

Template for costing policies of opposition parties

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Description of policy
<p><i>We believe to ensure universality the Government must address the unfairness of 700,000 women being deemed ineligible for the new pension even though men of the same age are eligible, by enabling all men and women who reach the age of 65 after the implementation date of 2016 to receive the single-tier pension."</i></p> <p>Gregg McClymont, Shadow Minister for Pensions' article for Politics Home, 24th May 2013</p> <p>http://centrallobby.politicshome.com/latestnews/article-detail/newsarticle/gregg-mcclymont-governments-pensions-changes-are-not-fit-for-purpose/</p>
Additional policy assumptions
<ul style="list-style-type: none"> • all can claim/defer their current system state pension at SPa below 65; • all are given a one-off chance to opt in to the single tier at age 65: <ul style="list-style-type: none"> ○ all who would benefit from single tier over retirement (compared with the current system) opt in but lose access to derived entitlements and savings credit ○ those who wouldn't benefit from opting in remain in the current system with access to derived entitlements and savings credit • the single-tier amount would be assessed using the individual's pre-implementation National Insurance records into a simple single-tier starting amount: the higher of the individual's current system 'Amount A' (at 65) and single-tier 'Amount B' calculation.
Additional technical modelling assumptions or judgements required
<p>Costing from datasets derived from DWP's Pensim2 model.</p>
If needed, information required on distributional effects of the policy
<p>Not needed</p>

Cost/Revenue to the Exchequer over five years	
<p>On the basis of the assumptions provided DWP estimate that extending access to the single tier to this group would result in additional costs starting at £150m in 2016 and peaking at £300m in the mid 2030s¹ (2013/14 real terms prices) compared to the current Impact Assessment model.</p> <p>2013-14 zero 2014-15 zero 2015-16 zero 2016-17 £150m 2017-18 £160m</p> <p>Figures rounded to nearest £10m, cash terms.</p>	
Distributional effects (if none requested, any significant):	
None	
Comparison with current system (if applicable):	
None	
Other comments (including other Departments consulted):	
DWP were consulted and provided the modelling for this costing, Jeremy Moore, Director General for Strategy at DWP signed-off the work.	
<i>To be completed by Permanent Secretary's Office</i> Date costing signed off:	10 November 2014
<i>[If applicable]</i> Date revised costing signed off:	

¹ These costs are net of means-tested benefits, both removal of savings credit and netting off of Pension Credit, Housing Benefit and Council Tax Benefit against slightly higher state pension in some cases.