



# HAVE WOMEN BORN IN THE 1950s BEEN SHORT-CHANGED?

In 1995, the government announced plans to increase women's state pension age from 60 to 65 in line with men's. As a result, many women in their early 60s now are facing financial hardship. We hear from the campaigners seeking redress



**BY STEPHEN LITTLE**

**V**alda Marks, 64, was devastated when she discovered the state pension age had risen.

Just before her 60th birthday, she asked for a state pension forecast but, to her horror, found out she would have to wait another five years before she could claim.

"I felt absolutely robbed when I found out about the age change. I was looking forward to a comfortable retirement, but when you find out you are not getting a pension it can be quite difficult," Valda says.

Valda, who lives with her husband in Suffolk, says the decision to raise the state pension age has cost her £44,000 and that, as a result, they have had to sell their home and rent.

"Our house is now our pension fund. We could have stayed but we would have had very little income.

"I felt robbed when I found out about the age change"

Without selling it, we would have found it more difficult but we should not have had to do it."

After leaving school, Valda started working in the unemployment benefit office and then became a self-employed bookkeeper.

She adds: "After I turned 60, I had to carry on working because of the pension changes but, last year, I had to go down to two days a week for health reasons. I work part-time as a bookkeeper, but this will be ending soon and I will have to look for a new job, which will be a worry."

Like millions of women in their early 60s, Valda has had her dreams of a relaxing retirement crushed by the government.

Having experienced a lifetime of inequality, women entering retirement are finding they are even getting a raw deal when it comes to pensions. Changes to the state pension have left millions of

women born in the 1950s poorer, with many now having to wait up to a further six years before they can claim.

Some, who have worked for decades and were expecting to retire have found they are now years away from receiving a state pension.

Many of these women are also unable to work because of poor health. Some are having to claim universal credit and have been forced to use food banks, while others, like Valda, have even had to sell their homes.

## **Changes to state pension age**

The decision to equalise the state pension age was first announced in 1995, bringing the qualifying age in line with men by 2020.

The government then decided to accelerate its plan to increase the state pension age in 2011, so that men and women were on an



equal footing by 2018. Women who thought they would receive a state pension at 60 suddenly found out they would not get it until they were 66.

The state pension age for women was raised last November to 65 – the same as men – for the first time.

It has been steadily rising from 60 since 2011 and in 2020 the age for both sexes will rise to 66.

This means that 3.8 million women born in the 1950s (on or after 6 April 1951) who thought they would be able to retire at 60 have had to wait another five or six years.

However, the increase in the state pension age has drawn widespread criticism.

Campaign groups such as BackTo60 and Women Against State Pension Inequality (WaspI) argue that many women born in the 1950s were not warned of the changes and have suffered financial hardship as a result.

While the government insists it did enough to notify affected women of the changes, many disagree.

Debbie de Spon, a spokesperson for WaspI, says: "Women who have worked hard all their lives and thought they would be retiring at 60 are suddenly finding out they can't work and are having to live off the money they saved for retirement."

Ms de Spon says that some women who stop work can struggle to return to the workplace.

She says: "Many women often give up work to look after elderly parents or sick partners and then find they have to return to work to finance themselves. Entry back into work for women in their late 50s and early 60s is not easy. Despite legislation, older women still face discrimination in the workplace."

### Fighting back

While the increase in women's state pension age has been debated in parliament on a number of



**Valda Marks (above) says the decision to raise the state pension age has cost her £44,000 - and her home**

"Women who have worked hard all their lives and thought they would retire at 60 are suddenly finding they have to live off their retirement savings"

occasions, the government has refused to budge.

Last year, work and pensions secretary Amber Rudd said the government would make "no further changes to the law on this issue".

However, women hit by the changes to the state pension age are refusing to be silent on the issue and are fighting back.

WaspI was set up in 2015 to campaign for compensation for women affected by the state pension age change.

Since its launch, thousands of women have taken part in rallies across the country and last year they marched at Westminster.

While WaspI agrees with equalisation of the state pension age with men, it is unhappy with the way it has been implemented.

The group is calling for a bridging pension to help women born in the 1950s, with compensation for those women who have reached state pension age and lost out.

Ms de Spon says: "Equalising the state pension age does not give

women born in the 1950s equality. The government needs to do more. There are women claiming benefits each week when they thought they were going to be on the state pension. There needs to be some kind of compensation for all women who were not given adequate notice and time to make new arrangements."

The decision to raise the state pension is now set to be fought in the High Court.

BackTo60, which claims to have 738,000 supporters, has won the right to judicial review to determine whether recent increases to women's state pension age were lawful.

This case will be heard this summer, and the campaign group is hoping the government will reverse its decision.

The group is calling for the state pension age to be kept at 60 for women born in the 1950s, but the government has ruled out this idea as it would cost more than £70 billion.

Patrick Connolly, a chartered financial planner at Chase de



## WHY IS THERE A PENSION GENDER GAP?

Millions of women experience a gender pension gap and face poverty in retirement because of low pay and taking career breaks to raise children.

A recent report from Fidelity International suggests a 25- to 34-year-old woman's pension would be worth £126,784 at the state pension age of 68, compared to £142,836 for men – a gender pension gap of over 10%.

One of the main reasons why women face a pension shortfall is that men earn, on average, more than women during their careers, so they contribute more to their pension.

To qualify for the full state pension you need a total of 35 qualifying years of national insurance contributions or credits (NICs).

However, as women take time out from work to raise children or become carers, they are more likely to have gaps in their NICs. Taking time out means women have lower lifetime earnings and end up with smaller workplace pensions.

Women who work part-time are also being penalised. If they earn below £6,032, they will not receive NICs for their state pension.

The Trades Union Congress (TUC) estimates that as many as three million part-time women workers are excluded from workplace pensions because they do not meet the minimum earning criteria.

Employers must enrol staff earning above £10,000 into a pension as part of auto-enrolment rules. However, as many women work part-time and do not earn this much, they don't qualify for automatic pension contributions.

Divorced women can also miss out on pension money. During a divorce, pension assets often get left out of settlements, leaving women worse off in later life.

Mr Connolly says the best approach to retirement is to start saving early.

"While part-time workers may not earn enough for auto-enrolment, that does not mean they can't have a pension. Their employer can still pay into a pension for them.

"Maternity rules have also improved over time, so women who have children can still pay in, although you need the finances to do this."

Mr Connolly adds: "While women are still getting short-changed in many cases, we do now have a culture where many doing the same careers as men and are getting better opportunities, so over time you would expect the gap to close."

## Members of Waspi (Women Against State Pension Inequality) protest outside parliament

Vere, says: "Based on everything the government has said so far, it seems unlikely that it will revise its plans for the state pension age, although it would be good to see the government making some steps to help those people who need it most."

Valda is equally pessimistic.

She says: "I would like to see my pension backdated, but it is not going to happen. The government can't afford to do it for all of us as the money isn't there.

"I wouldn't have minded if it had phased in fairly, but I had no notice whatsoever. The government made a mistake and we should be compensated." **mw**