

Written evidence submitted by Angela Madden (Chair, at Women Against State Pension Inequality (WASPI) Campaign)

1. Introduction

I am the Chair of the Women Against State Pension Inequality (WASPI) Campaign. We represent women born in the 1950s who expected to receive their State Pension at 60. Although the State Pension age was changed initially in 1995, and again in 2007 and 2011, communication about the changes from the Department of Work and Pensions was inadequate and most women received less than 2 years notice of a major change (up to 6 years) in their State Pension age. This resulted in a massive loss of expected retirement income (up to £50,000) with no time to make alternative plans. Although women's State Pension age was increased to equalise with men, it did not result in equality. Because women our age never achieved equal pay, they will never achieve equal pensions. Research by the Pensions Policy Institute in July 2019 [estimated](#) the pensions gap between men and women at approximately 49%. The report states "In their early 60s the median private pension wealth of women is one third of men's private pension wealth. By retirement, women would have approximately accrued £51,000, whilst men would have about £157,000 of pension wealth. This is a result of all of the contributing factors discussed in this report." Because of their limited wealth, many women in their 60s must continue to work and earn money to survive.

2. Government Schemes: short term

2.1 Gaps in the Job Protection and Self-employment Income Support Schemes

Many of these working women in their 60s are unable to find employment in the regular economy for many reasons. They have caring responsibilities; they have health issues, they have skill and confidence issues, they are subject to age discrimination by many employers. For these reasons they take up jobs in the gig economy – part time, casual, often short term, often "bank" workers (those used to stand in at short notice for absences), very often zero hours contracts. Many jobs are seasonal, for example exam invigilation, and although the same employees are regularly called back, it is on a zero hour contract.

Women on these types of contracts fall through the Income Support schemes currently in operation. The casual jobs they used to rely on have disappeared. All school examinations have been cancelled so those seasonal jobs are not available either.

The social distancing measures, although necessary, have caused more hardship for WASPI women. Our shopping habits have changed. No longer can we shop in different stores to get the cheapest items in each. Nor can we pop to the supermarket at the end of the day to pick up those "reduced for quick sale" items. We must stay home, using our own electricity, no longer able to go to the library or museum. Those women who have no access to computers at home now no longer have access to computers at the library. Superfast Broadband is no good to those women who cannot afford to pay for a service in their own homes.

Many women in their 60s are in receipt of small occupational pensions – some as low as £400 per month. A woman younger than State Pension age, living in her own small bungalow, council tax band B, no outstanding mortgage, savings of £5,000 with income of £400 per month is not eligible for Universal Credit. If she were of State Pension age, she would be eligible for pension credit of £352.92 per month. These women aged between 60 and 66 have no access to employment during the Covid-19 pandemic. Their circumstances are dire.

2.2 Examples of Evidence received from WASPI Women

- Husband / partner was self-employed and is unable to work during the pandemic either because the work has disappeared, or he must self-isolate. Both are now relying totally on his State Pension
- Women with small occupational pensions who always worked to supplement their income now unable to get suitable work. Many worked as exam invigilators, supply teachers, child-minders, and the like. Jobs which are now unavailable. Most do not qualify for current schemes or Universal Credit.
- Women receiving State Pension who have no access to work as above and would qualify for Pension Credit but have a younger partner, so this lifeline is not available to them.
- Women who do not enjoy good health working as carers. Unable to work because they have been advised to self-isolate. These women fail to qualify for schemes currently in operation as they were on zero hours contracts. One woman told us she has been a Bank worker for the NHS for years working approximately 18 hours per week, but still does not qualify for the furlough scheme.
- Women who worked as cleaners in people's homes. No longer required as their employers are working from home and social distancing.
- Women whose partner is on the vulnerable list and must give up jobs on the front line due to their partner's vulnerability. One woman tried to continue working by renting separate living accommodation but could not make that work financially.
- Women who are forced to stay with a partner in a loveless relationship as they have no independent income and nowhere else to live.
- Women having to choose unpaid care work (looking after partners, parents, other vulnerable dependents) rather than earning a wage. No schemes in place for these women. These women often juggle caring responsibilities between vulnerable family members, not assisting one individual for long enough to qualify for Carer's Allowance but providing essential care. Some women qualify for Carer's Allowance but cannot live on a weekly payment of £67.25.

2.3 Further evidence supporting our concerns for WASPI women during the Covid-19 emergency

We are concerned about the disproportionate impact the outbreak is having on 1950s-born women who are already suffering severe hardship, and now find themselves in an even more challenging position. We already know, based on research from [public health specialists](#), that increases to the State Pension Age may have unintended consequences such as worsening the health of those already ill and adding new demands on primary medical care services. Because of ill health or disability, many WASPI women are unable to work at present, especially as enforced "self-isolation" excludes them from care work, which for many 60+ women are the only jobs available.

IFS Research has [shown](#) that women are about one-third more likely than men to work in a sector that is now shut down. Although the sector most affected are the under 25s, those over 55 come a close second.

We have been campaigning for several years for Fair Transitional State Pension arrangements for women born in the 1950s, and compensation for those in receipt of State Pension. In the longer term we will continue with this campaign; however emergency measures are needed now to support women forced to live below the poverty line.

2.4 What needs to change to cover this gap affecting the over 60s?

The very least the Government should do in the immediate term is to review the support available to women aged between 60 and 66 who are living below the poverty line, not yet in receipt of their State Pension, and without permanent full-time employment. A review of this kind would corroborate the empirical evidence we have detailed above.

Should this review confirm that these women are in fact struggling to cope while living well below the poverty line, then remedies which could be considered include:

- 2.4.1) Early access to Pension Credit:** Revert to the 1995 Act timetable for Pension Credit. Reducing the age criteria to 60 would allow women (and men) who met all other criteria to claim. The House of Commons Library briefing paper no [CBP-7405](#) Section 8.2 estimated that this would cost £1billion over a 3 year period. Labour in 2016 estimated that the cost would be £860 million over this parliamentary term. This change will support some of the poorest over 60s for other support like Universal Credit.
- 2.4.2) Early access to the State Pension for WASPI women due to reach State Pension age this year.** Some of these women may have no income other than what they can earn. Those may qualify for Universal Credit which will provide some help. Others like the example above will not qualify, yet they are living well below the poverty line. This change will support WASPI women who are unlikely to work again before reaching retirement age because of the Covid-19 emergency. As the Government knows how many women fall into this category, it should be possible to at least cost this measure. Those costs could then be balanced against savings that could be made, e.g. any furlough payments or other benefits. There could also be some consideration regarding the contribution those in receipt of State Pension will make to the economic recovery. Women over 60 don't need to save money, they spend what they have to allow themselves the basic necessities required to live thus putting any payment they might receive from the tax-payer straight back into the economy.

3. Economy, Public Finances and Monetary Policy

3.1 Inequalities faced by the WASPI generation exacerbated by the crisis

Women born in the 1950s never enjoyed equality with men. These women of working age in the late 1960s celebrated the Equal Pay Act 1970, but many never benefited from it. There was no funded childcare and little or no access to Occupational Pension Schemes especially for those working part time. The lifelong gender pay gap suffered by WASPI women leads to today's gender pension gap of 49% (as explained in our introduction). Women born in the 1950s therefore rely much more on benefits such as the State Pension.

The Women's Budget Group [Spiral of Inequality](#) summarises the lifetime of inequality faced by women. The full [report](#) emphasises how caring responsibilities, mainly shouldered by women, have an adverse impact on earnings, career progression and economic status of women throughout their lives. This results in increased poverty as women get older. Women over 60 must continue to work because they are not eligible for State Pension until they reach 66. As previously explained, the work they relied on is no longer available to them. Predictions about the economic recession expected because of the social distancing measures could mean that the employment prospects for these women will not improve prior to them reaching State Pension age.

Although women born in the 1950s saved all their working lives for their retirement, many through their National Insurance contributions, their anticipated retirement income was cut by up to £50,000

by the changes to the State Pension age for women. There was no time to make up for this shortfall as they had only 1 or 2 years notice of the changes.

These women are not arguing about the changes to the State Pension age, rather the way in which those changes were implemented. It takes a lifetime of work to save for a pension. Any changes to that expected pension, whether Private or State, should be communicated clearly and well in advance so that those affected know what to expect, and are given time to make alternative arrangements.

Several publications are now reporting the decline in women's health as a result of the changes to the State Pension age, the most recent from Kings College: [Later retirement, job strain, and health: Evidence from the new State Pension age in the United Kingdom](#) shows that "raising the State Pension age leads to an increase of up to 12 percentage points in the probability of depressive symptoms." The report concludes that "results show that the increase in the female State Pension age in the United Kingdom widened health disparities between 2009 and 2016. Specifically, women in lower socioeconomic groups affected by the reform suffered from declines in mental health, which are economically and clinically relevant"

An earlier report by the IFS in [August 2017](#) found that the net effect on households including women aged between 60 and 62 were on average £34 per week worse off. This conclusion takes account of increased employment amongst this group of women averaging at £44 per week across the total cohort of 1.1 million women, so includes those not in work. Now that the Covid-19 emergency has all but wiped out the jobs these women had can we conclude that the cohort is now on average £78 per week worse off?

A recent [report](#) from the Resolution Foundation highlights the fact that younger and older workers have experienced the brunt of the hit to jobs and pay. Additionally, in looking at their ability to weather the crisis by home working "the youngest employees and those aged 55 and older are the most limited in what they can do from home". For WASPI this is not an old versus young issue. Those of working age pay their taxes and their NI and expect the Government to follow through on their promises. WASPI women are the first generation where this has not happened, and we are paying a very heavy price.

3.2 How should the Government address these inequalities that have been exacerbated by the crisis

The Treasury committee's longer-term interest is in the economic relevance of the rise in State Pension age. The many billions the Government proudly quote in savings by raising the State Pension age has been taken from the economy. Women aged between 60 and 65 are not as economically active as they would have been had they received the State Pension they expected. This age group no longer need to save. Any money they earn goes straight back into the economy.

Our longer term aim is to achieve "Fair transitional arrangements for all women adversely affected by the changes to the State Pension laws, and for compensation for those already in receipt of their State Pension who have also lost out".

We are not asking for any laws to be changed, nor for the State Pension age increases to be reversed. We are saying that the Government should have implemented the changes much better. Any change to Pension Age should have been applied to those starting their working lives. When the Government makes changes to car tax it is applied to all new cars bought from that day onwards, never to those cars already owned by taxpayers who purchased them under different tax rules. Why

were the changes to the State Pension age not applied to workers from 1995 onwards rather than “backdated”? Women affected by the changes had been working since the late 1960s and had already paid more than 25 years of NI contributions into a scheme that promised them State Pension at 60? A scheme which included a “top up” element (the Graduated Retirement Benefit scheme) where women had to pay more than men to top up their State Pension because they would retire 5 years earlier. To make things worse, these women were not informed of the changes to their State Pension age until 1 or 2 years before their retirement was due.

We are not even asking for full restitution – we are asking for a percentage of today’s pension.

Reimbursing all women born in the 1950s at a rate of half of today’s weekly pension for every week their State Pension age was delayed will cost somewhere in the region of £50 to £102 billion, depending on which of the Government estimates are used. Any money given to the WASPI women will go straight back into the economy. So, 20% will go straight back to the Treasury in VAT. Another 20% could go straight back to the Treasury in income tax. Any money paid to these women will be spent, creating jobs which will mean more tax and NI payments to the Treasury. Grandparents who want to support their children with childcare will enable more younger people to work, resulting in more tax and NI payments to the Treasury and a stronger economy. If women were reimbursed at 50% of the retirement income they expected to receive from 60 to 66 would any of them need to claim benefits if they were not employed? Some might, but many would not, so there would be savings there too. Most could be taken off the employment figures, thereby improving one of the key measures of economic health.

Some MPs tell us that all women should not benefit from any transitional payments, often quoting Theresa May as very wealthy WASPI woman. WASPI say that all women paid into the NI fund in good faith, therefore they should benefit from any pay out. I think that any analysis of the relative wealth of WASPI women will follow a normal distribution Bell Curve, with the vast majority of the cohort in the middle – those managing using any additional savings they had to make up the shortfall in their expected retirement income. The extremely poor at one tail who need help now, and the very rich at the other who don’t rely on the State Pension but have, like all the others, paid into it will prove to be a small minority of the whole cohort. Perhaps the DWP could make an offer to all WASPI women giving those who “don’t need the money” the opportunity to decline. We must all apply for our State Pension, and those who don’t want it needn’t apply, the same process could be used for any compensation payments.

Providing “Fair transitional arrangements” for all WASPI women will support the Treasury’s aims to create a strong economy

4. Conclusions

4.1 Gaps in the Job Protection and Self-Employment Income Support Schemes.

- Social distancing measures, although necessary, disproportionately affect women mainly the young (under 25s) and older women (over 55s)
- Women aged between 60 and 66 are rarely included in the measures already announced by the Government to help those affected by the Covid-19 emergency.
- Women aged between 60 and 66 with income below subsistence levels do not qualify for benefits already in place (e.g. Universal Credit, Job Seekers Allowance)
- Women aged between 60 and 66 who are most adversely affected, and unlikely to work again once the Covid-19 emergency has abated, must be helped to survive this emergency.

- Women aged between 60 and 66 are more inclined to spend their income on life's essentials and if possible, little treats, so any income they have would enter the economy thereby improving the economic recovery expected next year.
- We are asking that special measures be put in place to ensure the poorest women aged between 60 and 66 are protected from worsening poverty and ill health which has been exacerbated by the Covid-19 pandemic.

4.2 Reducing Inequalities faced by the WASPI generation exacerbated by the crisis (Measures required to improve the Economy, Public Finances and Monetary Policy in the long term)

- There is mounting evidence that women born in the 1950s are increasingly suffering from poor health and poverty resulting from the changes made to the State Pension age.
- It is unlikely that the economy will bounce back in a couple of quarters once social distancing measures have been relaxed.
- For many women born in the 1950s this may mean that they will not regain employment before they reach the new State Pension age of 66
- Poor health and poverty will therefore continue resulting in millions of WASPI women becoming economically inactive.
- Providing "Fair transitional arrangements" for all WASPI women, including those who are already in receipt of State Pension will contribute significantly to the economic recovery.

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