

The Coalition: Our Programme for Government – Pensions and Older People

This is a response to the public comments received on The Coalition: Our Programme for Government on Pensions and Older People - <http://programmeforgovernment.hmg.gov.uk/pensions-and-older-people/>. We received over 170 comments, and would like to thank everyone who took the time to contribute their thoughts and ideas.

There were many comments on the Government's proposals for bringing forward the increase in **state pension age to 66**. We want people to retire with a decent state pension. That is why we committed to restoring the earnings link for the Basic State Pension from 2011 with a triple guarantee that it will be increased by the better of earnings, prices or 2.5%.

However, we also have to ensure that the system is sustainable in the long-term. This is important, because we are living longer as a society - about a year and a half longer than was predicted when the current timetable for increasing state pension age was set in 2007. That is why we announced on 24 June the review on bringing forward the increase in state pension age to 66. We need to move quickly to ensure we give as much notice as possible to people who might be affected by a change to the timetable.

Comments were also made about the adverse effects and disincentives caused by **means testing** certain **pensioner benefits**. The Government is committed to making saving more flexible and attractive to encourage people to take greater responsibility for their future finances.

As we live longer, we also need to ensure that people are able to carry on working if they are willing to do so, which is why we are committed to removing the current **Default Retirement Age**. We have published a consultation paper that outlines our proposals to phase it out from April 2011.

Many comments were also made about the **sustainability of public service pensions**. On 20 June, the Chancellor announced that John Hutton had accepted an invitation to chair the independent Public Service Pensions Commission.

The Commission will make recommendations on how public service pensions can be made sustainable and affordable in the long-term; fair to both the public service workforce and the taxpayer; and ensure that they are consistent with the fiscal challenges ahead. Existing accrued pension rights will be protected.

The Commission will undertake a fundamental structural review of public service pension provision by Budget 2011. It will produce an interim report in September 2010 ahead of the Spending Review.

Finally, a number of comments were made in relation to the payment of **universal benefits to pensioners**. The Government has committed to protecting key benefits for older people such as the Winter Fuel Payment, free TV licences, free bus travel, and free eye tests and prescriptions.

Find out more

- Public comments on The Coalition: Our Programme for Government on Pensions and Older People - <http://programmeforgovernment.hmg.gov.uk/pensions-and-older-people/>
- Video response from Oliver Letwin and Danny Alexander on the PFG website - <http://programmeforgovernment.hmg.gov.uk>
- All government responses to public comments on PFG - <http://programmeforgovernment.hmg.gov.uk/response>