

Draft Pensions Bill - Outline of main provisions

Single-tier State Pension

1. The Bill provides the legislative framework for the single-tier pension which will replace the existing State pension, comprising Basic State pension and additional State pension. The single-tier pension will:
 - simplify the pension system;
 - be set above the basic level of means-tested support – the Pension Credit Standard Minimum Guarantee;
 - be increased at least in line with average growth in earnings;
 - bring to an end:
 - the State second pension (subject to transitional provisions),
 - contracting-out of the State second pension,
 - the Savings Credit element of State Pension Credit for people who attain pensionable age after 6 April 2016, and
 - the Category D (over 80s) pension and the Age Addition for people who attain pensionable age after 6 April 2016;
 - require 35 qualifying years of National Insurance contributions or credits for the full amount. There will also be a minimum qualifying period of not more than 10 years. Those with less than 35 qualifying years but above the minimum qualifying period will get a proportionally smaller amount;
 - be based on individual qualification, ending inheritance of, and derived rights to, a spouse's or civil partner's pension;
 - make provision for women who paid reduced rate National Insurance contributions;
 - continue to allow people to defer claiming their State pension.
2. People reaching State pension age before the introduction of the single-tier scheme will receive their State pension in line with current rules.

Option to Boost Old Retirement Pensions

3. The Westminster Bill includes provisions to allow people who reach State pension age prior to 6 April 2016 to pay a new class of voluntary National Insurance contribution – Class 3A. Payment of Class 3A contributions would enable people to boost their retirement income by gaining extra additional State Pension. The Assembly Bill will make provision for the payment of extra additional State pension.
4. Class 3A contributions will be introduced in October 2015 and are primarily aimed at groups such as women, the self-employed and low earners who tend to have low additional State pension outcomes.

Pensionable Age

5. Under existing legislation, State pension age will increase to 67 between 2034 and 2036. The Bill brings forward the increase in State pension age to 67 by eight years to between 2026 and 2028.

State Pension Credit

6. The Bill contains provisions to phase out assessed income periods within the Pension Credit system and require claimants to report material changes in circumstances as they occur. This will trigger an immediate review and, where appropriate, a change in the benefit award so that it reflects the claimant's current circumstances.

Bereavement Support Payment

7. Currently, bereavement benefits consist of three different payments, each of which has a different function.

- Bereavement Payment – a one-off tax-free payment of £2,000 payable to someone after their spouse or civil partner has died.
 - Bereavement Allowance – a taxable weekly benefit which can be paid to someone for up to 52 weeks from the date of death of their spouse or civil partner if they are over 45 and under State pension age.
 - Widowed Parent's Allowance – a taxable weekly benefit which may be payable to a parent whose spouse or civil partner has died if they have at least one child for whom they receive Child Benefit. It is payable until the claimant reaches State pension age or upon cohabiting or remarriage/formation of civil partnership.
8. The Bill provides the legislative framework for the introduction of a new benefit, Bereavement Support Payment, to replace the existing bereavement benefits for new claimants. The intention is that support will be focused in the period immediately after bereavement.
9. The actual values and details of how instalments will be paid will be finalised in regulations. Indicative values are in the region of £4,300 (£2,500 lump sum and £150 in monthly instalments for 1 year) for recipients without dependent children and £9,800 (£5,000 lump sum and £400 in monthly instalments for 1 year) for those with dependants.

Private Pensions

10. Following on from recent reforms, such as the requirement to automatically enrol employees into a qualifying pension scheme, the Bill changes the regulatory framework further to:
- Provide for a system of automatic transfers of small pension pots so that an individual's pension would follow them when they change jobs;

- Enable the Department to make regulations prohibiting the offer of incentives to induce an individual to transfer pension rights out of a salary-related scheme to another pension scheme or arrangement;
- Provide for the abolition of short-service refunds in Defined Contribution schemes for people who leave within two years;
- Extend an existing power in the Pensions (No. 2) Act (NI) 2008 to limit administration charges in qualifying schemes;
- Enable the Department to make regulations to prescribe alternative ways for pension schemes to satisfy the “quality requirement”;
- Enable the Department to make regulations allowing the collection of Pension Protection Fund levies in respect of past periods; and
- Increase the Pension Protection Fund’s compensation cap for those with more than 20 years service.

11. The Bill also adds a new objective for the Pensions Regulator stating that it should “minimise any adverse impact on the sustainable growth of an employer” when exercising its functions in relation to scheme funding.

Draft Pensions Bill - Summary of main impacts

Age

Under the current system individuals may be entitled to an additional State pension as well as their basic State pension. There is no fixed amount for the additional State pension as it depends on a number of factors, including, how many years of National Insurance contributions the individual has and their earnings. The introduction of single-tier may have a greater impact on younger workers who will not be able to build entitlement to large amounts of additional state pension in the way that those closer to retirement age prior to implementation were able to.

The acceleration of the timetable for increasing State Pension age to 67 could affect 234,340 people born between 6 April 1960 and 5 April 1969. The affected group would see their State pension age increase by between one month and one year depending on their date of birth.

The proposals to introduce a new Bereavement Support Payment to replace existing bereavement benefits may have a beneficial impact on younger working age claimants who do not qualify for the current Bereavement Allowance. Older recipients may experience a notional loss under the proposed reforms.

Gender

In terms of the numbers affected, the single-tier pension has no adverse differential impacts on the grounds of gender.

However, an implementation date of 6 April 2016 means that there is a group of women born between 6 April 1951 and 5 April 1953 who will not be eligible for the single-tier pension, although a man born on the same date may be. This is because the state pension age is still unequal in 2016. In Northern Ireland it is estimated that 19,055 women will fall into this category.

Marital Status

Under single-tier, pension entitlement will be awarded on an individual basis and generally it will not be possible to obtain a state pension based on the contributions of a spouse or civil partner.

Religious Belief / Political Opinion

The ending of contracting out as a result of introducing single-tier may impact more on Protestants than on Catholics. This assumption is based on the composition of the public sector workforce which accounts for 89% of contracted out schemes in Northern Ireland.

Census data suggests that the acceleration of the timetable for increasing State pension age to 67 could affect more Protestants than Catholics.

Racial Group

The contribution criteria for entitlement to the proposed Bereavement Support Payment have been eased with the deceased being required to have paid sufficient contributions in any one year. This may assist ethnic minorities who have recently moved to Northern Ireland who would not have had a full National Insurance record and would not have been entitled to full support under the current system.

Sexual Orientation

The proposals are not expected to have any adverse impacts on the basis of sexual orientation.

Persons with a disability and persons without

The proposals to introduce a single-tier pension may have a greater impact on disabled persons who are more likely to be economically inactive and less able to accrue a private pension.

Persons with dependants and persons without

People with dependants are more likely to be affected by the proposed changes. The introduction of the Bereavement Support Payment will mean that in future bereaved parents with younger children will receive notionally less benefit than would be the case under the existing system.

Summary of responses

Responses were received from Advice NI, Northern Ireland Public Service Alliance (NIPSA) and the Women's Support Network.

Advice NI

- Although the Pensions Bill makes no changes with regards to “frequency of payments” it does allow the Department to make provision in subsequent regulations in relation to claims and payments for single-tier pensions.
- There needs to be a proper debate about this issue at an early stage.

NIPSA

- The linkage of normal scheme retirement age in the Public Service Pensions Bill to State pension age has very significant implications for public servants.
- Ending contracting-out may have an impact on scheme opt-out rates.
- The proposals have an adverse impact on women and in terms of age.
- Bereavement benefit reform can't be assessed until the position on Welfare Reform is known.
- Welcome the automatic transfer of pension benefits.
- Supports the prohibition of incentives being offered to transfer pension rights.

Women's Support Network

- Pensioner poverty is greater in NI than in GB.
- The single-tier pension should be extended to current pensioners as economic circumstances permit.
- Cross departmental measures are required to track, evaluate and address pensioner poverty in NI.
- Any review of State pension age should consider healthy life expectancy, job opportunities in later life and socio-economic status
- Measures should be introduced to properly gauge the uptake rates for benefits among pensioners.
- Women born between 6 April 1951 and 5 April 1953 should have the option to be treated as a man with the same date of birth
- Part-time workers with more than one job may be disadvantaged.
- People on low incomes, especially women, are unable to save for retirement.



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27th January 2014

Dear Gillian,

**Re Proposals for a Pensions Bill: Equality Impact Assessment
'Claims & Payments'**

I would be grateful if you could place on record our concerns as regards the Pensions Bill EQIA particularly on the issue of 'claims and payments'.

Whilst we accept that that the Pensions Bill does not make any changes regarding 'frequency of payments'; we note that the Bill amends the Social Security Administration (NI) Act 1992 and adds "State pension or a lump sum under Part 1 of the Pensions Act (NI) 2014" to the list of benefits in section 5(2) of that Act. Effectively this means the Department can make provision in subsequent Regulations in relation to claims and payments for single-tier pensions.

We are very aware of the issues associated with the 'frequency of payment' relating to Universal Credit and I would be concerned about any similar issues that might arise and impact upon recipients of any new single-tier state pension. Whilst I understand that no decisions have been made in relation to 'frequency of payment', it would appear that this issue is currently under consideration.



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In the interests of transparency and fairness, Advice NI believes that there needs to be a proper debate on the important issue of 'frequency of payment' at an early stage. This will be important in order to inform IT requirements (for example if people will have the right to choose their preferred 'frequency of payment') and indeed to raise awareness on the issue.

The debate would be informed with information relating to the numbers of people currently paid weekly / fortnightly / monthly etc as regards current state pensions (state pension credit and state retirement pension). Some research might also be helpful.

Hoping you find these comments helpful,

Yours sincerely

A handwritten signature in black ink, appearing to read 'KH', with a horizontal line underneath it.

Kevin Higgins

(Head of Policy)

YOUR REF

OUR REF

nipsa

The Leading Public Service Union

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4 February 2014

Dear Gillian

PROPOSALS FOR PENSION REFORM – CONSULTATION ON EQIA

I refer to your correspondence of 21 November and 19 December 2013, in respect of the above matter.

I am providing this response on behalf of NIPSA, the largest trade union in Northern Ireland with circa 46,000 members. The very vast majority of these members are currently in the main public service occupational pension schemes which are of course subject to reform as a consequence of the Westminster Government's implementation of the Hutton reforms eg contribution increases and also the proposals contained in the NI Assembly's Public Service Pensions Bill which is currently in passage at Stormont.

The impact of a Pensions Bill therefore has dual implications, (i) the content of the Bill per se and (ii) the linkage between the Public Service Pensions Bill and the general Pensions Bill on the proposed link between normal Scheme retirement age and state pension age. The proposition of a DSD Pensions Bill to mirror the Westminster Bill therefore has very significant and specific implications for public servants.

Aside from the specific issue of the link to public service occupational pension schemes there are the other aspects of the pensions proposals that would, if introduced, impact on our members, including the proposed single-tier pension scheme with the associated implications for contracting out and what impact this may have on scheme opt-outs.

It is NIPSA's view that such a major change to state pension provision and the consequential impact on public service occupational pension schemes require a full equality impact assessment to be conducted. The Westminster Government has

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described its proposals as the most radical re-shaping of state pension provision since its inception, it therefore, if it is to be applied to Northern Ireland, requires the fullest examination and as such a full EQIA must be the starting point of such an examination.

The proposals clearly impact on many different elements of the Section 75 cohort in particular gender and age are the two clearest groups. The proposal to have a two-tier system ie those retired pre 2016 introduction and the new scheme for post 2016 retirements is a clear area of potential conflict on age grounds.

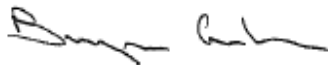
The consultation document at certain points identifies areas of adverse impact eg Section 2 paras 5 and 21, likewise the move to a 35 year qualifying National Insurance contribution requirement is likely to discriminate against women. With the Westminster Government's Autumn statement of early December 2013 which included further proposed changes to State Pension Age, events have clearly overtaken the consultation and a full EQIA may assist in dealing with this subsequent change.

The proposals for Bereavement Allowance do have a linkage to Welfare Reform and the final position of the NI Assembly on the introduction or otherwise of Welfare Reform to Northern Ireland should be known before any detailed assessment of the Bereavement Allowance proposals can be fully considered.

The AIP proposals are more likely to impact on existing pensioners and those who qualify before the 2016 changes and this may have a differential impact on this group.

The proposals for portability of private DC pensions are to be broadly welcomed, however it is essential that this does not further expose these pensions to pension liberation scams. NIPSA would support the principle to exclude ETV exercises for DB schemes.

Yours sincerely



BUMPER GRAHAM
Assistant General Secretary

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**Consortium for the Regional Support for Women in
Disadvantaged and Rural Areas**

**Response to: Proposals for a Pensions Bill –
Equality Impact Assessment**

**Issued by: Department for Social Development in
Northern Ireland**

February 2014



Foyle Women's
Information
Network



Women's Regional Consortium: Working to Support Women in Rural Communities and Disadvantaged Urban Areas

1. Introduction

1.1 This response has been undertaken collaboratively by the members of the Consortium for the Regional Support for Women in Disadvantaged and Rural Areas, which is funded by the Department for Social Development in Northern Ireland (hereafter, DSD) and the Department of Agriculture and Rural Development in Northern Ireland.

1.2 The Women's Regional Consortium consists of seven established women's sector organisations that are committed to working in partnership with each other, government, statutory organisations and women's organisations, centres and groups working in disadvantaged and rural areas, to ensure that organisations working for women are given the best possible support in the work they do in tackling disadvantage and social exclusion.¹ The seven groups are as follows:

- Training for Women Network (TWN) – Project Lead
- Women's Resource and Development Agency (WRDA)
- Women's Support Network (WSN)
- Northern Ireland's Rural Women's Network (NIRWN)
- Women's TEC
- Women's Centre Derry (WCD)
- Foyle Women's Information Network (FWIN)

1.3 The Consortium will be the established link and strategic partner between government and statutory agencies and women in disadvantaged and rural areas, including all groups, centres and organisations delivering essential frontline services, advice and support. The Consortium will ensure that there is a continuous two way flow of information between government and the sector. It will ensure that organisations/centres and groups are made aware of consultations, government planning and policy implementation. In turn, the Consortium will ascertain the views,

¹ Sections 1.2-1.3 represent the official description of the Consortium's work, as agreed and authored by its seven partner organisations.

needs and aspirations of women in disadvantaged and rural areas and take these views forward to influence policy development and future government planning, which will ultimately result in the empowerment of local women in disadvantaged and rurally isolated communities.

2. General comments

2.1 The Women's Regional Consortium appreciates the opportunity to respond to DSD's *Proposals for a Pensions Bill – Equality Impact Assessment*.

2.2 The Consortium welcomes this consultation exercise as affirmation of the Executive's intent to promote 'a better foundation for [pension] saving and ensure the [pension] system is sustainable for future generations'.²

However, in a context of increasing levels of vulnerability in Northern Ireland and associated actual/projected increases in poverty,³ especially pensioner poverty, we are concerned at uncertainty about the potential impact of the proposals on the welfare and well-being of vulnerable women and households in rural and disadvantaged areas.

The remainder of this paper outlines these concerns and other associated gender-specific issues.

3. Specific comments

Pensioners and poverty

3.1 It is a matter of some concern that the pension proposals do not contain any measures to explicitly address pensioner poverty in Northern Ireland, particularly that experienced by older and more vulnerable pensioners.

Research by the Joseph Rowntree Foundation (hereafter, JRF) indicates that pensioner poverty in Northern Ireland is higher than in Great Britain (21 per cent

² DSD, *Proposals for a Pensions Bill: Equality Impact Assessment*, Belfast: DSD, 2013, p.6.

³ See, for example, G. Horgan, *Welfare reform: implications and options for Northern Ireland*, University of Ulster: Belfast, 2013, p. 2.

versus 16 per cent) and that this differential has grown over recent years.⁴ According to the latest available government statistics, in 2011/12, around 25 per cent of pensioners in Northern Ireland were in relative poverty (i.e. 72,000) while approximately 27 per cent (i.e. 79,000) were in absolute poverty before housing costs, representing a 5 percentage point rise on the previous year.⁵

Part of the reason for this Great Britain-Northern Ireland disparity in pensioner poverty is that Northern Ireland pensioners are more likely than their Great Britain counterparts to depend entirely on benefits for their income. For example, while 40 per cent of single pensioners in Northern Ireland rely wholly on state pension and pension credits, the comparable figure for the entire UK is 20 per cent.⁶ Of course, pensioner poverty in Northern Ireland does not only affect those on benefits. For instance, as government research on fuel poverty has observed, 'many pensioners [in Northern Ireland] just above the benefits line are also facing major difficulties in paying for the necessities of heating and eating'.⁷ Pensioners in this category can in fact often be financially worse off than those wholly reliant on state support.⁸

This situation is compounded by the fact that the high level of pensioner benefit dependency in Northern Ireland 'is likely to continue' in the foreseeable future, in large part because the proportion of employed persons in Northern Ireland who contribute to a pension is likely to remain less than the Great Britain equivalent.⁹ Accordingly, the risk of poverty for pensioners in Northern Ireland is also greater than in Great Britain.¹⁰

Research from the Department for Work and Pensions (hereafter, DWP) provides an insight into the egregious impact of pensioner poverty on everyday living conditions. According to DWP findings, around 28 per cent of materially deprived pensioners in

⁴ T. MacInnes et al. *Monitoring poverty and social exclusion in Northern Ireland*, London: Joseph Rowntree Foundation, 2012.

⁵ NISRA, *Poverty in Northern Ireland: 2011/12*, Belfast: NISRA, 2013.

⁶ MacInnes et. al., op. cit

⁷ NIA, *Report on Fuel Poverty, Together with the Minutes of Proceedings of the Committee relating to the Report Ordered by the Committee for Social Development*, Report: NIA 36/11-15 (Committee for Social Development), 2012, p.43.

⁸ Ibid.

⁹ MacInnes et. al., op. cit, p.12.

¹⁰ Ibid.

the UK 'lacked basic items', for example, having a warm coat, while financial pressures caused some 'to cut back on essential care or support with the most basic of tasks such as bathing, dressing and shopping'.¹¹ This predicament is exacerbated because such pensioners can also tend to cut back on social activities, which can lead to social isolation and deepen deprivation by precluding external opportunities to gain support from others.¹²

Rural pensioner poverty

Clearly, some categories of pensioners are more at risk of poverty than others. For example, some rural pensioners can be at particular risk of poverty given the association between social isolation, material deprivation and unsatisfactory rural infrastructural provision, such as inadequate public transport. This causal association is affirmed by DWP research, which concluded that 'having a good local community and good access to public transport and local amenities were important in reducing living costs [for], and material deprivation' among, pensioners.¹³ By increasing opportunities for rural pensioners to gain vital support from family and friends, affordable/accessible public transport and access to adequate local amenities are crucial factors in helping to reduce their experience of rural isolation and the hardship that can accompany it. Yet rural public transport can, of course, tend to prioritise availability at peak times to accommodate commuter travel, while variable availability at other times can exclude vulnerable groups such as pensioners. Furthermore, local amenities may be deficient or even non-existent in rurally isolated areas.

While both the Northern Ireland Executive's Programme for Government and Delivering Social Change framework commit it to tackling poverty and social exclusion in general terms,¹⁴ this is supported by a specific commitment to tackling

¹¹ M. Kotecha et. al., Research Summary: Understanding the relationship between pensioner poverty and material deprivation – a synthesis of findings, London: DWP, 2013.

¹² Ibid.

¹³ Ibid.

¹⁴ OFMDFM, Delivering Social Change. [Online]. Available at: <http://www.ofmdfmi.gov.uk/index/delivering-social-change.htm>

rural poverty. In addition, the Executive's new older people's strategy, which is currently under development, targets pensioner poverty.¹⁵

From this perspective, it is not unreasonable to expect that pensioner poverty, whether rural or urban, should be explicitly and directly addressed by any public debate on the reform of the current pension system. And, as leading UK charities have rightly claimed, in taking forward the Pensions Bill, there is a range of remedial measures that government could potentially adopt to address this glaring omission. For example, it could take better account of pensioner poverty by extending the single tier pension to current pensioners, as economic circumstances permit, and fixing the single tier rate at an appropriate level above the pension credit guarantee level.¹⁶

However, the consultation document fails to even acknowledge pensioner poverty as a fundamental factor in this debate. In short, it is strategically remiss of government to formulate proposals that seek to reform the current pension system without also explicitly seeking to take proper and concurrent account of the relationship between that system and actual/projected pensioner poverty levels in Northern Ireland.

Parity principle

The document states that, in large part, the Executive intends pursuing the UK government's pension proposals for reasons to do with the parity principle:

as there is a long-standing principle of parity between Northern Ireland and Great Britain in relation to pension matters, it is anticipated that a corresponding Northern Ireland Bill will be introduced in the Assembly early in 2014.¹⁷

It is implied that the application of this principle in effect means that the Executive has no actual scope for variation with the UK government on pension matters.

¹⁵ This Active Ageing Strategy is being developed by the Office of the First Minister and Deputy First Minister.

¹⁶ Age UK, Pensions Bill Second Reading Briefing, House of Commons June 2013, London: Age UK, 2013.

¹⁷ DSD, *op. cit.*, p.6.

We appreciate the budgetary import of the parity principle in respect of welfare payments, i.e. that 'any decision to make differential payments would have to be met from the Block Grant'.¹⁸ But its application in the pension debate should not exclude the Executive taking due and concurrent cross-departmental account of pertinent particularities of the Northern Ireland case, including the context-specific level and risk of pensioner poverty outlined above. Because, as JRF research affirms, in spite of the parity principle, *'the power to vary some welfare rules exists'* in Northern Ireland.¹⁹ Recent examples of such welfare variation include the Executive's reported concession on restricting the bedroom tax to new claimants and some variation on the design of universal credit.²⁰

Recommendation

- The Women's Regional Consortium urges DSD to develop and implement sufficient cross-departmental measures to properly track, evaluate and address the relationship between the proposals and current/projected pensioner poverty in Northern Ireland.

Increased state pension age

3.2 A key dimension of the stated rationale for the proposals is that life expectancy in the UK is increasing faster than projected. It is anticipated that the planned increase in state pension age to 67 by eight years between 2026 and 2028 should address this demographic thus 'help[ing to] keep the cost of the state pension system sustainable in the long-term'.²¹

Yet, as commentators have rightly noted, this manoeuvre 'unfairly penalises those groups who have lower life expectancy'.²² Clearly, as life expectancy increases, the extension of working lives is a legitimate subject for public debate. However, for the sake of fairness, this debate should include a full and proper consideration of key disparities in healthy life expectancy across different population categories, notably

¹⁸ J. McCormick, Joseph Rowntree Foundation Programme Paper, *Anti Poverty Strategies for the UK: A Review of Devolved Approaches to Child Poverty*, JRF: London, 2013.

¹⁹ *Ibid.*

²⁰ *Ibid.*

²¹ DSD, *op. cit.*, p.7.

²² Prospect, House of Commons Public Bill Committee on the Pensions Bill 2013-14: Submission by Prospect. London: Prospect, 2013.

socio-economic status and gender, as well as key disparities in the availability of employment opportunities in later life across similar categories.²³ For example, the tendency of women to live longer than men could hold gendered implications for pension planning and saving.

Recommendation

- The document includes plans to introduce future periodic reviews of the state pension age to take into account increases in longevity. Any review of this kind should statistically track and seek to address key variations in healthy life expectancy and job opportunities in later life across pertinent demographic categories such as gender and socio-economic status.²⁴

Awareness raising campaign

3.3 According to the consultation document, the proposed reform of the state pension system 'is intended to make the system simpler so that individuals have a better understanding of their state pension entitlement and therefore actively engage with planning for retirement'.²⁵

We welcome the intent to simplify the current system given the link between bureaucratic complexity and reduced uptake rates of benefits among pensioners. Complicated bureaucratic systems can thwart benefit uptake by generating the following barriers:

perceptions of non-eligibility, difficulties understanding benefit systems, concerns as to how receipt of one benefit impacts on continued eligibility for another benefit, complexities of application forms and the belief of many pensioners that they have sufficient funds to live on.²⁶

Research indicates that benefit agencies in Northern Ireland and across the UK do not currently tend to have effective mechanisms in place to accurately gauge the uptake rate of benefits among pensioners.²⁷ So, for example, for the period 2004-06, estimates of unclaimed state pension credit ranged from £26 million to £168

²³ See Age UK, op. cit.

²⁴ Ibid.

²⁵ DSD, op. cit., p.6.

²⁶ Northern Ireland Audit Office, Uptake of Benefits by Pensioners. Belfast: Stationery Office, 2011,

p.11.

²⁷ Ibid.

million.²⁸ Diminished uptake rates for pension credit can, of course, contribute to pensioner poverty, which may be compounded by overlapping reduced uptake levels for other benefits among the same cohort. For instance, for the same period, estimates of unclaimed housing benefit for pensioners ranged from £5 million to £29 million.²⁹

This absence of accurate information on benefit uptake rates among pensioners is obviously problematic for policy planning, since it means that the proposed reform of the pension system is not properly informed by a suitably robust and comprehensive evidence base of pertinent pensioner variables.

We recognise that the Executive intends addressing this controversy of suppressed benefit uptake rates among pensioners in its new older people's strategy, which as aforementioned is currently under development. Clearly, if the Executive is serious in its intent to simplify the state pension system so that pensioners more actively engage with that system, then it must put in place more effective cross-departmental mechanisms that allow government and agencies to better understand, and more fully address, the key factors underlying the current/projected low uptake of pensioner benefits.

Recommendation

- As the Executive moves forward with these proposals, it should seek to develop effective cross-departmental mechanisms to help it more accurately gauge the uptake rates for benefits among pensioners. Furthermore, it should also take steps, including a properly coordinated awareness-raising campaign, to ensure that pensioners are fully informed about the proposals and to stimulate greater levels of benefit uptake.³⁰

Women as losers

3.4 As the consultation document notes, there is a group of women born between April 1951 and April 1953 who will not be eligible for the proposed single-tier pension, although men in the same period might not be similarly disadvantaged. In

²⁸ Ibid.

²⁹ Ibid., p.19.

³⁰ Ibid.

Northern Ireland, it is estimated that 19,055 women will fall into this category.³¹ Of course, these women are additionally disadvantaged by the rise in the state pension age.

The document cites certain possible mitigating factors in respect of this gendered discrepancy. However, the Consortium is disappointed that this account of mitigation does not include any actual measures to deal directly with the discrepancy as follows. We would support the suggestion that, for the sake of fairness and gender equality, government should permit women who fall within this cohort to automatically have *the option to be treated as a man with the same date of birth*.³²

A second group of anticipated losers from the pension reform comprises part-time workers with more than one job. Such workers might be adversely impacted by the proposals where earnings from each job fall below the national insurance earnings limit for entitlement to a future state pension *and* consequently exclude them from automatic pension enrolment.³³ There is a significant gendered dimension to this exclusion, since it is projected that it will disproportionately impact women who, as compared to men, continue to participate more in part-time, low paid and sporadic work in Northern Ireland. For example, latest figures for Northern Ireland indicate that 92 per cent of female employees work in the traditionally low paid service sector,³⁴ that 80 per cent of part-time employees are female,³⁵ and, that median female hourly earnings, excluding overtime, of part-time workers are 69.9 per cent of full-time workers.³⁶

Recommendation

- The Consortium recommends that the Executive give further consideration to the specific impact of the proposals on the two cohorts of women described in this section, seeking to take explicit account of any unfair disadvantage to their pension accrual attributable to the peculiarity of their date of birth and/or employment status.

³¹ DSD, *op. cit.*, p.20.

³² Age UK, *op. cit.*

³³ *Ibid.*

³⁴ NISRA, *Women in Northern Ireland* September 2012, Belfast: NISRA, 2012.

³⁵ *Ibid.*

³⁶ *Ibid.*

Personal responsibility for saving

3.5 A further part of the stated rationale behind the Pensions Bill is that the current system 'does not encourage people to take personal responsibility for saving for their retirement'.³⁷ Evidence provided for this conclusion in the equality assessment document comprises declining levels of private saving for pensions and the estimate that 11 million people in the UK are 'not saving enough for an adequate retirement income'.³⁸ So the proposals are specifically premised on the individual's personal responsibility to save.

This fundamental framing assumption takes no account of the predicament of persons on low incomes, particularly women, who are unable to save and those individuals whose working lives might be truncated due to poor health.³⁹ More specifically, it fails to take account of the relationship between the gender pay gap, women's role as primary carers and the reduced capacity of women to save for pensions.

The nature of the gender pay gap in Northern Ireland is such that women continue to earn less than men across a range of sectors. Latest figures, for the period 2011-2012, indicate a widening of the gender pay gap of all employees.⁴⁰ Because of temporary and part-time working patterns, women can be less likely to have pensions or experience of dealing with pensions. The role of women as primary care-givers is a key factor underlying these working patterns. Research by Carers' UK has indicated that women constitute 64 per cent of the 207,000 carers in Northern Ireland.⁴¹

³⁷ DSD, *op. cit.*, p.10.

³⁸ *Ibid.*, *loc. cit.*

³⁹ DWP, *A state pension for the 21st century: a summary of responses to the public consultation*. London: DWP, 2011.

⁴⁰ NISRA, *Results from the Northern Ireland Annual Survey of Hours and Earnings 2012*, NISRA: 2012.

⁴¹ Carers' UK, *Valuing carers: calculating the value of carers' support*, CUK: London, 2011.

The time-burden on women as primary care-givers can obstruct and even preclude their participation in the formal employment sector by severely restricting their options. Some of these women may look for part-time work to fit around their caring responsibilities, yet such positions can be precarious, low-paid and temporary. In other cases, part-time work outside the home may be impractical for women as primary carers. So by undertaking the role of unpaid primary carers, women can be left with no option but to withdraw altogether from paid work outside the home. The interplay between the gender pay gap, the nature of participation of women in the labour market and women's role as primary carers is affirmed by government research, which shows that 16 per cent of the gender pay gap is attributable to 'the negative effect on wages of having previously worked part-time or of having taken time out of the labour market to look after family'.⁴²

In addition, women can also face poverty on the death of a spouse, and this hardship holds obvious negative implications for their capacity to save for pensions.⁴³ Finally, women in Northern Ireland also face an increased risk of financial vulnerability and inability to save for pensions associated with lone parenting: of the 63,900 lone parent households with dependent children recorded in the 2011 Census, 91 per cent were female-headed.⁴⁴

In sum, in so far as they can further financially disempower women, the gendered factors outlined in this section can leave women more vulnerable and at risk as potential pension savers/holders.

Recommendation

- As it progresses these proposals, the Executive should seek to statistically track (through the collation of pertinent gendered disaggregated data), and take due account of, the relationship between the gender pay gap, the constrained nature of the participation of women in the labour market,

⁴² Government Equalities Office, *The Gender Pay Gap in the UK: 1995 to 2007, Research Findings No. 2010/2*. London: GEO, 2010.

⁴³ D. Weir, and R. Willis, *Prospects for widow poverty in the finances of married couples in the HRS*, in O. Mitchell, P.B. Hammond, and A. Rappaport (eds). *Forecasting Retirement Needs and Retirement Wealth*, University of Pennsylvania Press: Philadelphia, 2000.

⁴⁴ R. Russell, Northern Ireland Assembly, *Research and Information Service Research Paper - Census 2011: Key Statistics at Northern Ireland and LGD level*, NIA: Belfast, 2013.

women's role as primary carers, the financial vulnerability of women and their reduced capacity to save for pensions.

4. Conclusion

If, as forecast, '*just about everyone*' will be less well-off in the longer term under the single tier pension proposals than under the current system,⁴⁵ and those in 'greatest need' will face a reduction in entitlement compared to those with decent occupational pensions, then government needs to fundamentally rethink the substance of these proposals.⁴⁶ In particular, the Consortium would strongly urge the Executive to give further consideration to the potential egregious impact of the relationship between the proposals, pensioner poverty and associated gender-specific concerns articulated in this paper.

⁴⁵ R. Crawford, S. Keynes and G. Tetlow, *Single-Tier Pension: What Does It Really Mean?* London: Institute of Fiscal Studies, 2013, p.2.

⁴⁶ Prospect, *op. cit.*