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From the Government Actuary
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The Rt Hon Frank Field MP DL
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Dear Mr Field

Work and Pensions Select Committee: Comments on State Pension age increases

I refer to the statement released by the Committee on 28 February headed "Triple lock retention could mean no State pension for millions" which, inter alia, sought to identify and highlight unequal effects of raising the State Pension age.

As you will know, I have been commissioned by the Secretary of State to prepare a report on State Pension age increases that will feature alongside John Cridland's independent review and inform the Secretary of State's own considerations which he is due to complete by May.

My terms of reference for this work specified the assumptions that I must use. In particular they stated that I should base my calculations on the principal projections of UK **cohort** life expectancy, published by the Office for National Statistics every two years. I have highlighted the cohort approach because this specifically allows for future improvements in mortality. A cohort life expectancy is therefore generally longer than the alternative **period** life expectancy which assumes no further mortality improvements.

The figures in the statement released by the Committee are period life expectancies for people of State Pension age between 2009 and 2013 that do not take into account future improvements in mortality during the remainder of that person's lifetime or, for those yet to reach State Pensions age, between 2009/13 and the date at which State Pension age is reached. I consider the differences to be material and, as such, these period life expectancies might be considered inappropriate comparisons for a future State Pension age increase to say 70 years which may not take place until the 2050's or later.

Period life expectancies are often used to compare different subsets of a population or different countries when the comparisons are on an equal and consistent basis without any assumptions about the rates of future improvements in mortality. Indeed the Committee's statement draws attention to the feature that lifespan is a variable commodity and that the average life expectancy of individuals living in different parts of the country can differ materially. Whilst this form of analysis is relevant, I do not believe it fully supports the conclusion you state that "raising the State Pension age....has the effect of excluding ever more people from the State Pension altogether."

On the contrary, I would expect to find that the probability of a person reaching their State Pension age would be expected to rise in future, even **after** allowing for possible future increases in State Pension age in line with those suggested in the Committee's statement. This is because the future improvements in longevity that are projected under the cohort methodology more than compensate for the projected increases in State Pension age. As this is contrary to the implication that the Committee had drawn from its evidence, I thought I should write with my observations.

I would be happy to discuss this issue with you or provide more information should you wish.

Yours sincerely



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