large portion of the population in retirement in the future.



“If you go back to 30 years ago, people never lived longer than 65-67. My father, he never got around to collecting his pension. He passed away. So, in those days, the pension from the government they could still pay. But since then, the expected life span is now 83-85. So, there isn’t enough funding. So obviously, they have to raise the age.”
Male participant, Birmingham

Participants reinforced this point by sharing anecdotal evidence of people they knew who had lived well into later life – including into their hundreds – in what they thought to be reasonable health.

“More and more people are living even today into their hundreds. The care home I used to go in, there’s three ladies in there that are over 100.”
Female participant, Birmingham

Reforms testing alternative methods to set the state pension age did not resonate as strongly with workshop attendees:

Participants reaction to potential reform: linking the state pension age to the number of year spent in retirement

Participants responded negatively a proposal suggesting the government link state pension age to the number of years the average citizen spends in retirement, as it was felt doing this would privilege healthy people over those struggling with health conditions who are less likely to reach the average retirement age. Indeed, participants felt it was unfair to link receipt of the state pension to the average age for retirement when, depending on a person’s individual health or financial situation, as they may not live to the expected “average” age. Linked to this was a belief it would be unfair given the inconsistent life expectancy rates across different parts of the UK (This will be discussed further in the section below).

“I’m just thinking that life is very unexpected and uncertain, so trying to put certainty on it by getting Liz Truss to sign a form saying you’re going to live 22-25 years after retirement seems strange.”

Male participant, London

Participants reaction to potential reform: keeping the ratio of people in work to those at or above state pension age constant

An additional reform, which suggested keeping the ratio of people in work to those at or above state pension age constant, was similarly dismissed by workshop attendees.

Initially participants struggled to understand this concept and, when explained, the feasibility of such an approach was immediately questioned. They queried how the state could consistently and accurately ensure the amount of people working aligned with those receiving the state pension. Their scepticism in the government's ability to do this accurately was linked to their distrust in government.

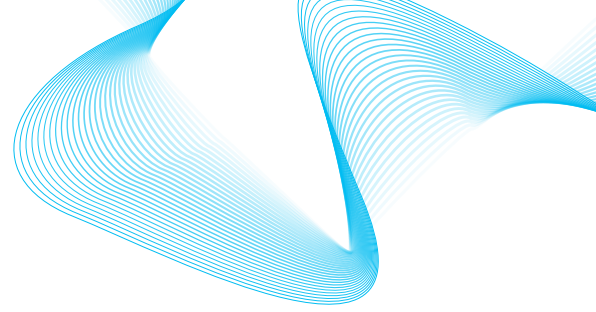
Participants reaction to potential reform: reinvest savings from raising the state pension age

To a lesser extent, participants questioned the fairness of a proposal suggesting the state increase the state pension age, and then reinvests the money saved into supporting those negatively affected by the change, to ensure they can stay in the workplace longer. Participants stated that it was unreasonable for workers' money to be used to fix problems created by what they saw as the mismanagement of the economy by the government. They noted that those who had paid their national insurance contributions in full and wanted to retire at 65 should be entitled to, instead of continuing to work for benefits they may not enjoy. If this reform was enacted, participants noted the savings amassed should be used to support those they saw as being disadvantaged in some way, specifically those living in areas with a lower healthy living age.

"Seems like it's being taken out people's hands, like instead of the two years pension which you could have spent on whatever, we've decided to spend your pension on this, for people we think need it... I mean, obviously we should really be taking care of people anyway if they need help... but it's to take that from the pension and say 'look how good we are, we're doing this now' when you could have the pension and that seems a bit unfair."

Male participant, London

While participants concluded that raising the state pension age in line with the country's increasing life expectancy was the best of the reforms suggested, determining access to the state pension in this way was also felt to have its downsides. Unequal life expectancy levels across the country, unanticipated events that undermine the accuracy of "average life expectancy," a person's physical and mental ability to work to retirement age and employment shortages for young jobseekers were all considered as factors in need of addressing if the state pension was to increase in line with life expectancy. These areas are discussed in more detail below.



Regional variations in life expectancy

Participants commonly questioned how fair this system could be, given that certain types of people, in specific places in the country, have lower life expectancies. Participants were vaguely aware of the inequality between different parts of the country at the outset of the workshop (putting this down to a lack of economic opportunity and support), and their concern was heightened once the disparity in life expectancy between areas of the North and South of England was highlighted to them in the expert presentations. They wondered if people in areas with a lower life expectancy would ever get to claim their state pension and were concerned that this approach might exacerbate existing inequalities.

“Blackpool, I’ve a friend from there, he says... there’s no opportunity when you’re coming out from school, people don’t get jobs... there’s a lot of people. I mean, it certainly sounds like an exaggeration... but turning to drugs and things like that, because they don’t have that community support... a pension seems like something so far beyond what they would be even thinking about. Probably just getting through their adult life seems to be the issue.”

Female participant, London

The option to assign the state pension age according to the life expectancy in each county was initially discussed amongst participants in London as a way potential way to mitigate the impact of the North/ South divide. This concept was ultimately dismissed, as participants felt it would be too expensive and difficult for the government to manage. Furthermore, participants across both workshops reflected the economic and social inequalities which led to different life expectancies across the country didn’t just exist between counties but within cities such as London.

“You go into Chelmsford and predominantly it’s social housing, whereas you go 10 miles to Dunwich, outside London they’ve got some of the biggest houses.”

Female participant, Birmingham.

Ultimately, participants believed that rather than adjusting the state pension age to address unequal life expectancies across the country, it was up to the government to work harder to improve the wider social and economic infrastructure of areas with lower life expectancies. References to the government’s previous work in this area such as the “levelling up” policy and the “Northern Powerhouse” were negative, with one participant describing the phrases as “buzzwords” from which the country had yet to see any benefits from.

“For me, it feels like it goes far beyond the state pension, this comes down to social policy from like reforming, you know, the health system. And then, why is there such inequality up and down the country, it goes much wider than just that kind of separation.”

Female participant, London

Unanticipated events impact the accuracy of the “average life expectancy,”

Participants felt there was a “arbitrariness” to the decision whether you receive the state pension between 64 and 66. It was noted that it was unlikely for someone to

specifically require their pension at 66, as opposed to any other age in their mid-60s, and because of this participants questioned whether there should be more flexibility between these ages regarding when you can start to claim. Those who discussed this idea also pointed to Covid-19 as proof that official life expectancy rates are not always accurate and can be subject to sudden changes that a fixed state pension age does not account for.

“It seems a bit arbitrary, like, the day before your 66th birthday, you’re not going to suddenly change. Maybe if it was like a time period like between... this age and this age, that’s when you can start accessing it or whatever. Because 64-65-66 you’re probably going to be pretty similar. So just because you’ve hit this day, doesn’t mean you suddenly need it or suddenly don’t need, you know, your pension.”

Male participant, London

Additionally, rising levels of dementia was flagged as a concern, and pointed to participants’ wider belief that a focus on life expectancy failed to consider those who develop health conditions in later life that impact their ability to work. Given this, participants felt strongly that a person’s capacity to work should be taken into consideration when determining when they receive their state pension age.

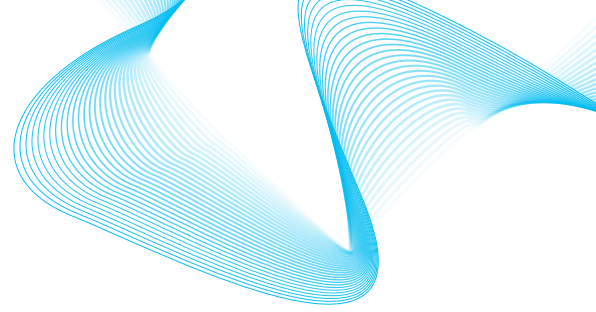
“But you have got to take into account obviously there’s dementia... without being disrespectful to anyone older, but you do get older... It (the age to receive the state pension) should be a personal choice and dependent on the person’s capability in terms of their health.”

Male participant, Birmingham

In a scenario where people were encouraged to work into later life, there was a strong sense amongst participants that reforms to social care (in addition to general health care) and employment policies such as flexible working and skills and career reviews were required to support people to do this. Indeed, participants reflected that ensuring people had a good work/ life balance and were suited to their role and responsibilities could encourage them to stay in the workplace longer (these topics are explored further in chapter 5).

Providing job opportunities for young people in the workforce

While there was support for ensuring people can stay in the workforce for longer, participants also shared their concern that keeping older workers in the workforce for longer could lead to employment shortages for younger members of the workforce. One participant who recently retired reported their main reason for doing this being to create opportunities for those looking for work – something that was recognised as an admirable reason to retire by participants, especially by those who had struggled to find employment in the past. A participant in their twenties shared their experience of moving career after failing to find work in their desired field and put their move down to the fact that people in the field worked “right to up until their 65.”



“I think one thing that springs to my mind in increasing the age... if you’ve got a certain number of jobs in a company, and you’ve got a volume of people which are reaching the current retirement age, and you got to keep them on, it’s impacting the school leavers, or the people who are about to come into employment because that opportunity is not there, because older people are keeping hold of the jobs.”

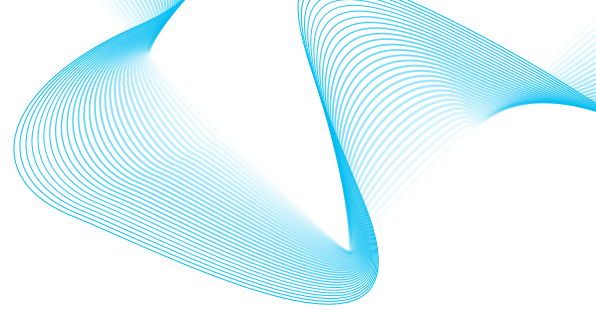
Male participant, Birmingham

5. Principles for change

Four principles for change emerged from the thematic analysis of the findings from the deliberative workshops: a shared responsibility, inclusivity, personalisation, and integrity. Participants felt strongly that any reforms made by the government aiming to create a state pension fit for the 21st century should be guided by these principles.

- **A shared responsibility:** Participants expressed a strong belief that the state, employers and citizens all have a role to play in ensuring people have enough money to live on in retirement. The state and employers were considered responsible for providing financial support to workers for retirement, in addition to sharing information about the steps required to ensure they are financially secure in later life. In turn, citizens were responsible for using the money and information provided by the state and employers to attain financial stability in retirement.
- **Inclusivity:** It was commonly stated that the state should consider how it can provide further financial support to those who, through no fault of their own, fail to qualify for a full state pension. Groups falling into this category were thought to include those with caring responsibilities, health conditions, or atypical working patterns. Furthermore, participants voiced strong support for initiatives that enabled older workers to stay in the workforce beyond retirement age, if they desire to do so. These included flexible working patterns and retraining in the later stages of their career.
- **Personalisation:** Participants felt any reforms to the state pension should acknowledge that “one size does not fit all” when comes to planning for retirement, and as such should take wider societal inequalities into consideration and the impact such disparities could have on a citizen’s ability to build their National Insurance Contributions, work up to the current age of retirement and maintain their physical and mental health sufficiently to enjoy retirement.
- **Integrity:** Participants displayed low levels of trust in the government and their ability to adequately manage and maintain money paid into the system through National Insurance Contributions. Given this concern, participants called for more openness and transparency from the government about how the state pension works, and the reason for reforms when they occur. Increased communication about the state pension, an increased emphasis on financial literacy in schools and the establishment of an independent body to oversee changes to the state pension were specifically suggested as ways to meet this need.

As mentioned in the previous chapter, despite concerns about the fairness of such an approach, age was considered the most logical way to set access to the state pension. That said, participants recognised that this approach does not create a perfect system, and so thought supplementary reforms were needed. As it stands, they did not think that the system is fair, or that it works for everyone. But, to allay their concerns about their and future generations’ retirement, they also wanted any reforms to be sustainable.



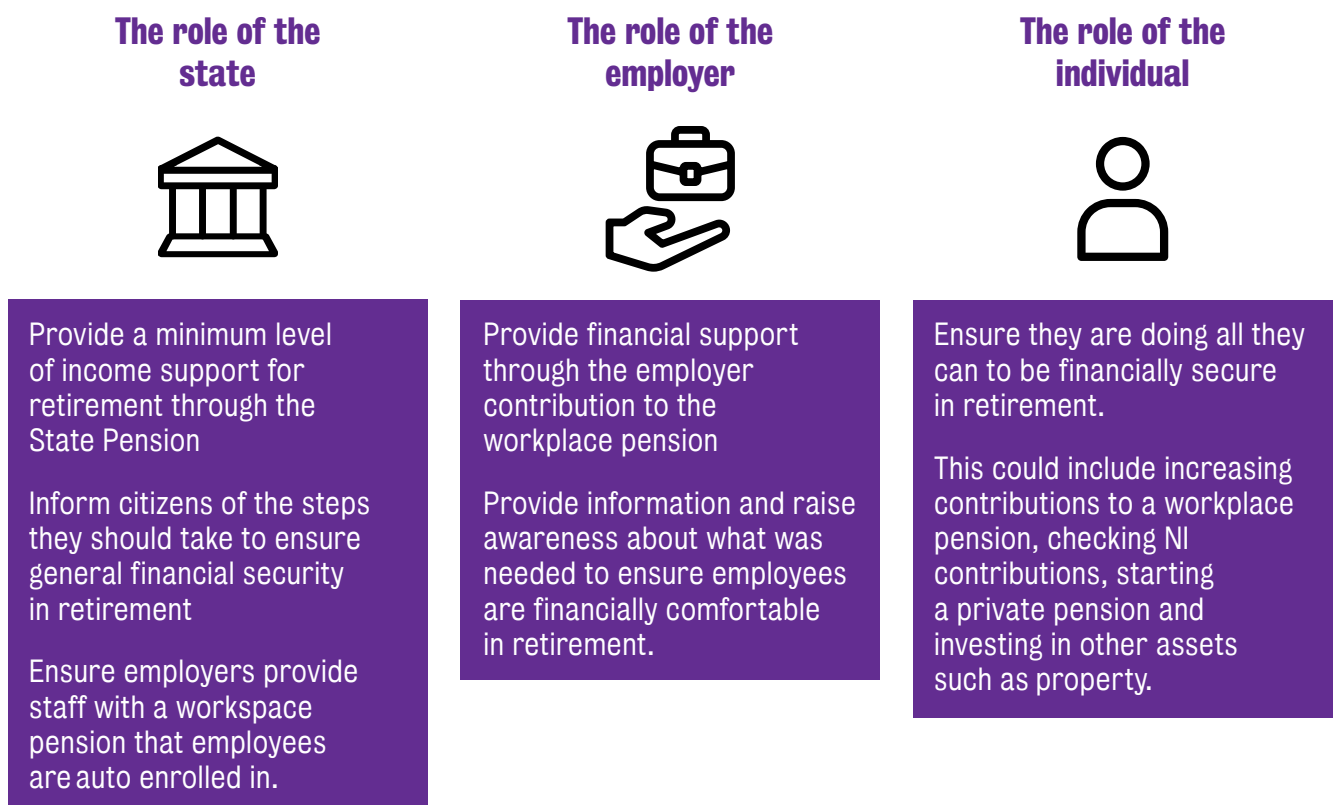
To this end, four principles (a shared responsibility, inclusivity, personalisation, and integrity) to guide change emerged from our thematic analysis of the deliberative workshops. These principles reflect several ideas continually raised amongst participants as being essential components for any reform aiming to ensure the sustainability and equity of the state pension.

The following chapter of this report provides an overview of what is meant by each principle and elucidates the workshop discussions that informed their development. Chapter 5 will then explore three key areas of reform discussed in the workshops that participants regarded as adhering to these principles.

5.1 A Shared responsibility

This principle reflects participants' strong belief that the state, employers and citizens all have an obligation to ensure people have enough money to live on in retirement. Each actor was felt to be responsible for carrying out certain duties, which are summarised in the figure 1. Below this we look at each actor's responsibilities in further detail.

FIGURE 1: SUMMARY OF THE STATE, EMPLOYERS' AND CITIZENS' RESPONSIBILITIES



5.1.1 The role of the state

Any reform to the state pension should guarantee a citizen's right to receive information about the state pension and financial planning in retirement at key life stages and support them to achieve financial literacy.

The state should guarantee financial support to citizens who have contributed to national insurance throughout their working life, in addition to those unable to work due to health issues or caring responsibilities.

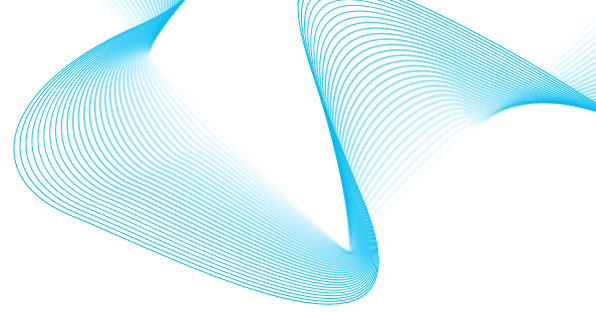
Participants in both workshops felt that the state had a significant obligation to support people to prepare for retirement, both financially and through education and awareness raising. As discussed in section 2.2.1 of this report, participants felt the state pension delivered on the government's responsibility to provide a minimum level of income support to those who have paid into the system throughout their working life.

However, participants repeatedly stated their belief the government has not done enough to raise public awareness on how they can support themselves financially outside of relying on the state pension. Informing citizens of the steps they should take to ensure general financial security in retirement was seen as imperative, as it would enable them to enjoy the later stages of their life.

The state was also felt to have an obligation to ensure employers provided staff with a workplace pension that employees are auto enrolled in. Participants were strongly supportive of auto-enrolment and in favour of widening access to it (more details about this in section 6.1 of the report) and considered it to be a useful way to supplement their retirement income outside the state pension. On top of monitoring the level of contribution employers provided employees through auto-enrolment, it was repeatedly suggested that the government should take a more hands on role in ensuring employers are providing employees with sufficient information pertaining to their workplace pension and offering check-ups on their financial planning at regular intervals. Furthermore, Participants commonly noted that the state had a special responsibility to support smaller organisations who may not have the infrastructure capacity and thus struggle to provide information with additional support.

“The government says to employers, ‘Listen, when you, when you have an employee starting, you need to have a day or whatever. And you need to have an open discussion. And whether you have to bring experts in, question and answer session, or whatever, to explain about pensions.”

Male participant, London



5.1.2 The role of the individual

Citizens have a responsibility to (using the knowledge and support they receive from the state and employers) take steps to attain a level of financial security for retirement and ensure the amount of money they amass sustains them throughout later life

Participants felt it was important that people took initiative in preparing financially for retirement. While the state and employers have a part to play by providing financial support and information about how to prepare effectively, the onus was also thought to be on the individual to do all they can to ensure they are financially secure in retirement.

“I think it comes down to personal responsibility, because if people act foolishly, then their foolishness comes back upon themselves. So, they pay the penalty... the state's not there as a sort of caretaker that'll look after their individual needs.”

Male participant, London

Distrust in the government

Participants' belief in the need to take responsibility for their finances for retirement appeared to link to both distrust in the government's ability to manage the economy, and concerns about the sustainability of the state pension. Participants under the age of 60 in both workshops were especially suspicious of the state's ability to maintain funding for the state pension whereas those above this age and with retirement in their sights tended to feel more confident that they would be able to claim what they expected to be entitled to.

“There's also quite a bit of personal responsibility because you can never really trust the government. The government is prone to outside sources, you're in control of your own destiny, to some extent. So, you need to make provisions for yourself.”

Male participant, London

Providing information and raising awareness about preparing for retirement

Increasing contributions to a workplace pension, checking national insurance contributions and what they had left to pay in, paying gaps in national insurance contributions, starting a private pension and investing in other assets such as property were all suggested as positive steps people can take to prepare for retirement. To a lesser extent, participants also stated the importance of people looking after their physical and mental health, reflecting that having their health would allow people to work the necessary amount of time before retirement, as well as enabling them to work after retirement age if they needed to do so financially.

Additionally, participants with children described themselves as having a role to play in their raising their children's awareness about the need to prepare their finances for the future from a young age, and the different ways that they can achieve this.

"I was fortunate that my parents said to me, 'go into a company pension scheme, you won't regret it'. And I've passed that information down to my children. And they're working-, in their working life. And you know, I've said to them, I've retired now, and I've benefited from being in the company pension scheme."

Male participant, Birmingham

5.1.3 The role of employers

Employers are responsible for ensuring they provide employees with the opportunity to work flexibly or carry out a phased retirement. However, employers have a right to insist that the state financially support employers who many struggle to do this

Participants in both workshops agreed that employers had a role to play in preparing their workers for retirement, although this tended to be raised after both the individual and the state.

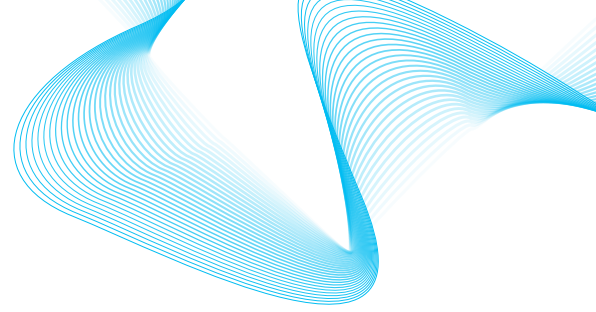
Workplace pensions

Participants were strongly in favour of workplace pensions, and employer contributions to them. Attendees at the workshops stated that in the current job market, benefits including the pension were an important part of an employer's offer, and acted as an acknowledgement of the value a worker brings to an organisation. Generous employer contributions to a workplace pension were felt to be especially appealing to workers looking for a new job or reflecting on whether they wanted to stay in the role they are currently in.

"I think for me, an employer's responsibility is that it's about benefits, and how they attract, and they retain people. So, if there's, if there's a pension scheme... I think it's their responsibility to be showing that they're offering attractive, more attractive, pension opportunities, and communicating. So, I think it's about educating their employees, because they will know more about it, about what they've got."

Female, Birmingham

Participants also spoke positively about the potential for employer only contributions to the workplace pension in the future (more information about this can be found in section 6.1 of this report). More broadly, participants discussed the financial responsibility larger companies have to the state to support its aim to make the state pension fiscally sustainable. To this end, they also questioned whether large private organisations should contribute 'top ups' through taxation on order to ensure the long-term viability of the state pension.



Providing information and raising awareness about preparing for financial retirement

Providing information and raising awareness about what was needed to ensure people are financially comfortable in retirement was also felt to be a key role for employers. Participants stated that employers should help people to understand how much money goes into their workplace pension, how much money they would require supporting themselves in later life, and what they could do inside and outside of work to ensure their financial wellbeing. Impressing on staff the benefits of staying in a workplace pension scheme was felt to be highly important, as participants shared stories of receiving information at work which encouraged them to do just this.

“I’m the office manager of where I work, and I do the pensions at my work. And I’ve got people 21 years old, and we give them a discussion about pensions. There isn’t a single person who’s opted out. So, I think it-, maybe employers need to explain it more.”

Female participant, Birmingham

Participants were quick to acknowledge how the size and financial value of a company influenced its capacity to provide financial support and education to its employees. They reflected that financial constraints on smaller companies could make it difficult for them to provide the same level of support delivered in larger organisations, who tend to have separate HR departments and so greater capacity to do this work. During the workshops, participants frequently shared stories of their experience moving from a large company to a smaller one (or vice versa), and the impact this had on the both the information they received about their pension, and the amount of money their employer contributed to their pension.

“I worked 24 years for a multinational. So, my pension contribution was pretty, pretty decent. And their pension contribution was pretty decent. But now I’ve moved from there to a smaller employer, there’s a total difference in what I can contribute or what they can contribute to me, so for sure, the employer makes a difference.”

Female participant, Birmingham

5.2 Inclusivity

Any reform should consider how it can be more inclusive and provide support to those who, through no fault of their own, have not paid enough National Insurance or gained sufficient National Insurance credits to receive a full state pension.

Reforms should also consider ways employers can be supported to provide a workplace that is inclusive to older staff.

This principle reflects the importance participants placed on ensuring no one loses out on their full state pension allowance due to factors beyond their control, such as having caring responsibilities, a health condition, or conducting atypical working patterns.

Increased promotion and provision of information about the benefits systems

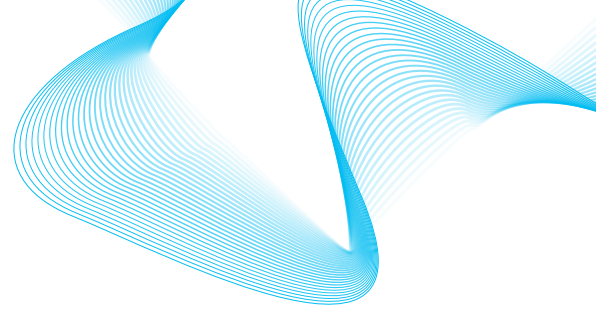
Reforms were especially welcomed for citizens who failed to achieve a full 35 years of national insurance contributions (or their equivalent) during their working lives. This tended to include carers, the self-employed, those working in the “gig-economy,” and low earners. Ethnic minorities and women were thought to be over-represented here, and in danger of “falling through the cracks,” as they are more likely to be in low paying roles or take career breaks due to parenting responsibilities.

To address this inequality, it was suggested national insurance could be paid at a lower rate for these groups, to ensure they have enough money to support themselves day to day, while also meeting the qualifying criteria to receive their state pension.

“National insurance should be less for some lower paid jobs, but they should still get the same pension because I think imbalances need to be addressed because you think someone that earns loads of money should they really be getting the same state pension? Maybe they should be but then make it easier when you earn less to access the same state pension.”

Female participant, London

Increased promotion and provision of information about the various benefits people are entitled to from the government was also identified as a key factor in ensuring the full state pension was accessible to all. Participants reflected on a case study presented during the workshop, in which a man caring full time for his parent did not claim carer’s allowance, and as a result failed to gain the NI contributions necessary for a full state pension. It was largely agreed that if provided with information about the availability of national insurance credits the man would have received his full state pension. Participants suggested this information could have been delivered by their employer when they told them why they were leaving (ie to become a carer), or through advertising on social media and television.



“The fact that he didn’t apply for the carers’ allowance, I think that when he did find out, he should be backdated. And he should be entitled to it. And he should have been made aware that he was entitled to the credit.”

Female participant, London

As discussed in section 2.3.4 participants also felt it was unfair to enforce a deadline by which you had to pay gaps in your national insurance contributions, given a person may not find out that they had the opportunity to fill this gap until the deadline had passed. It was noted a person may not be able to afford to pay this gap until later in their life, or, in the case of those with caring responsibilities, they may not have the time to engage with the system to understand these stipulations.

“There shouldn’t be a time limit. It should be that if you want to contribute, you can. Because you might have not been able to pay at some certain time, but then you might get windfall of money...so there should be no time limits.”

Female participant, London

Support for flexible working and phased retirement

Furthermore, participant across the workshops were strongly supportive of any reforms which enabled people to stay in the workforce for longer, provided they wished to do so. In keeping with this theme, participant commonly responded positively to the suggestion to offer employees the opportunity to move into a flexible work arrangement or phased retirement. Participants recounted stories of people they knew at retirement age who chose to continue working at their own pace due to the perceived health benefits and social interaction. People were equally in favour of enabling those of all ages with a need to work flexibly (be that due to caring responsibilities or for health reasons) the opportunity to do so, with the caveat that this may not be possible for all types of roles.

“I’m semi-retired, I haven’t worked for the last three years, since Covid started. Now I’ll do two or three days, on a sort of, zero contract thing. Flexible, I don’t have to go in. I choose what I want to do when I want to do it. That’s just to be able to enjoy, go out and eat, and do things like that. That’s what that money is, is for, really. Just to, just a bit more enjoyment.”

Male participant, London

Reskilling and retraining for older workers

It was also stated that the government and employers should consider ways to provide a workplace that is inclusive to older staff wanting to reskill and take up an alternative and potentially less demanding role in their place of work. Participants suggested the government provide incentives to employer that enables them to support older workers who want to retrain. (Further information about participants views of flexible working, phased retirement and career retraining can be found in section 6.2 of this report).

5.3 Personalisation

Reforms to the state pension should acknowledge that “one size does not fit all” when comes to planning for retirement. People have different needs, tastes, responsibilities, life expectancies, and careers which will impact when they can save for retirement and how much they can save.

Based on the expert presentations they saw during the deliberative workshops, participants largely felt any reforms to the state pension should take wider societal inequalities into consideration and the impact such disparities could have on a citizen’s ability to build their national insurance contributions, work up to the current age of retirement and maintain their physical and mental health sufficiently to enjoy retirement.

Early access to the state pension

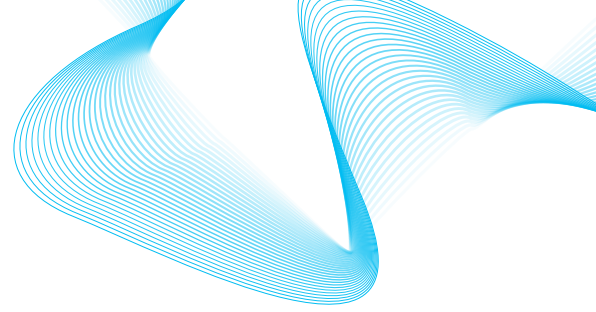
While participants commonly rejected means testing as a method of determining the amount of state pension a person received (more details on this in section 3.2.3), they did think flexibility was required when determining when people can access their state pension. Participants were strongly supportive of reforms that provided early access to people in need and identified three segments of the population who could benefit from this: those who can no longer work for medical reasons, those who cannot work any longer due to the physical demands of their role, and those with caring responsibilities (further discussion of early access can be found in section 6.3 of this report).

“If you’re too sick to work, or if you’ve got a chronic health condition, then you should be able to access your pension earlier, especially if you’ve worked and paid into it.”

Female participant, London

Address poor health and economic outcomes

As discussed in chapter four, although participants widely accepted that linking the state pension age to life expectancy made sense, they were concerned about the implications this would have on people living in areas with a lower life expectancy. They attributed the lower life expectancy in these areas to poor health and economic outcomes, and expressed their concern that people in these areas of the country would not get to enjoy their retirement for long as those in parts with a higher life expectancy. Given this inequality, participants were strongly supportive of any government intervention that would improve health and social care services, the education system and the labour market in these areas. They believed that taking a holistic approach and developing these systems would improve the populations’ physical and mental wellbeing and provide them with knowledge and skills required to gain sustainable employment. It was felt these investments would ultimately reduce inequities around who most benefits from the state pension, as all retirees would have an equal opportunity to be physically, mentally, and financially fit for retirement.



“When you look at health inequalities, you have got to pay some consideration to that, because sometimes it’s not just about getting the job. It’s about thinking, Well, what’s their equality load? Is that going to increase their equality load because they’ve got more income, or is it going to make it worse? Because actually, they haven’t got the physical capacity or mental capacity to undertake another 15 years of working you know.”

Female participant, Birmingham

Personalised working patterns and responsibilities

Furthermore, participants were strongly in favour of any reform that allowed people in the later stages of their career the opportunity to tailor their working patterns and responsibilities to suit their health needs or financial situation. The concept of phased retirement was met positively, with participants believing it to be an effective approach to winding down from work. The opportunity to retrain and learn new skills later in your career was also felt to be a good idea as it gave older staff in physically and mentally demanding roles the ability to remain in the workforce in a different capacity (if they desired). You can find more information about these reforms in section 6.2.

5.4 Integrity

Accountability and fairness are important to the public. There is a perception the government needs to be more open and transparent about how the state pension works, and the reason for reforms when they occur.

This principle reflects participant’s low level of trust in the government and private pension schemes, and their doubt about these actors’ ability to adequately manage the money worker’s pay into these systems in preparation for retirement.

Distrust in the government

Participants of all ages displayed low levels of trust in the government. They were sceptical about the government’s ability to manage the money the public paid into the system through National Insurance Contributions, and expressed their concern that this money would be used to pay for other state services such as the NHS, instead of being ring fenced for them to access upon retirement.

“As we all know, government funds are never ring fenced in that way. It all ends up going in the one big pot and then they spend how they want to spend it. The idea that that money is going to be kept separate and only used for it, the reality of it is that’s not going to happen... And this is why we’re facing the possibility that we might not even get a state pension. Their investments, we’ve already seen what mistakes they’ve done more recently, so I don’t have much hope.”

Male participant, London

Participants appeared to be particularly concerned by the actions of the current government, who one described as “corrupt”. To a lesser extent, they questioned the government’s motivations when it came to managing the state’s finances and whether they had the public’s best interests at heart. This view appeared to stem from a perception that decisions made in then Chancellor Kwasi Kwarteng’s mini budget on 23rd September largely benefited the very wealthy.⁵

Distrust in private and workplace pension schemes

While participants did not tend to trust the government to provide for them in later life, they also struggled to put their full trust in private or workplace schemes. People had long memories when it came to previous pension scandals – even those in their twenties recalled Robert Maxwell and the Mirror Group.⁶ This left them unsure what they could do for the best to help them prepare for their retirement. This was felt acutely by younger participants, who were sceptical about whether there would even be a state pension to claim by the time they reached later life. This, coupled with low levels of knowledge about the state pension more broadly, resulted in many feelings demotivated, and uncertain as to how best to prepare for their retirement.

Increase communications about the state pension and improve financial literacy

Participants suggested this could be addressed through increased communications and financial literacy, beginning in schools, to equip people with the knowledge they need to ensure a good retirement (more information on what information was required, and how it should be disseminated can be found section 6.1).

Independent body on the state pension

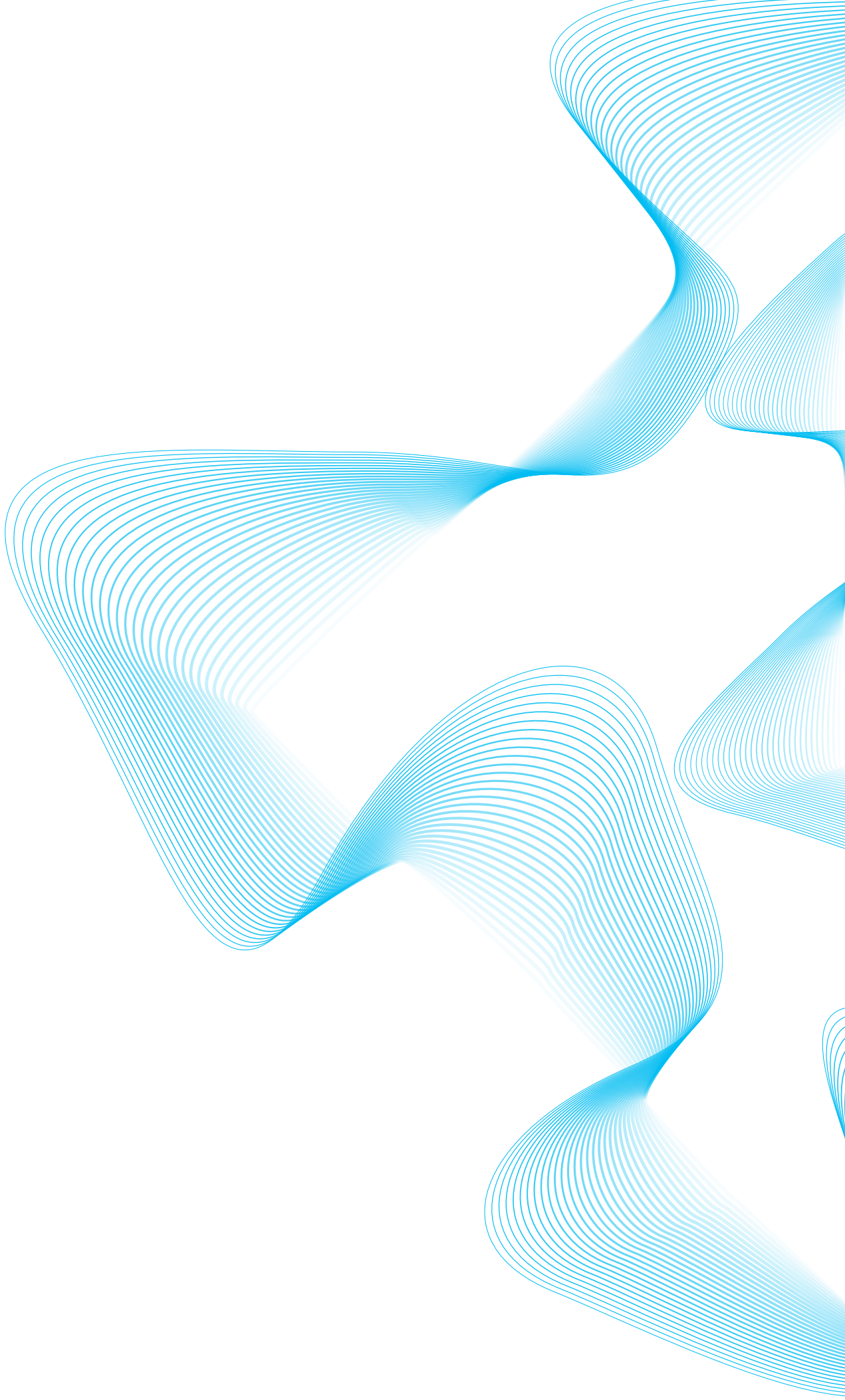
Participants also spontaneously suggested establishing an independent body to improve trust. The introduction of an independent body addressed participants’ beliefs that any reforms to the state pension should take into consideration the long-term needs of the public in relation to the state pension, as opposed to short-term election cycles. It was suggested that an independent body could review and communicate any proposed changes to ensure people know why these are being suggested and what the implications will be. Participants also stated that this body could assess the viability of any proposals in order to ensure that the state pension has a sustainable long-term future, and people can confidently include it in their plans for retirement.

“There should be a body, a regulatory body to oversee...Because I don’t trust the government, and they should be monitoring the government doing, implementing such a service.”

Female participant, Birmingham

⁵ The workshops took place in the immediate aftermath of this “mini budget” resulted in economic upheaval. (BBC News, 2022).

⁶ In December 1991 it was reported that Robert Maxwell, the former owner of the Mirror newspaper, had stolen around £450mn from the pension funds of Mirror Group Newspapers, Maxwell Communications Corporation and AGB. The scandal that followed led to the Goode Report in 1993, and then the Pensions Act of 1995, designed in part to ensure such an event could never happen again. (Marshall, 2021)



6. Reforms to ensure the state pension is fit for the 21st century

As discussed previously in this report, the current method of setting access to the state pension in line with life expectancy was considered the most logical approach. That said, participants recognised that this approach did not create a perfect system and were concerned about their and future generations' financial security, given questions over the system's sustainability. Supplementary reforms were felt to be needed to address these concerns. Participants highlighted several reforms felt to address three key challenges facing the state pension outlined below:

1. How can we help people to save more money?

Participants strongly supported increasing communications about financial management and improving financial literacy amongst the general population. It was felt that given the state pension does not provide enough to sufficiently support pensioners, the government should equip people with the ability to make informed financial decisions through their lives that would ensure their financial solvency in retirement.

Participants were also highly receptive to the idea of removing the minimum earning threshold of £10,000 to provide auto-enrolment to lower earners and offering an employer-only contribution option. This approach was considered “fairer” than the current system, which was seen to penalise part-time and “zero-hours” contract workers (ie those who tend to earn under £10,000), and especially those forced to work part-time through no fault of their own (ie due to caring responsibilities or health problems).

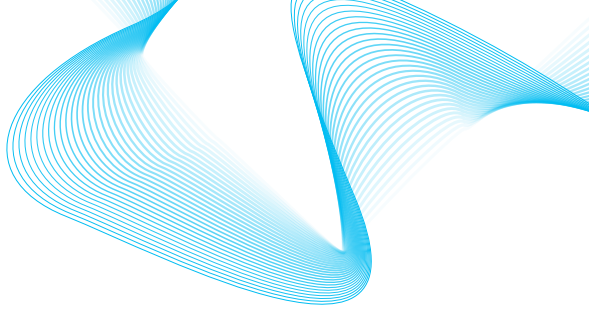
2. How can we help people to stay in work longer?

It was felt that offering phased retirement to workers in the later stages of their career acknowledged the value these staff have brought to their workplace, and the experience and skills they can pass onto their colleagues. Phased retirement was also seen as beneficial to older people's mental wellbeing, as it eases those facing retirement into a life without work. Practically, working part-time post retirement age was considered favourable as it enables those with insufficient savings to continue working.

Participants commonly made a connection between phased retirement and the need for career review and retraining, reflecting that offering a career review or retraining to move into a different role in their organisation (depending on their needs) allows older workers to adapt as they reach the later stages of their career and may facilitate their stay in the workforce longer.

3. How can we provide additional support for those who need it?

Participants welcomed the introduction of early access to a portion of the state pension before the age of retirement but felt this offer should be limited to three



specific groups: People who can no longer work for health reasons; those who can no longer work due to the physical demands of their role; and people with caring responsibilities. It was felt that without restricting early access the system was in danger of being abused, and those unable to manage their finances responsibly could end up spending the money “frivolously,” leaving them without financial support for later life.

While participants were strongly in favour of providing financial support to those nearing retirement age (ie those approximately 10 years away from retirement) who were in need, they queried whether it would be more appropriate to provide these people with other state benefits that reflected their individual circumstances, such as Universal Credit, housing benefit, disability benefit or carer’s allowance. This was considered preferable as it removed the need to lower the state pension age to support vulnerable people nearing retirement and meant the state pension fund was maintained at its current level, an important consideration given concerns over its sustainability.

The early stages of the deliberative workshops focused on participants’ knowledge of and attitudes to the state pension. As established previously in this report, participants were concerned about the fairness of the current pension system (given the negative impact it can have on different strands of the population, such as carers and those with health conditions), the adequacy of the state pension (due to the rising cost of living) and the sustainability of it (due to the country’s increasing life expectancy and ageing population). To explore how the state may address these concerns and thus ensure the state pension is fit for the 21st century, participants were presented with three key challenges in need of addressing:

1. How can we help people save more?
2. How can we help people to stay in work longer?
3. How can we provide additional support for those who need it?

In the workshop participants were offered details of several potential reforms to mitigate each of these challenges. Following extensive discussion, participants identified six key reforms (two for each challenge) they felt met the need to ensure the fairness, sustainability, and adequacy of the state pension (while also meeting the requirements set out by the principles discussed in chapter 5). The following section explores these reforms in detail, examining why participants considered them as an effective way of ensuring the state pension is fit for the 21st century.

6.1 Helping people to save more

As part of the deliberative workshops with the public, participants were asked to consider changes that could be made to the state pension and the wider financial system

to ensure people were able to save money throughout their lives. This was seen to be especially important in the context of the current cost of living crisis and rising housing prices. Participants strongly supported reforms that supported people to actively manage and improve their financial wellbeing.

This section explores two areas participants identified as potential routes to supporting the public to save more money for retirement: providing more financial education across the lifespan and widening access to auto-enrolment. It also examines stakeholders' reflections on whether it was feasible for the government to provide more education to the public, and if so, how this could be achieved.

6.1.1 Financial education and information about the state pension

Participants across both workshops repeatedly stated the importance of increasing communications about financial management and improving financial literacy amongst the general population.

Uncertainty about how to prepare financially for retirement was reflected in the low levels of understanding of the state pension evident across both workshops. As discussed in section 3.2.2, participants lacked knowledge of basic elements of the state pension, such as the number of years of national insurance contributions you need to achieve the full state pension; the amount of state pension you receive during retirement; the factors which make you eligible for the state pension; and, to a lesser extent, the difference between state and workplace pensions.

Need to improve the public's financial literacy

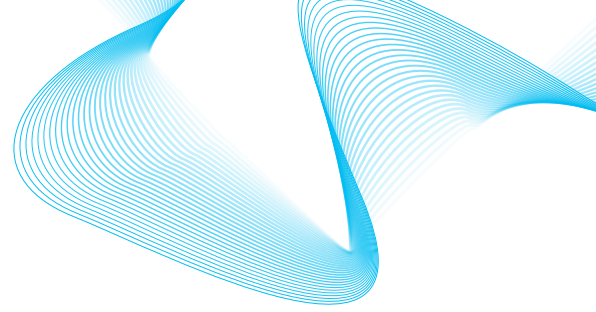
Beyond providing information about the state pension, importance was placed on the need to improve the general population's wider financial literacy. It was felt that given the state pension does not provide enough to sufficiently support pensioners, the government should equip people with the ability to make informed financial decisions through their lives that would ensure their financial solvency in retirement. As such, participants felt it was important to teach the public about considerations such as the need for an additional income in retirement, which could be built through a workplace pension or other savings.

"I was guilty of not putting any money into a private pension when I first started my business, it wasn't on my radar. All my money went into starting it up, 30 years went by, I don't know, I must have forgot about it. So, I've lost, it's my fault... I wish I'd had somebody to tell me, you know, pensions are also important."

Female participant, Birmingham

Information about financial planning needs to be targeted at people in their twenties and thirties

Complementing this, it was commonly recommended that advice and information about preparing your finances for retirement should be delivered to people in their twenties and thirties, given the perception people at this age were more likely to engage with the idea of retirement. This view was strongest amongst older people in the groups, who regretted failing to start preparing for their retirement earlier in life.



“I was going to say, for younger people, between the ages of 18 and 35, which I was once. I don’t think there’s enough information out there for people to think about it when you’re that age. You don’t think about it until you’re about 45, 50. It’s too late then.”

Male participant, London

More support on how to navigate the benefits system is required

Linked to the need for further education was a belief the public required more support navigating the benefits system. Participants who had attempted to engage with the benefits system described the service as overcomplicated and in need of simplification. These people believed that the complexity of the system impeded people from engaging with it, meaning they missed out on benefits they are entitled to. Those with health conditions were identified as particularly vulnerable to missing out due to their inability to navigate the system, as it was suggested they are less likely to have the physical or mental capacity to spend time figuring out what they can claim for. To a lesser extent, participants in London suggested the intricacy of the system is intended to impede people from finding out what they are entitled to and taking money out of the system.

“The government needs to do a lot more to actually make it more understandable. And that’s for everyone from all walks of life, ages, backgrounds, urban areas, deprived areas.”

Male participant, Birmingham

Support for a widespread, high profile media campaign to raise awareness

A widespread media campaign on TV, radio and social media was commonly suggested as an intelligent and efficient method of disseminating information around financial education. Participants also suggested sending leaflets with financial information to homes across the country and to people when they start a new job. Martin Lewis was identified as a helpful and well-known public figure who provided useful and clear information on financial literacy to the public, and it was suggested that he, or people like him, should work with the government to improve the state’s communication with the public about how to manage their finances.

“Martin Lewis has contributed to some of the changes to a lot of these programs, he’s made a lot more quickly informed on how to actually fund money and once things can change, and people need more like him in that public bowl.”

Male participant, Birmingham

Stakeholder response to findings on providing the public with financial education and information about the state pension

Stakeholders agreed information about the state pension and general financial management was widely available to the public from sources such as the Department for Work and Pensions and the Citizens Advice Bureau. There was strong consensus however that the public don't interact with information provided to them by financial authorities and through sources such as their annual private pension statement and national insurance contribution on their payslip. Indeed, the stakeholders themselves said they did not always pay attention to this.

"I get my own pension a statement, look at it and you know, lose the will to live two paragraphs it and I'm probably at the higher level of, you know, in theory, being able to understand this stuff, but I just don't want to, I just want to pay in as much as I can and get a decent pension at the end."

Female participant, Third sector organisation

Reflecting on the reason for this disconnect, stakeholders noted the information can appear complicated, leading people to disengage. This sentiment was thought to be particularly acute for lower earners, whose focus on managing day-to-day finances could leave them feeling too overwhelmed to think about long-term financial planning.

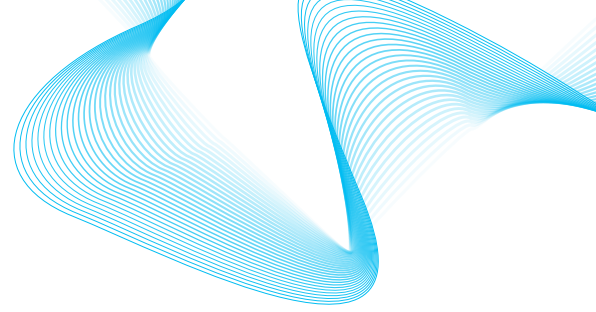
"You can't just force people to take more interest in something if they don't want to. So, what you have to do is work with the knowledge that people aren't engaged. They haven't got time in their lives to sit down and work out how many national insurance contributions they need to make it their pension."

Male stakeholder, Economic consultancy

Stakeholders felt the state should change its approach to providing information around the state pension and wider financial planning. They stated information should be simplified and condensed into clear instructions, delivered at key milestones in a person's life, or as one stakeholder described them, during "teachable moments."

This view had a significant impact on stakeholders' thoughts on when people should learn about the state pension and other financial information during their life. In line with workshop participants, it was widely agreed that secondary education was not the time to raise awareness about financial matters as students are too young to understand or care about planning for something so far in their future.

While the midlife MOT was felt to be a positive thing for people to do, stakeholders also considered it to be too late in a person's working life to introduce a discussion about their retirement income for them to be able



to prepare effectively. It was suggested people should start to receive this information in their twenties upon when they start their first job, with further nudges about financial planning built in at key intervals in a person's life. For example, a stakeholder suggested a sheet providing information about national insurance contributions and auto-enrolment could be given to workers with their first payslip.

"I also wonder if we should try and be a bit more modest in our aims... there's a lot of information within the law regulation on exactly how it's presented, but we could write to people and just say, you know, happy 25th Birthday, did you realize someone at the state pension age of 67 today would expect to live Y years but for someone of your generation we expect they'll live for Z years, rather than like overcomplicating it and saying here's your seven pension pots and this is what an annuity would look like."

Male participant, Economic think tank

Stakeholders also reflected on the significant level of knowledge participants of the deliberative workshop appeared to amass over the course of the session, which led them to question if there was a way to harness this engagement through other means at a national level.

"I was just thinking that once you got people talking about and they got interested in they got a better understanding. But I wonder how you would whether you could increase that interest in understanding across a wider population? What we could do to, to get people more interested, aside from sitting them in a room for it, that it's a good challenge."

Female participant, Third sector organisation

To a lesser extent, stakeholders suggested the government increase its marketing campaign about planning one's finances for retirement across different media including TV, social media and the radio, and referenced the Covid awareness campaign that ran during the pandemic as an effective campaign which could be copied.

6.1.2 Widening access to Automatic Enrolment

Participants across both workshops were supportive of the idea of making changes to auto-enrolment, considering it to be viable method of helping people to save money during retirement. Specifically, participants were strongly receptive to the idea of removing the minimum earning threshold of £10,000 to provide auto-enrolment to lower earners and offering an employer-only contribution option. It should be noted these changes would need to be enacted in tandem to ensure those currently falling under the threshold could avail of an employer-only contribution.

Increases equity between different types of workers

Participants viewed this reform as “fairer” than the current system, which was seen to penalise part-time and “zero-hours” contract workers (ie those who tend to earn under £10,000). This was felt to be especially unjust to those forced to work part-time through no fault of their own (ie due to caring responsibilities or health problems). When discussing this, it should be noted that participants did not tend to realise that these segments of the population were likely receiving other benefits from the state to supplement their income. Working multiple low paying jobs in the “gig economy” was also identified as increasingly common across the country, and it was commonly stated that these workers should be supported to build a workplace pension.

“I agree with removing the earning threshold. I don’t think there should be a limit. I think everybody should be entitled, whether they’re working all the hours or less hours. Again, otherwise they’re being penalised, aren’t they? And that’s basically saying if you earn below 10,000, you’re not eligible. So unfair. Maybe that person can’t work more hours for personal reasons.”

Female participant, Birmingham

Supports people experiencing financial difficulty

The employer only contribution was felt to be specifically advantageous to people experiencing a period of financial difficulty who needed to stop their own contributions. Participants positively recounted stories of companies continuing to contribute to the workplace pension when employees have been forced to pause their own due to the cost of living crisis. They repeatedly expressed a desire for this to be enacted as standard.

“Some really good employers at the moment, with cost of living, are doing these sort of, pay holidays for people, where they’re saying like, for the next 18 months, you don’t need to pay your three, and we’ll keep paying our 5. That’s a great employer.”

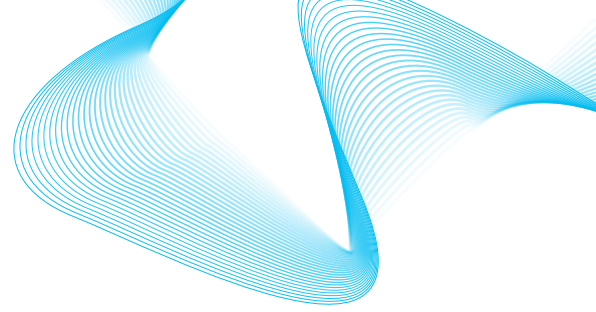
Male participant, London

Incentivises unemployed people to find work

To a lesser extent, participants noted that this reform could encourage unemployed people to find some form of work (be it part time or full time) so they could benefit from this scheme. Indeed, individuals who gain work would be able to avail of their employer contribution regardless of the amount they earn and begin to build workplace pension to compliment the support they’ll receive from the state. This was also thought to be beneficial for the state, as it would reduce the number of people in hardship.

Potential threat of employers taking advantage of the system

Despite the strong support for this reform, participants raised several points of concern which would require careful consideration if these changes were to be made. If employer only contributions were enacted without removing the earning threshold, there was a fear that employers would “work the system” and hire multiple part time staff who earn below the threshold, enabling them to bypass the requirement to make



their contribution. Given this, it was stated that the earning threshold would have to be removed alongside the employers only contributions.

“I can remember clearly, that after auto enrolment came into being...the number of employers who changed their employment strategy. And instead of employing, say, five full time workers, employed eight or nine part time, who are all under the threshold, so they didn't have to pay into that. That shouldn't be allowed, but it is.”

Male participant, London

Support required to help people manage different pensions

Participants additionally reflected on personal experiences of losing track of their private pensions as they moved roles in the past. They noted that people who frequently change jobs (such as those working in the gig economy or more generally in insecure roles) and who have not qualified for auto enrolment previously will be especially vulnerable to losing track of the money they accumulate if this reform was to go ahead. Given this, it was felt the state and employers should work together to ensure employees had enough information and support to keep track of their workplace pensions. It should be noted the Pensions Dashboards, a tool that will allow individuals to view information about their pensions, including state pension, in one online place of their choice, are expected to be available from 2023 and should address participants common request for an easy to navigate tool where they can view all their pensions (Pensions Dashboards Programme, 2023).

Support required for smaller firms to offer this reform

To a lesser degree, participants acknowledged the difficulty smaller companies and the self-employed may face providing their contribution in times of wider economic hardship. A self-employed participant reflected that they would struggle to provide it alongside other benefits such as “sick pay, maternity and paternity pay, etc”.

Stakeholder reaction to participants response to reforming auto-enrolment

Stakeholders were pleased participants viewed potential reforms to auto-enrolment favourably, reflecting that this could be used as an incentive by the state to get people back into the workforce, something that a stakeholder identified as being a key issue in the aftermath of Covid-19.

“There's a bit of a positive surprise around reforms to automatic enrolment. This is something that I work on a lot and haven't done that much work on what ordinary people think about it... So obviously, the government is very concerned at the moment that all these people have left the labour market during the pandemic. How do you get them back? And often pay isn't necessarily an incentive, but it's interesting that saving towards a pension might be so that's something that you can think about.”

Male participant, Trade association

6.2 Helping people stay in work longer

Within the context of rising longevity, participants acknowledged the need to keep people in the workplace for longer by raising the state pension age. During the workshops and roundtable event different ways in which the state could support members of the public to stay in work for longer were discussed. Participants across London and Birmingham were especially supportive of two reforms which would facilitate this, those being ending the cliff edge to retirement through phased retirement and flexible working and encouraging career reskilling and retraining to build long term careers.

This section summarises participants views from of these reforms during the workshops, in addition to stakeholders' reaction to participants support for ending the cliff edge to retirement.

6.2.1 Ending the cliff edge to retirement through phased retirement and flexible working

Participants responded positively to making it mandatory for employers to offer retirees the option to phase into retirement. Several benefits to this approach emerged in conversations across both workshops.

Staying in work acknowledges older employees value to their workplace

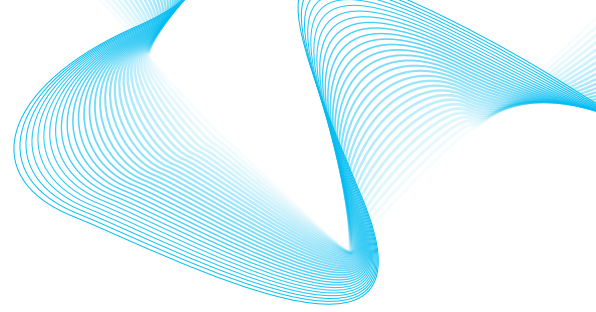
It was largely felt that offering phased retirement to workers in the later stages of their career acknowledged the value these staff have brought to their workplace, and the experience and skills they can pass onto their colleagues. Participants suggested those phasing into retirement work alongside colleagues taking their role for a period to share their skills, thus easing the transition between employees for employers. Older staff becoming trainers or mentors for younger employees in the later stages of their career was a particularly popular concept amongst participants.

“I think it values older people more, changes the perception of older people as well. I think as a society, we kind of need to, kind of go more towards, because there's so much wealth and older people – not to think because like once you hit 60, you're heading towards the scrapheap. And that's it. Do you know what I mean? I think it values them more. And I think giving them flexibility, gives them an extra bit of freedom as well. And makes them even happier to stay in work.”

Female participant, London

Working can be beneficial to older people's wellbeing

Phased retirement was also considered to be beneficial to older people's mental wellbeing. Easing those facing retirement into a life without work gives them time to develop a routine that involves socialising with family and friends and undertaking their hobbies and interests, aspects of retirement participants identified as desirable in the workshop. Participants considered this to be especially important to those who used work for social engagement; stories were shared of colleagues who retired and passed away shortly, which they put down to loneliness.



“There’s some people who will end up retiring, and they don’t have hobbies or many families and friends and actually works their life, that that’s where they get that real social stimulus.”

Female participant, Birmingham

Working allows older people to continue to earn money in retirement

On a more practical note, the ability to continue earning money in retirement was identified as advantageous for retirees who did not build up a sufficient level of savings prior to reaching pension age. That said, while participants were positive about this reform, they strongly suggested it should be optional as there will be people who both want to retire immediately, or who need to due to health issues or caring demands.

“I think the key words you’ve just said is “some people.” It needs to be optional.”

Male participant, Birmingham

Flexible working encourages all workers to cultivate an effective work/life balance

Similarly, participants responded very positively to discussions about flexible working and, indeed, suggested that reforms in this space complemented those relating to phased retirement. Encouraging employees to work flexibly was thought to enable them to achieve a positive work/life balance. Participants believed providing workers time off for parental leave or caring responsibilities and the ability to work the hours they desired or work from home as opposed to the office prevented burn out, which in turn could encourage people to stay in the workforce for longer as well as enabling them to enjoy their retirement when they get to it.

“If you had more space around your 9-5 to do flexible working hours, you’d have a better working life. If you had flexibility across a 25 year period where you have been able to take time for family members or for yourself”

Female participant, Birmingham

Furthermore, participants reflected actioning flexible working and phased retirement in conjunction would enable workers at different stages of life to pick up any gaps in the workforce created by those with different commitments. For example, an older worker phasing into retirement could cover the two or three days a week their colleague with young children does not work due to childcare commitments.

“When I had my son there was seven of us pregnant at the same time. So, when we came back off maternity leave, there was a lot of talk of flexible working... for the business structure to continue they couldn’t say yes to everybody... So, if you have a workforce that spans thirty, forty decades, so you’ve got people that haven’t yet thought about becoming parents, people who are in that area, people that are past it, then you’ve got a better chance of flexible working being implemented positively and giving everybody the desired outcome.”

Female participant, Birmingham

Support required for smaller companies who may not have the infrastructure to offer different ways of working

Similar to discussions around introducing reforms to auto-enrolment, concern was raised for smaller companies with a modest workforce as well as the self-employed, who may not have the infrastructure to support staff to phase into retirement or work flexibly. It was largely agreed that employers would need to be provided clear instructions from the government about what they were obliged to offer staff in terms of phased retirement and flexible working, what was optional to deliver, and what financial support smaller organisations would receive to provide these opportunities. Linked to this was an acknowledgement that phased retirement and flexible work patterns would not work across all industries (for example, those in manual roles who cannot work from home). Participants suggested such employees should receive alternative benefits, but struggled to identify what these could be.

“The government could provide an employer checklist...these are enforceable by law; you have to do those. These ones are optional. In your job description as an employee, you can get, you will definitely get this. These are optional and we can talk about that and whatever you want and have it more discursive.”

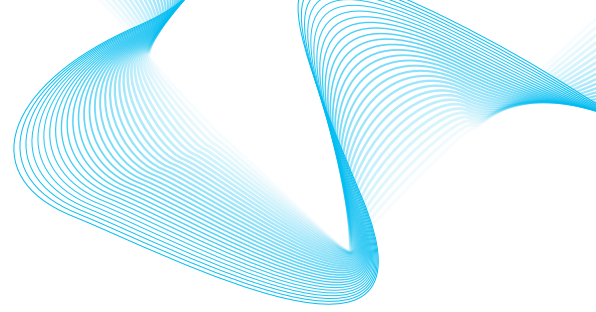
Male participant, London

Participants commonly made a connection between phased retirement and the need for career review and retraining, reflecting that offering a career review or retraining to move into a different role in their organisation (depending on their needs) allows older workers to adapt as they reach the later stages of their career and may facilitate their stay in the workforce longer. The next section will explore workshop attendees' views of career reviews and retraining.

Stakeholder response to ending the 'cliff edge' retirement through phased retirement

Akin to workshop participants, stakeholders were strongly supportive of reforms which would make it mandatory for employers to offer staff phased retirement. They felt the reform was an effective way to keep people in the workforce for longer, which was recognised as vital to the long-term sustainability of the state pension.

As well as supporting the need to keep people in work longer, the reform was also positively identified as offering employers access to a new pool of older but experienced and skilled candidates. Furthermore, stakeholders welcomed the emphasis the reform placed on workers' individual needs and preferred work patterns, reflecting that this is how employers should support their staff. For workers who decide to phase into retirement after reaching the required age, this approach was seen to enable them to access more of their salary as they would no longer be paying national contributions.



“There are models where employers are supported to retrain staff, and they quite often find it unlocked candidate course that they didn’t have access to before. They’re skilled workers who are incredibly loyal, because they really value this stuff. So, there’s a whole good side to it.”

Female participant, Economic think tank

Despite the widespread support for this reform and advantages mentioned above, stakeholders identified several risks or “disincentives” policy makers would need to address before implementing this reform.

The feasibility of companies being able to offer phased retirement was a significant concern raised. Stakeholders reflected that it would not be viable for small to medium employers to offer flexible working patterns to older workers, given the cost involved of employing and training a second person to do the work left. This issue led to wider a conversation about whether this reform might exacerbate age discrimination in the workforce, as employers may attempt to “push out” older employees before they have requested phased retirement.

“I think the obvious one is the impact... cost implications for that huge and in terms of businesses it’s clear much smaller ones are going to struggle.”

Male participant, Financial sector

Stakeholders struggled to state what could be done to address these concerns. A staggered roll out, starting with public sector organisations and then big private companies was suggested, with a stakeholder reflecting that this approach would have larger organisations trial the system enabling changes and improvements to be made before it was implemented by smaller companies.

Linked to this was the question about the feasibility of enacting this reform across different sectors. Stakeholder reflected that it would be difficult for certain organisations, such as those specialising in manual work to move staff into a role which would keep them in the workforce part-time. As a potential work around to this, one stakeholder suggested, would be that older workers could transition into a position training younger staff.

“You might say you, as an employer have to think about the physical demands of most of these jobs. Have you got another role that you could take from someone who’s doing more manual work, and let them become a trainer?”

Male participant, Government department

Stakeholders further expressed their concern about unequal uptake of this offer amongst different segments of the population. It was suggested that only those financially comfortable would be able to phase into retirement. To address this issue, stakeholders suggested policy makers should explore whether working-age benefits could provide further support to part-time workers nearing retirement, or if this this could be resolved through early access to part of the state pension.

6.2.2 Reskilling and retraining employees for long term careers

Participants across both workshops responded positively to the suggestion to enforce initiatives around career review & retraining.

Strong support for career review and retaining for older workers

The opportunity to adjust your role to reflect your current level of ability was received positively by the public in London and Birmingham. There was a widely held view that those working in physically demanding roles such as construction would struggle to maintain the strength and energy required for this type of work later in their career, and given this, should have the opportunity to change their position and act as trainers for staff. Indeed, participants largely felt older workers in all types of industries should have the opportunity to work as mentors to younger staff or in an advisory position during their later working years. Participants widely believed recognising older workers' value to their company and that "they aren't just a number" encouraged them to commit to their workplace for the long term.

"In this country, this is a generalisation, forgive me for this. But our old people are classed as an inconvenience, and they're not. Because their knowledge and skills should be passed on."

Male participant, Birmingham

Furthermore, the opportunity to learn new skills was seen as beneficial for older workers health as it provided a positive way to keep the mind and body active into later life.

"I think it's important that you brush up on your skills...keep that mind active and happy in a job and learning as you're going along. You feel as though your part of an industry when you're invested in it."

Male participant, Birmingham

Opportunities to retrain should be optional

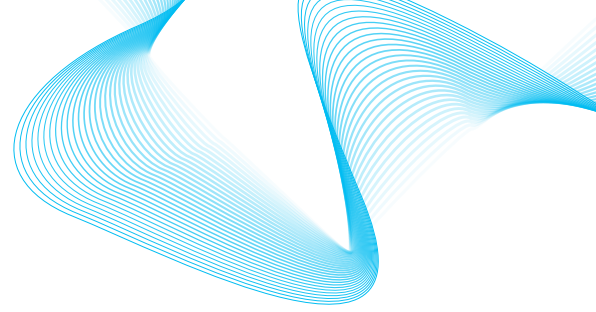
As with all reforms discussed with participants, they also highlighted a number of caveats they wanted the state to consider. Firstly, participants commonly stated the importance of any opportunities to reskill being optional, acknowledging there may be those who don't have the capacity to learn new skills due to health issues, as well as others who simply don't want to. This was especially felt to be the case when it came to learning IT skills, as participants stated their belief older people may be not want to learn about new technology if they find it challenging to use.

"Some older people just cannot take the technology. It's just, it's just beyond them."

Male participant, Birmingham

Older people looking for work require support to address age discrimination from potential employers

The issue of age discrimination was raised, however, and participants expressed their concern for older workers looking for work later in life after retraining independently.



Even with the skills acquired to do a role, participants commonly stated their belief that employers dismiss older applicants, with one participant describing the job search experience as “daunting,” and suggesting the need for more “compassionate support” from the state for those needing assistance to find work.

Older staff require reassurance about the security of their role

To a lesser degree, there were participants who expressed a belief that older workers may be reluctant to share skillset with younger employees due to concern that providing this support would endanger their own position in their company. These participants believed that there are employers who would take advantage of this system to fast-track younger employers, “getting them in young, pay them less, working them harder”. They reflected that a larger “cultural shift” would be required to highlight the value older staff bring to companies.

Government support required for smaller companies to offer retraining

Similarly to the discussion on flexible working, concern was also expressed for the capacity of employers to provide opportunities for retraining. Government intervention was felt to be key to encouraging employers to spend time and money into investing in older staff. It was suggested the government could provide a similar type of financial support given to employers for the apprenticeship scheme.

“The government needs to be involved in it...my father-in-law, he has a manual labour job, and his new employer is actively trying to force out the older generations to bring in a new one. So they wouldn’t be interested in reskilling him. A business is not going to turn around and just ‘that’s alright we’ll do this for our ageing staff.’ They’re going to turn around and say, ‘well come on government, what money do we get for this.’

Male participant, Birmingham

6.3 Additional support for those who need it most

Over the course of the deliberative workshops, it became clear participants were concerned about the impact of linking receipt of the state pension to life expectancy could have on more vulnerable members of society, such as those with health conditions and caring responsibilities. To this end, participants were in favour of avenues that provided these sections of the population with additional help.

This section examines the public’s thoughts on how the government could provide additional support those in need either through early access to their state pension or working age benefits. It also covers stakeholders’ perception of these potential reforms.

6.3.1 Early access

Participants welcomed the suggestion to introduce early access to a portion of the state pension before the age of retirement but felt this offer should be limited to certain circumstances.

Limit early access to ensure fairness and the sustainability of the system

While participants tended to feel people should have largely unrestricted access to their private pension, the need to stipulate scenarios people would receive (part of) their state pension payment early appeared to link to wider concerns about fairness and sustainability. Participants suggested that, without restriction, the system was in danger of being abused. There was a prevalent sense amongst participants that there are people who cannot be trusted to make the right financial decisions when it comes to accessing their funds early. It was felt such people are in danger of “spending frivolously” leaving them with no financial support for their later life.

“They can neutrally say, you need this, you are now entitled to that. But letting people choose maybe when they start doing that could have negative impact on the people who decide to draw down on those funds, because they may irresponsibly spend their pension. And then when they get to a point where they’re no longer earning at all, or much later, and they’ve got absolutely nothing.”

Female participant, London

When to provide early access

Participants identified three segments of the population that should have the opportunity to access a portion of their state pension early:

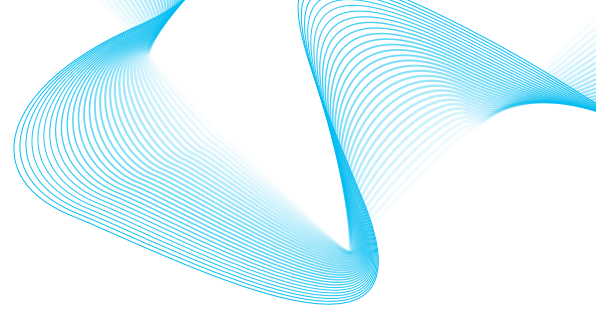
- ♦ People who can no longer work for health reasons.
- ♦ People who can no longer work due to the physical demands of their role; and
- ♦ People with caring responsibilities.

Participants largely agreed that people with medical conditions that impede their ability to work should not be required to continue in their role full time and should be entitled to receive a portion of their state pension early, given they may need it to pay for medical treatment or lifestyle adaptations. Those in manual roles, such as construction, were felt to be especially in need of the option to retire early given the physical demands of their work. Indeed, one participant worried that older workers in this field may become a health and safety concern. Teachers were also identified as a group who may need to retire early, given the mental agility felt to be required for the role. Additionally, participants regarded it as “unfair” for those with demanding caring responsibilities (towards a loved one such as a family member or close friend) to be expected to work up to the state pension age.

“That age group where they’ve got to come out of full time work to care for friends or a family member, surely that proves they should lower for them. You know, it shouldn’t have to be 67 or 66.”

Female participant, Birmingham

Linked to this, participants responded favourably to the policy put forward in Ireland, which enabled people to access their state pension at 60 in certain circumstances



where they require additional financial support (such as paying for medical treatment following a sudden accident or illness).

Addressing unequal life expectancies across the UK

It was noted that early access may provide financial support to those living in areas whose population have a greater likelihood of living more years in poor health, thus recognising and addressing the discrepancy in life expectancy between different parts of the UK.

“I think if somebody does have underlying health issues. Because you know, 66 is, is too much for some people. And it’s not fair on those people, you know, if they have real, real health issues, you can just push them into an early grave, and it’s just not right.”

Male participant, Birmingham

It should be noted that members of the public and stakeholders did question whether it was necessary for the state pension to provide early financial support to those in need, or if this type of support was a job for the wider benefits system. Views on potential changes to the benefits system are discussed in the next section.

6.3.2 Reform working-age benefits

Although the option to provide more generous working-age benefits was not specifically tested as a reform with participants during the workshops, it was consistently brought up as issue that would be helpful to address.

Working-age benefits tended to be raised specifically in relation to early access to the state pension. While participants were strongly in favour of providing financial support to those nearing retirement age (ie those approximately 10 years away from retirement) who were in need, they queried whether it would be more appropriate to provide these people with other state benefits that reflected their individual circumstances, such as universal credit, housing benefit, disability benefit or carer’s allowance. Participants found this approach preferable as it removed the need to lower the state pension age to support vulnerable people nearing retirement and meant the state pension fund was maintained at its current level, an important consideration given concerns over its sustainability.

“So, if you’re bring down the retirement age to give somebody of 45 year old age pension, does that mean they’re doing to stop receiving the universal credit, the housing benefit? It’s like robbing Peter to pay Paul.”

Male participant, London

Stakeholder response to a potential reform around early access to the state pension and more generous working age benefits

At the roundtable a proposal based on participants' views on early access was tested with stakeholders. The proposal suggested the state could offer a portion of the state pension two years before the official retirement age and at a lower rate to people in the following circumstances: those who can no longer work for medical reasons or due to the physical demands of their role, and those with caring responsibilities.

Stakeholders largely agreed that providing support to those with health conditions and caring responsibilities was a "sensible idea" that went towards addressing inequalities faced by these segments of the population. It was noted that a similar two-tier system was in place in other countries. Furthermore, the proposal was believed to be a helpful way to support those who may struggle to find suitable work in the two years before they retire. They also felt this system could encourage people who feel too embarrassed or ashamed to apply for general welfare benefits to engage with accessing support, provided the offer was carefully framed and not described as a benefit.

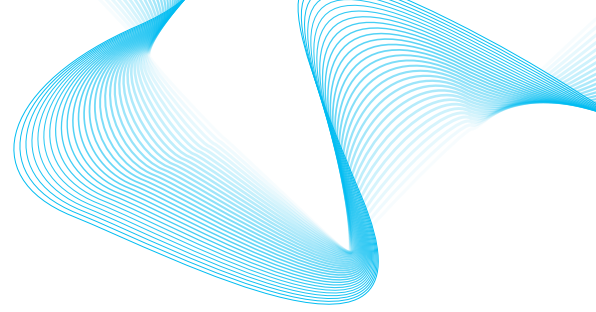
However, stakeholders did raise concerns with this approach. There was a consensus that it would be difficult to accurately determine whether someone fell under the category for early access due to the physical demands of a role, and to some extent, for a medical reason. While stakeholders did acknowledge similar tests were conducted in other parts of the welfare system, there was a concern the state would struggle to correctly measure physical and mental conditions which made people unable to work in their particular field.

"How would you administer that because where would you draw the line? Is it teachers, prison officers, is it bricklayers, scaffolders, even lawyers, it's difficult work after a certain age."

Female participant, Government department

Stakeholders also questioned whether the amount of time the person was in the role would be taken into consideration and whether they had the capacity to do an alternative role within the same organisation.

Additionally, stakeholders were unsure about offering those who could receive early access to the state pension a portion of their pension instead of the full amount, reflecting that limiting the amount of state pension a person in need of support receives may feel like they are being punished for being ill or having caring responsibilities. This was felt to be especially important in cases where people are terminally ill. Given their potentially limited life expectancy it was felt they should be entitled to receive the full state pension amount. However, others reflected that it would be challenging and impractical to do this, given the government's reliance on the national insurance contributions retained from people who die before reaching state pension age.



“It’s a really difficult one and it makes me sound really heartless in sort of tragic circumstances, but the way pensions are priced you need some people dying early to make the whole thing affordable. So, if we’re going to say to certain people, you’ve got a really short life expectancy, I’m sorry, here’s, here’s the equivalent amount, you should have got out of the pension, and you have to reduce it to everybody else...there needs to be winners and losers, I think to make it affordable. If you try and make everyone a winner, then it becomes enormously expensive.”

Male participant, Financial sector

Additionally, stakeholders acknowledged that the full amount of state pension is low and lowering it further could put people in danger of falling below the poverty line.

Upon considering these implications, stakeholders, in a similar vein to participants, queried whether this type of financial support should in fact come from the state pension or whether similar support was already provided by other parts of the benefits system. Stakeholders acknowledged that the state pension is often seen as a preferable to other working-age benefits such universal credit as it offers a better level of protection to recipients.

“This goes back to a bugbear of mine about trying to use the state pension to be the solution to all things. It is only part of the system; we’ve got to look at the system overall. If we want carers to be paid better, let’s pay them better. If people can’t work for medical reasons, well, let’s have proper sickness benefits. I just I think trying to make the state pension some universal solution to everything. It’s not really what it’s for.”

Male participant, Financial sector

Given this, stakeholders suggested that a benefit like early access could be subsumed into current working-age benefits. They recommended developing a “more generous” form of universal credit for those two or three years off retirement and in need of support due to an illness or caring responsibilities. It was noted that there may be pushback against this, given it favours older workers over people of other ages accessing universal credit. However, stakeholders reasoned that an argument could be made for doing this, given older people will find it more difficult to find suitable work for themselves in the few short years before retirement, and younger people could be more in danger of spending frivolously and not looking for work if given too much financial support.

An alternative proposal was raised by stakeholders from government departments at the roundtable event. These participants reflected on the role of pension credit as a ‘safety net’ and a ‘passport’ for access to other benefits such as housing benefit and council tax discounts for those over state pension age with a low income. Given this, they suggested that early access to a portion of the state pension could be linked to pension credit as opposed to a working age benefit, thus ensuring it remains distinct to the aforementioned working age benefits.

7. Conclusion

It's almost 20 years since the Turner commission's independent review of the state pension held public consultations to understand the public's view of the state pension and potential reforms to it. Since then, the country has undergone major political, social and economic shifts that have significantly impacted the equity, sustainability and affordability of the state pension and left its future status uncertain. In such a rapidly changing context, it is vital the state understands the public's attitudes and opinions on how the state pension should look going forward given the scheme will play such a significant role in their lives.

Through a process of deliberation, we have been able to go beyond the public's top-of-mind responses to potential reforms to the system. Providing participants with extensive evidence and expert opinion, along with the time and space to reflect on this complex policy problem, enabled them to consider the need for change in depth, and how this could be achieved in a way that is equitable, and financially sustainable.

While setting access to the state pension in line with age was considered a logical approach, participants recognised that this is not a perfect system, and that supplementary reforms would be needed to ensure the state pension is fit for the 21st century.

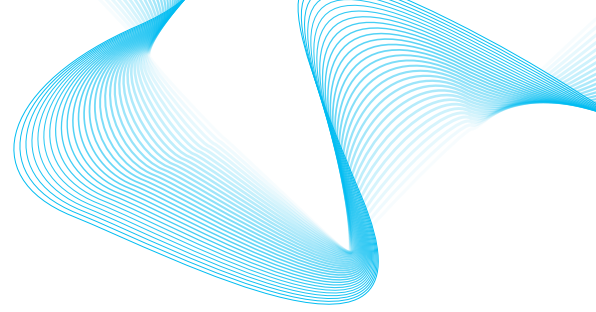
The findings from the research show the public are willing to take the necessary steps to prepare their finances for retirement and are keen to support themselves through, for instance, saving in a workplace pension. However, more information and tools to support them in this, from both the state and employers, were considered to be important pre-requisites. Additionally, they were also adamant that employers and government need to play their part too and articulated a number of changes they wished to see.

For those in low paying jobs, or working part-time, participants understood that it would be a particular challenge for them to save a sufficient amount into a workplace pension that could be used to complement what they get from the state. To this end, they wanted to see employers provide more financial support through the auto-enrolment scheme.

They also wanted to see changes that would help older workers stay in employment, thus enabling them to earn more for longer. In the main this was thought to necessitate additional flexibility, ensuring that people can adjust the work they do, the roles they undertake and the hours they work so that it suits their needs at that time, as well as their physical and mental abilities.

Participants were also concerned with fairness, and ensuring the most vulnerable are provided with the help and support they need. Therefore, for those in specific circumstances – like caring responsibilities, or those with certain health conditions – participants advocated that they be able to access their state pension early or be better supported through the reform of existing working age benefits.

Mindful that the pace of social and political change is unlikely to slow down in the years ahead, the government has committed to review the state pension within two years of the next parliament with a view to increasing the age at which the state



pension can be claimed to 68. Given the contentious nature of such reforms, and the low levels of trust in government that currently exist, it will be vital that the public are consulted meaningfully in order to develop sound and sustainable policies which have their buy in.

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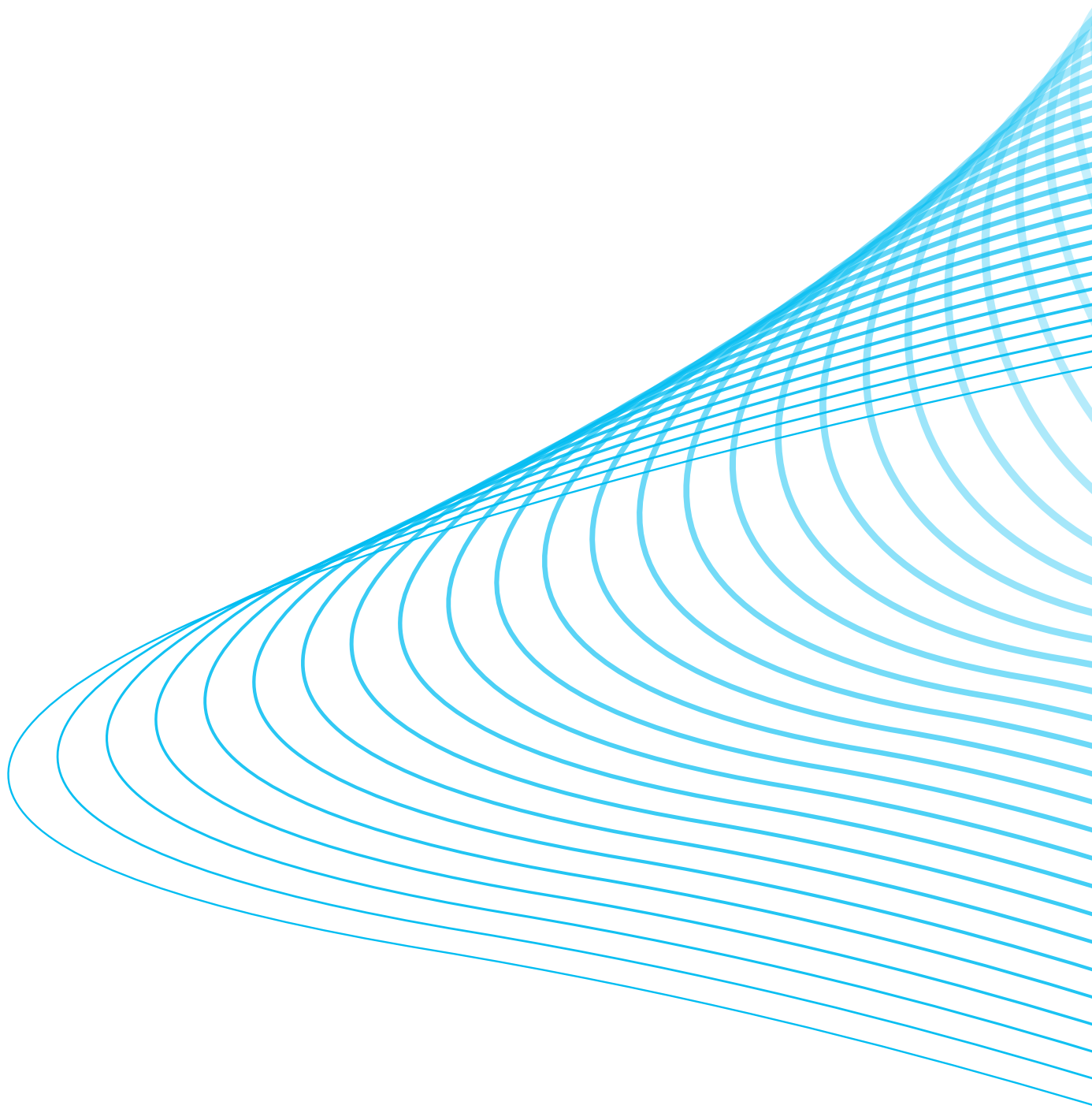
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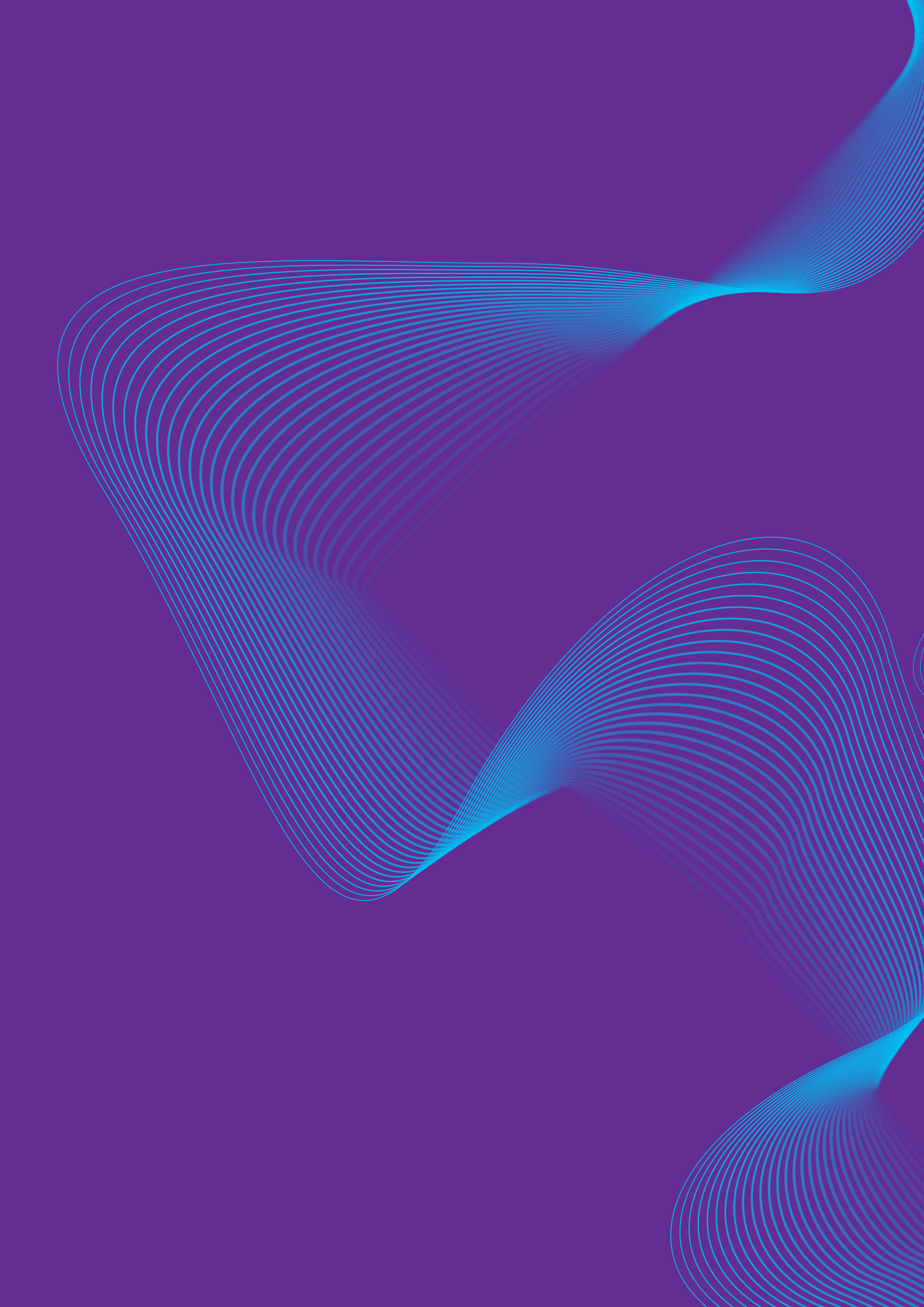
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