

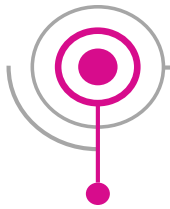


The Department for Work and Pensions (DWP) has made many changes to the State Pension in recent years

Automatic enrolment begins. Employees enrolled into opt-out workplace pension scheme by their employer.

State Pension age will increase for both men and women to 66

2011



Triple lock introduced. This guarantees that the State Pension will rise by either 2.5%, the rate of inflation, or average earnings growth, whichever is greatest.

2012

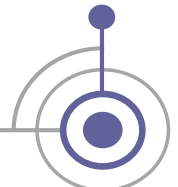


2016



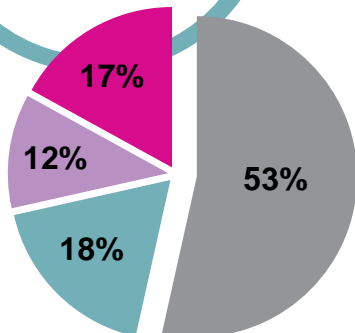
New State Pension launched, with single flat-rate and higher qualifying criteria.

2020



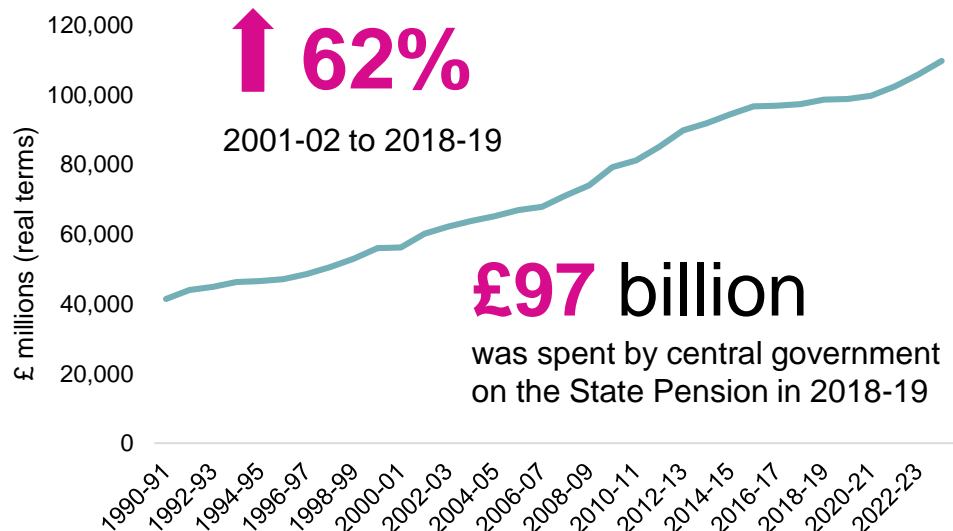
Source: Portafina, 2019

Pensions account for more than half of DWP's benefit expenditure




- State Pension
- Support for working-age disabled people
- Housing benefit
- Other

Spending on pensions continues to rise




Source: DWP Caseload tables, 2019

What is driving increased spending on the State Pension?




Ageing population

The number of state pension claimants is expected to increase 35% by 2050




Triple lock

This is estimated to cost an extra £4 billion a year compared to adjusting in line with inflation.


 Source: DWP, 2019


Pensioners' incomes are increasing in real terms.

1994-95



2017-18



 Source: DWP, Pensioners' Incomes Series, 2019

But the system is **unsustainable**.




In 2014, there were 3.2 people of working age for every person of pension age

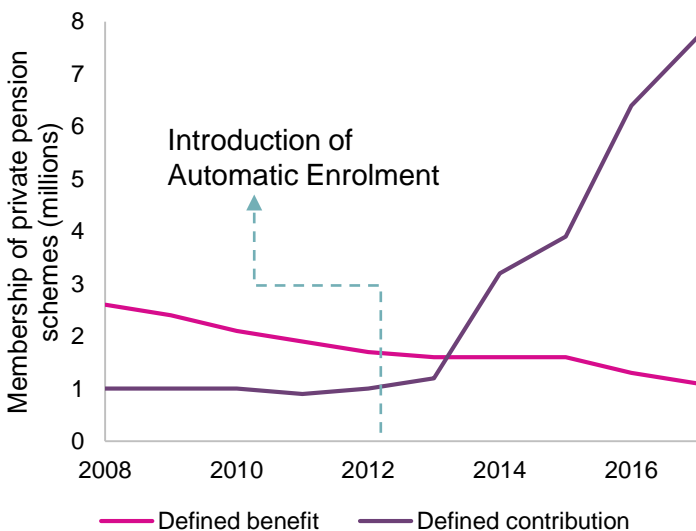
In 2037, this ratio is projected to fall to 2.7


“Financing present public expenditure through creating an unsustainable financial burden for future generations would damage the intergenerational contract.”

- House of Lords, 2019

 Source: The Value Exchange, 2019

Private pension schemes are increasingly dependent on how much an employee pays in, known as defined contribution.



 Source: ONS, 2018

£41 billion

was spent by government on tax relief to encourage private pension savings in 2017-18.

But there is still a **savings gap**.


The number of years the average male and female in the UK will outlive their savings.



10.3 years



12.6 years

 Source: World Economic Forum, 2019