



# INVESTMENT QUORUM

UNIQUE, BOUTIQUE WEALTH MANAGEMENT

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## State Pension

Move to equalise male and female pension ages

Women will now start to qualify for the State Pension at the same age as men, currently set at 65. The move to equalise male and female pension ages began 25 years ago and has been gradually phased in. Your State Pension age is the earliest age you can start receiving your State Pension. It may be different to the age you can get a workplace or personal pension.

The State Pension age has been undergoing radical changes, and more changes are planned for the future. Commencing this year, the State Pension age will increase for both men and women to reach 66 by October 2020. The Government is also planning to increase the State Pension age from 66 to 67 between 2026 and 2028.

### STATE PENSION AGE EQUALISATION

Women aged 65 on 6 November were the first to wait for as long as men. For more than 60 years, women received their pensions at the age of 60, but that has been rising ever since. The equalisation of State Pension age and future planned increases are a further prompt to women to think about how much they'll need to save for a comfortable retirement.

While limited progress is being made to close the gender pay gap, other factors impacting women's ability to save adequately for retirement – including career breaks to raise a family or to care for elderly parents – aren't going anywhere.

### VARIATIONS IN LIFE EXPECTANCY

The Government has made a commitment to review the State Pension age every five years. This includes an analysis of life expectancy projections by the Government Actuary's Department and reports from an independently led body on wider factors that should be taken into account when setting State Pension age, such as variations in life expectancy.

From now on, men and women will see their State Pension ages go up in tandem – increasing to 66 by October 2020, and 67 by 2028. The Government has also accepted the findings of the Cridland review, which recommended that the pension age should rise further – to 68 – by 2039.

### RESULT OF SUCCESSIVE GOVERNMENTS

Women typically earn less from their State Pension than men, as they tend to work in more lowly paid and part-time jobs and therefore pay lower National Insurance contributions. Many with part-time jobs may also miss out on auto-enrolment pensions, as they do not earn enough to qualify.

The move to increase the State Pension age is the result of successive governments accepting that unless the qualifying age went up, the State Pension would become unaffordable. This is going to be kept under review, which means that it could change again in the future, depending on different factors, such as changes in life expectancy. ■

### MAKE THE MOST OF THE NEXT CHAPTER IN LIFE

To keep yourself and your finances in good shape, we can help create a clear picture of what you need, so that the best is yet to come. To find out more or to discuss your requirements, please contact us.

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