

WITH SPA CHANGES AHEAD WHAT IS ON THE HORIZON FOR YOUR RETIREMENT PLANS?



Before Parliament broke for the summer, the Government announced a review of the State Pension Age (SPA). Pensioners are a sensitive topic for the Government. Not only has it been forced to make a U-turn on winter fuel payments, but it has also had to stand firm against the Women Against State Pension Inequality who were affected by the increases in the SPA in the 2010s. So it likely did not relish the requirement inherited from the previous Government to undertake a fresh review of the SPA within two years of being elected.

In mid-July, as part of a bring-out-your-dead pile of announcements made just before the summer recess, the Department for Work and Pensions (DWP) revealed two fresh SPA reviews. As was probably hoped, the news was swamped by other Government statements, such as the relaunch of the Pensions Commission, which appeared on the same day. Nevertheless, the SPA review will have significant impacts, both for individual and Government finances.

The current situation is:

- SPA is 66 for men and women.
- It will gradually rise to 67 over two years from next April.
- Currently, the SPA increase to 68 is legislated to be phased in over two years from April 2044.
- The first review, published in 2017, proposed that the SPA should rise to age 68 from 2037–39.
- A second review (in 2022) proposed 2041–43 for the move to 68.
- Both reviews prompted the Government to promise another review before the final decision is made.
- At least ten years' notice will be given of any change to SPA.

The original 2037–39 proposal now looks unlikely to go ahead, not least because it would be hard to meet the ten-year notice requirement. However, there is another reason for delaying further change. Since 2037 was proposed, projections for UK life expectancy have fallen significantly. At the time of the first report, a man aged 68 in 2037 was projected to live 21.1 years and a woman, 23.0 years. The latest figures are 18.4 years and 20.9 years respectively, which would point to abandoning any increase to SPA. Government finances inevitably pull in the opposite direction, as the annual savings run to billions.

Arguably the DWP has won its last two battles with the Treasury (over winter fuel and disability benefits). SPA is unlikely to be a third victory.

You can check your projected SPA on the you.gov site [here](#) and State pension forecast [here](#).

WE CAN HELP

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