



When I'm 68...: state pension age rising again

The government has announced plans for a further increase in state pension age.

On the day before parliament shut up shop for its summer holidays, David Gauke, the Secretary of State for Work and Pensions, announced that the government had decided state pension age (SPA) should be increased to 68 between April 2037 and April 2039. The timing is seven years earlier than currently legislated for in the Pensions Act 2007. As a result, if you were born between 6 April 1970 and 5 April 1978, the age at which you can draw your state pension is set to rise.

Despite some of the newspaper headlines, the announcement came as no real surprise. Earlier this year John Cridland had published a final report, commissioned by the Department for Work and Pensions (DWP), which recommended just such a move in the state pension age. The DWP had been statutorily due to reveal its decision on raising the SPA by 7 May, but wriggled out of the obligation, claiming it was hidebound by pre-election purdah rules.

Delayed legislation

Ironically, that election had a knock-on effect on the Mr Gauke's announcement. Although he gave notice of the change, there will be no legislation to put it into effect until after the *next* review of SPA, which is due in six years' time. This delay is "...to enable consideration of the latest life expectancy projections and to allow us to evaluate the effects of rises in state pension age already under way," according to the minister. It may also be related to the government's thin majority, the controversy still waging around the ongoing increases to women's SPA and the Labour's Party manifesto commitment not to increase SPA beyond 66 without first undertaking (another) review.

For all the political manoeuvring, SPA increases look inevitable in the longer term. The new single tier state pension may be under £160 a week, but with an ageing population it is an expensive benefit: the change announced in July would save £74bn by 2045/46 according to Mr Gauke.

If you want to make your own choice of retirement date, rather than be dictated to by successive DWP Secretaries of State, the lesson to be drawn from July's announcement is that you need to make sure your private pension provision is adequate.

The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice.