



Government
Actuary's
Department

Rt Hon Sir Stephen Timms MP
Work and Pensions Committee

Finlaison House
15-17 Furnival Street
London
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www.gov.uk/gad

20 March 2023

Dear Stephen,

State Pension Age Review

Thank you for inviting me to contribute to your Committee's evidence session on the State Pension Age Review on 22 February and for your follow-up letter of 10 March.

You have asked whether I agree with Steve Webb of Lane Clark & Peacock that the latest ONS life expectancy projections indicate that a much longer timetable for the increase in State Pension Age from 66 to 67, currently scheduled to take place between 2026 and 2028, would be appropriate.

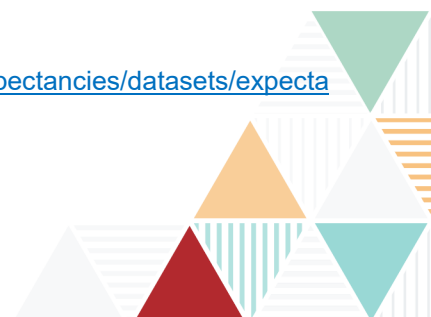
As I commented at the evidence session, it is correct to say that the latest future life expectancy projections produced by the ONS (the 2020-based projections) result in lower life expectancies compared to those based on the 2014 projections which were current at the time of the previous State Pension Age Review in 2017.

The table below shows differences in cohort life expectancies at age 66 for men and women, on successive sets of ONS population projections, calculated in both 2020 (the start date of the most recent population projections) and 2050 (to illustrate the effect of the improvements in mortality over time that these projections assume).

Cohort life expectancies at age 66 (in 2020 and 2050) under successive sets of ONS principal population projections¹

ONS principal population projections	Cohort life expectancy at age 66			
	Men		Women	
	2020	2050	2020	2050
2014-based	21.1	24.3	23.2	26.3
2016-based	20.1	23.1	22.2	25.0
2018-based	19.2	21.9	21.3	23.8
2020-based	18.8	21.5	21.1	23.6

¹<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/datasets/expectationoflifepopulationprojections>



This shows that there have been several reductions in projected future life expectancies at retirement over successive sets of ONS projections, with the average reducing by over 2 years during the 6-year period between these sets of projections as I noted during the evidence session.

Such variations do result in changes in the calculated State Pension Age timetables for any given proportion of adult life in retirement under the formula prescribed in my 2017 review. As I noted at the evidence session, in my analysis for the last review I pointed out some of those sensitivities around the choice of parameters and the period over which you are measuring life expectancy.

As to whether it would be appropriate for the increase in State Pension Age to 67 to be delayed, I am sure the committee appreciate that this would be matter of policy and for government to determine. I would note that, whilst allowing for changes to life expectancy projections over time is illustrated in the relevant legislation as a key component of State Pension Age reviews, there are other specified factors (outside the scope of my reviews) which must also be considered by the government as part of the review.

I hope that this the information is useful to the committee, but any consequences are matters of policy for government.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Martin Clarke', written in a cursive style.

Martin Clarke
Government Actuary



Work and Pensions Committee

Martin Clarke
Government Actuary

Friday, 10 March 2023

Dear Martin,

Thank you very much for giving evidence to the Work and Pensions Committee session on the State Pension Age Review. We are grateful to you for being willing to set out your views to us. In particular, we were interested in the fact that small changes in the percentage of adult life people in receipt of the State Pension could make a big difference to the timetable for increasing the State Pension and that wider factors therefore needed to be taken into account. It was also interesting in what you said about the reasons for uncertainties in future trends in healthy life expectancy.

The Committee would be grateful for further information on one point. You said you had not seen the calculations done by Lane Clark & Peacock (LCP), on the basis of which former Pensions Minister, Sir Steve Webb, argued that the timetable for the increase to 67 by 2028 should be revisited as a matter of urgency. LCP said in December 2021 that it re-ran the calculations you did for the 2017 review, using the 2018 ONS life expectancy projections, and found that if the Government stuck to its policy of linking State Pension age to life expectancy, there would be no case for raising the State Pension age from 66 to 67 until 2051. In January 2022, LCP said the 2020 ONS projections reinforced the case for a rethink.

It would be very helpful if you could explain whether you agree with LCP that running the calculations you did in 2017, using the latest ONS projections, indicates that a much longer timetable for the increase to 67 would be appropriate. It would be helpful to have an answer by **Wednesday 23 March**.

During the course of the evidence session you may not have made all the points that you wished to on the topics we covered. If there is anything further that you would like the Committee to consider, please do email us at workpencom@parliament.uk. We would usually expect to publish anything you send us.

Committee staff will be in touch separately to seek your feedback on the meeting you attended and your experience of the session as a whole. It would be very helpful if you completed the survey, to assist us in improving how we work.

Thank you again for your contribution to the Committee's work.

Yours sincerely,

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