
From: [REDACTED]

Sent: 30 June 2014 12:48

To: [REDACTED]

Cc: [REDACTED]

Subject: RE: Widows Pensions for Life

John

As requested we have estimated the cost of restoring AFPS 75 widows' pensions which ceased on remarriage between 1983 and 2013.

We have used an approximate approach broadly consistent with the method used in 2013 for estimating the cost for future remarriages. The main assumptions we have made are as follows:

- Around 1,800 remarriages in this period – assumed a constant 60 each year
- Current average pension £3k pa (as per our previous work)
- Age at remarriage 54
- 20% of pensions are restored, at age 67
- Discount rate net of indexation 3% pa (equal to SCAPE assumption)
- Only future payments costed, no back payments

Our estimate of the present value of future payments of these AFPS 75 pensions is around **£70m**. (This would be in addition to the £90m previous estimate for future remarriages.)

We have not carried out a detailed estimate for WPS widows. We note that previous work suggested a £30m cost for future WPS remarriages (noting also that this work is originally from 2004 and the methodology and financial assumptions used were slightly different to the AFPS 75 work). Assuming the same relationship between WPS and AFPS 75 costs for 1983-2013 remarriages we might expect around a further **£25m** or so for WPS. However we note that WPS widows are an older group on average and so the 1983-2013 costs for them might be more significant.

Overall a **£100m** estimate for 1983-2013 remarriages across both schemes would not seem unreasonable as a rough order of magnitude.

Happy to discuss further.

Kind regards

[REDACTED]