

Pension Bill 2011 fact sheet 1 – Government amendment to Clause 1 of Pensions Bill 2011

Summary

- The current Bill timetable completes equalisation of men and women's State Pension age by November 2018 and then increased the State Pension age for both men and women from 65 to 66 by April 2020.
- The Government has tabled an amendment that brings into effect transitional arrangements for those most affected by the increase in State Pension age. The revised timetable maintains equalisation by November 2018, but then phases in the transition from 65 to 66 more slowly, so that the State Pension age reaches 66 in October, rather than in April 2020. As a result, the maximum delay to state pension age that any individual will face is 18 months. **Annex A** contains a chart showing the revised transition compared to the original Bill timetable and the revised State Pension ages for the cohorts affected.
- This document summarises the main differences from the timetable contained in the Pensions Bill introduced in January 2011.

Impact on length of time to State Pension age

- Under the timetable currently contained in the Pensions Bill:
 - Approximately 4.5 million men and women will have their State Pension age increased by a year or less;
 - Approximately 500,000 women would have their State Pension age increased by more than one year, of whom;
 - Approximately 300,000 women would experience an increase in state pension age of 18 months or over, of whom;
 - Approximately 33,000 would experience an increase of exactly two years.
- Under the proposed amendment:
 - Approximately 245,000 women would see the increase in their State Pension age reduced to 18 months. 240,000 men would also benefit from a reduced increase
 - The numbers who benefit from a lower State Pension age is summarised by month in Table 1, and the impact on specific cohorts is shown in Table 2, below

Table 1: Numbers who benefit from the revised transition, by number of months their pension age is reduced, in 1,000s

SPa reduced by (months)	1	2	3	4	5	6
Women	29.1	61.1	30.3	62.0	31.0	32.5
Men	28.3	59.3	29.4	60.3	30.1	31.6
Total	57.4	120.4	59.7	122.3	61.1	64.1

Table 2: Cohorts who benefit from the revised transition, by number of months their pension age is reduced

Date of birth:	6/1/54 to 5/2/54	6/2/54 to 5/3/54	6/3/54 to 5/4/54	6/4/54 to 5/5/54	6/5/54 to 5/6/54	6/6/54 to 5/7/54	6/7/54 to 5/8/54	6/8/54 to 5/9/54
Women								
Old increase	20	22	24	23	22	21	20	19
New increase	18	18	18	18	18	18	18	18
Difference	2	4	6	5	4	3	2	1
Men								
Old increase	6	9	12	12	12	12	12	12
New increase	4	5	6	7	8	9	10	11
Difference	2	4	6	5	4	3	2	1

Impact on Annually Managed Expenditure (AME) savings

The amendment reduces the total AME savings expected from the timetable contained in the Bill by £1.1 billion (2011/12 prices).

Table 3: Estimated overall change in DWP benefit spend for core option presented in Pensions Bill 2011, £ billions, 2011/12 price terms

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Bill timetable	-0.3	-0.9	-1.9	-3.5	-4.6	-4.8	-5.0	-5.3	-4.2	-1.4	-31.7
18 month cap	-	-	-	+0.6	+0.5	-	-	-	-	-	+1.1
										Total	-30.6

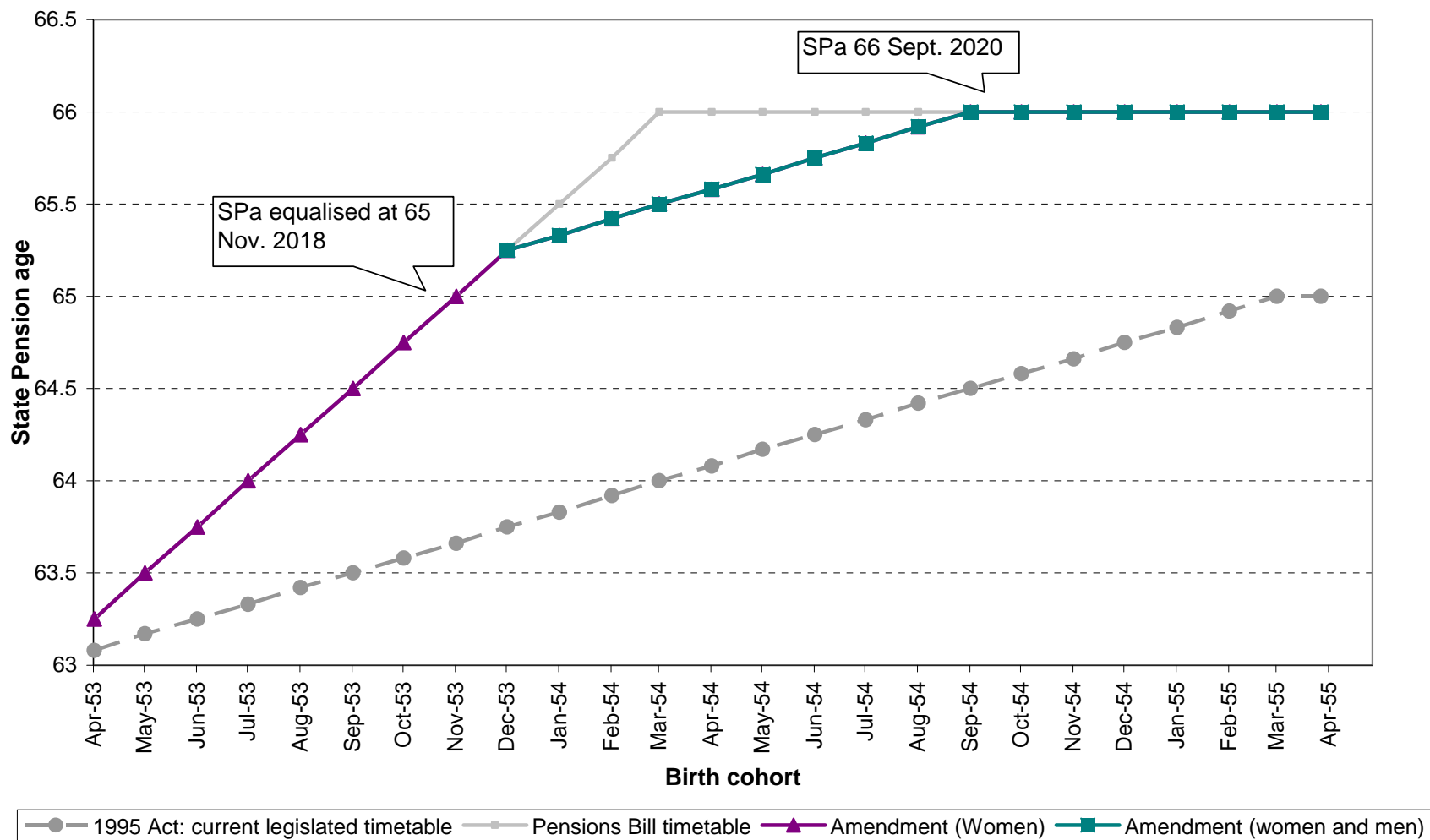
Notes:

* All figures rounded to the nearest £0.1 billion and totals may not sum due to rounding.

* Updated to incorporate July 2011 OBR assumptions, estimates in 2011/12 price terms

Annex A – Supporting data

(I) State Pension age, by birth cohort



Revised timetable for transition from 65 to 66

Period within which birthday falls	Date new State Pension age reached
6 December 1953–5 January 1954	6 March 2019 [no change]
6 January 1954–5 February 1954	6 May 2019
6 February 1954–5 March 1954	6 July 2019
6 March 1954–5 April 1954	6 September 2019
6 April 1954 - 5 May 1954	6 November 2019
6 May 1954 - 5 June 1954	6 January 2020
6 June 1954 - 5 July 1954	6 March 2020
6 July 1954 – 5 August 1954	6 May 2020
6 August 1954 – 5 September 1954	6 July 2020
6 September 1954 – 5 October 1954	6 September 2020
6 October 1954 – 5 April 1960	66th birthday*

(*Note: legislated timetable already provides that pension age is 66th birthday for people born 6 April 1960 to 5 April 1968)