



# Born after 1978? Keep an eye on State Pension Age

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# Introduction

**An independent report suggests that the State pension age (SPA) should rise much faster than planned**

The next SPA rise begins in under two years with a phased increase to 67 ending in April 2028. Yet, neither main political parties are likely to say much about further SPA changes in their upcoming election manifestos.

The move from a SPA of 67 to 68 is currently legislated to start between 2046 and 2048, but two reviews have suggested the timing should be earlier. The last review prompted the government to announce the need for yet another review before making a final decision.

Conveniently, for all political parties, the third review is due within two years of the start of the next parliament.

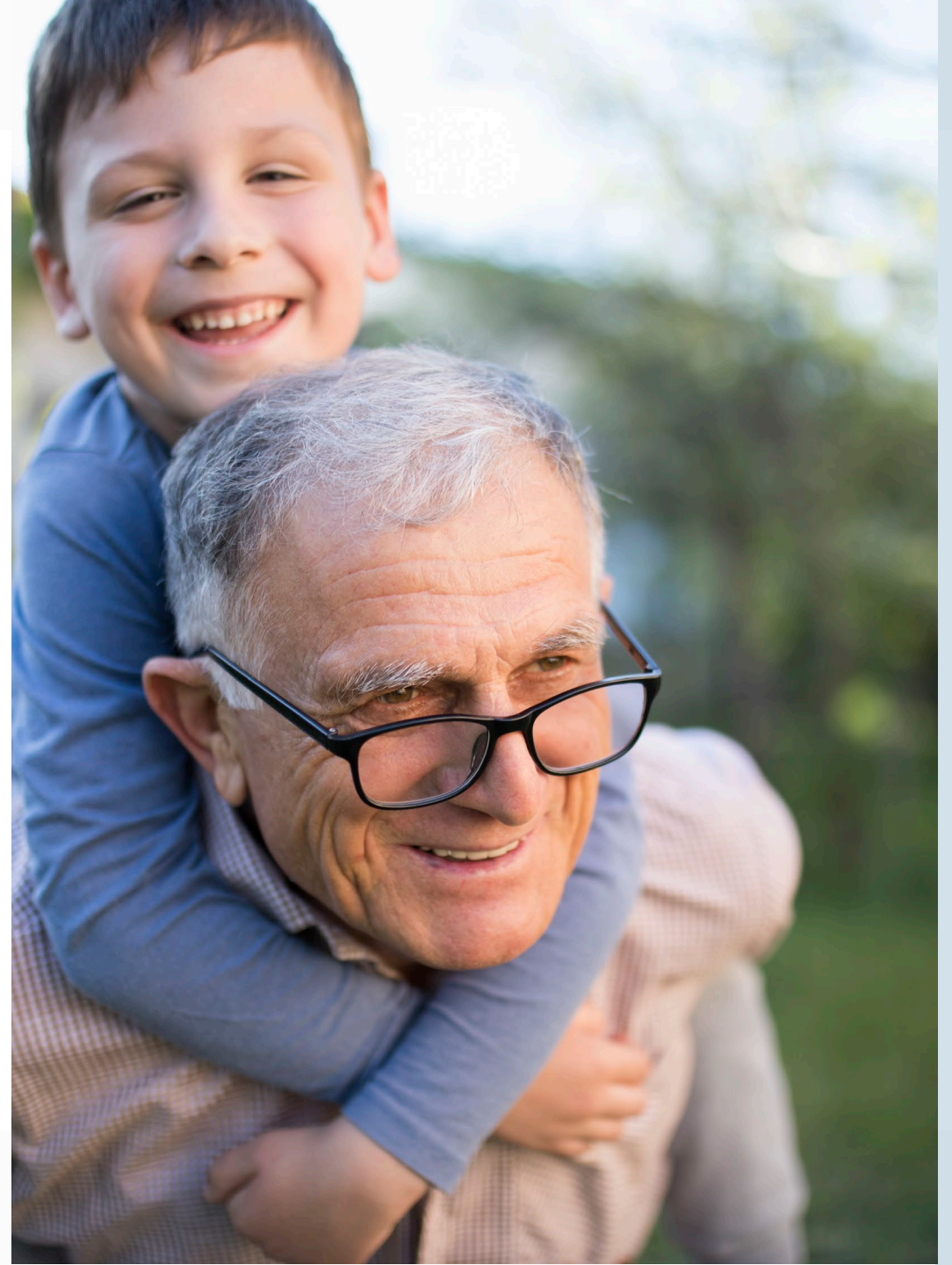


One reason for procrastination is that UK life expectancy is not improving as fast as anticipated – in recent years it has almost flatlined. Making the case to the public for a later SPA is not an easy sell if the result is paying the State pension for a shorter period.

A report from the International Longevity Centre (ILC) offers a fresh perspective, highlighting the dependency ratio – broadly speaking, the ratio of people aged between 16 and 64 to those aged 65 and above. The ratio matters because it shows how many State pension funders (through tax and national insurance) contribute to each pension recipient. The ratio has been dropping for some time and could continue to fall due to low birth rates.



The ILC report states that the State pension age needs to be as high as 71 by 2050 to maintain the current ratio of workers per State pensioner. Worse, if an adjustment is made to consider those in full-time education, the ILC says the SPA could 'hit age 70+ as early as 2040.'



It would be a brave politician who backed such a proposal, especially after renewed controversy surrounding the Women Against State Pension Inequality (WASPI) case. However, it is a reminder to pay attention to any forthcoming SPA proposals and not rely solely on the State pension to plan your retirement.

# Wake Up Your Wealth

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