FABIAN POLICY REPORT

Phoenix Insights

WHEN I'M 64

A strategy to tackle poverty before state pension age: summary report

April 2024

ACKNOWLEDGEMENTS

Thank you to everybody who made this project possible – especially Phoenix Insights for the financial support, and Andrew Harrop who first identified the growing problem of poverty before state pension age and the need for a strategy to address it, and whose expertise and large body of work on social security and pensions policies was important in shaping the recommendations. Thank you also to other collaborators for your diligence – including Howard Reed who conducted the microsimulation modelling and Fintan Smith for his work on the survey, which was fielded by YouGov.

Public policy is about people, and we are incredibly grateful to those with lived experience of the challenges described in this report who shared their stories with us in confidence.

We are also grateful to the professionals who dedicate their working lives to addressing these challenges for sharing their expertise throughout the project. Thank you to those who participated in interviews and seminars, including Alice Dawson (Demos), Andrew MacKenzie (Physiological Society), Andrew Phillips (Demos), Angela Watson (Business in the Community), Anna Mowbray (Community Union), Becci Newton (Institute for Employment Studies), Ben Stafford (Just Group), Catherine Foot (Phoenix Insights), Christopher Brooks (Age UK), Chris Walsh (Wise Age), Daniela Silcock (Pensions Poverty Institute), Fazilet Hadid (Disability Rights UK), Ieuean Ferrer (Trussell Trust), Holly Holder (Centre for Ageing Better), Iain Porter (Joseph Rowntree Foundation), Jack Jones (Trades Union Congress), Joe Levenson (Royal Society for Public Health), John Perryman (Carers UK), Jonathan Cribb (Institute for Fiscal Studies), Lalitha Try (Resolution Foundation), Laura Bennett (Carers UK), Luke Price (Centre for Ageing Better), Naomi Clayton (Learning and Work Institute), Nicola Bond (Money and Mental Health), Tamara Sandoul (Carers UK), Patricia Stapleton (Versus Arthritis), Philip Satherley (Royal Society for Public Health), Phil Mawhinney (Independent Age), Praful Nargund (Create Impact Ventures), Rachel Albinson (Equality and Human Rights Commission), Rachel Casey (Joseph Rowntree Foundation), Sally West (Age UK), Scott Corfe (Public First), Shani Wilson (Phoenix Insights), Sharlene McGee (The Health Foundation), Thomas Hamilton-Shaw (Scope), Tim Pike (Pensions Policy Institute), Tim Whitaker (Wise Age), Toby Holt (MacMillan Cancer Care), Tom Addison (Physiological Society), and Val Smith (Wise Age).

Special thanks to everybody who provided feedback on report drafts, including Andrew Harrop, Georgia Preece, Luke Price, Luke Raikes, Patricia Stapleton, Patrick Thomson, Ruth Cross, Sally West, Shani Wilson, Sonia Adesara and Tim Pike. The report is stronger because of them. Any errors are of course my responsibility.

Finally, producing the report, events and communications was a team effort thanks to excellent Fabian Society colleagues past and present – including Andrew Harrop, Eloise Sacares, Emma Burnell, Hannah Kunzlik, Kate Murray, Katie Curtis, Luke Raikes, and Rory O'Brien.

Kindly supported by:

Phoenix Insights

Phoenix Insights is part of the Phoenix Group, the UK's largest long-term savings and retirement business.

FABIAN SOCIETY

FABIAN SOCIETY
61 Petty France
London SW1H 9EU
020 7227 4900 (main)
020 7976 7153 (fax)

Report author, Sasjkia Otto
General secretary, Andrew Harrop
Editorial director, Kate Murray
Assistant editor, Iggy Wood

Designed by gslowrydesign.co.uk

First published in April 2024

info@fabians.org.uk **www.fabians.org.uk**

CONTENTS

This is a summary report. The full report is available at www.fabians/publications

The crisis in poverty before state pension age

The UK is facing a hidden poverty crisis among 60 to 65-year-olds. This report looks at the roots of the problem and presents a strategy for solving it.

A quarter of people aged 60 to 65 live in poverty – almost 1.2 million. This is the highest poverty rate for any adult age group.[1] The spike in poverty at this stage of life is a recent problem. Between 2010 and 2022 the numbers in poverty between 60 and the state pension age increased by 140 per cent – or more than 800,000 people. Figure 1 shows how poverty rates

High and rising poverty among working-age over-60s is a consequence of public policy

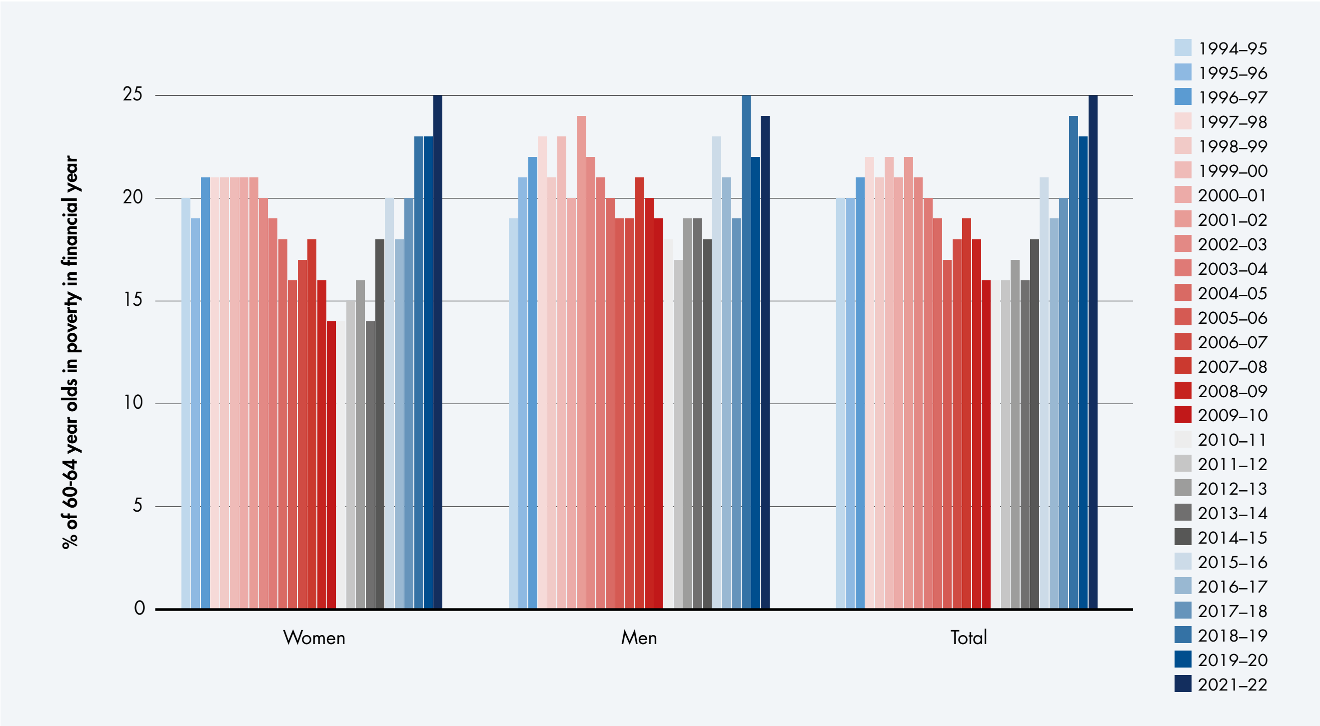
have changed for 60 to 64-year-olds over the last 25 years.[2]

High and rising poverty among working-age over-60s is a consequence of public policy. UK governments increased the pension age for women from 60 in 2010 to 65 in 2018, and then raised it for both men and women to 66 in 2020.

At the same time the age of eligibility for means-tested pension credit (which is much more generous than working-age benefits) also increased from 60 to 66 for both men and women.

Since 2010, no significant measures to ameliorate the impact of the rising pension age have been introduced. People usually associate the years before state pension age with affluence, not poverty. But this is the life stage where living standards are most polarised.

FIGURE 1: THE PRE-SPA POVERTY RATE DECREASED UNDER LABOUR AND INCREASED UNDER THE CONSERVATIVES



Source: Fabian Society analysis of DWP Households Below Average Incomes data, 2021/22. Data relating to 2020/21 is not available due to data quality concerns. Blue = Conservatives. Red = Labour. Grey = Conservative / Liberal Democrat coalition.

On the one hand, 36 per cent of 55 to 64-year-olds live in households with assets of more than £1m.[3] Thirty-one per cent of households in the 55 to 64 age bracket have a second home. And 62 per cent of 60 to 65-year-olds live in an owner-occupied home without a mortgage, thus greatly reducing their housing costs.[4] Many in these groups can look forward to a long and comfortable retirement.

On the other hand, 40 per cent of 60 to 65-year-olds are in households with less than £3,000 in savings, 21 per cent live in a rented home and 17 per cent have a gross household income of less than £300 per week.[5] And among people of this age living in poverty, most (55 per cent) are disabled at age 65 – double the share of those who are not in poverty (27 per cent).

Why poverty from 60 to state pension age is so high

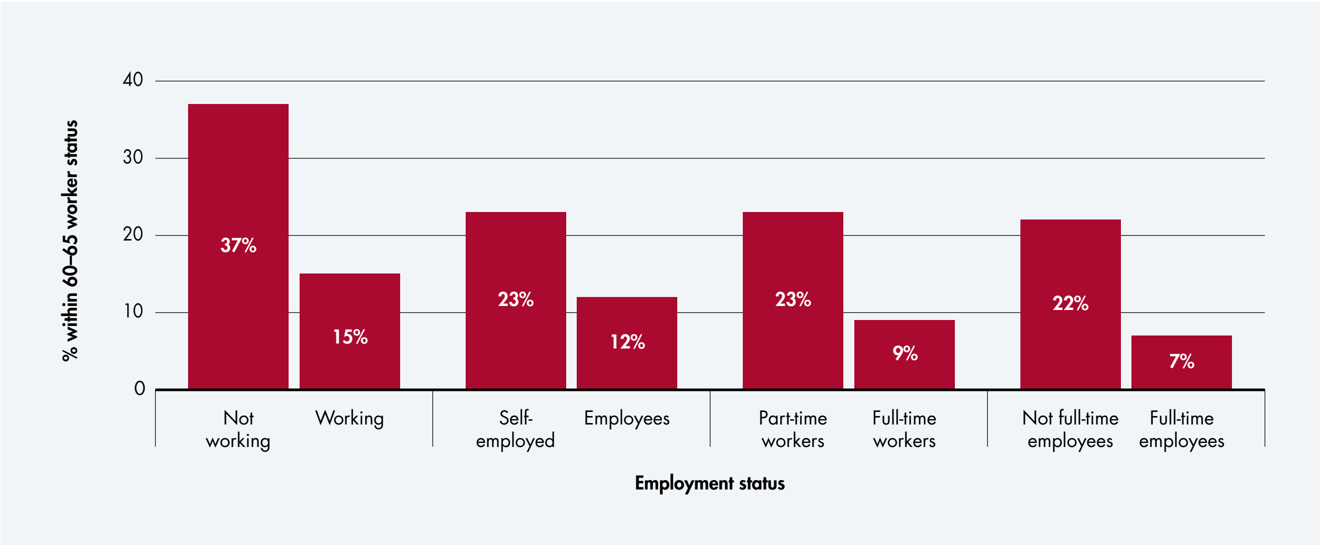
Poverty is high in the years up to 66 because the binary divide between 'working age' and 'pension age' does not reflect the lives of people in their 60s.

Most in poverty are without work: Public policy often assumes that most people will work up to state pension age, but this is far from the reality. Just 52 per cent of 60 to 65-year-olds were working in 2023, including 66 per cent of 60-year-olds and just 40 per cent of 65-year-olds.[6] From 2010 to 2022 there was some improvement in employment among 60 to 65-year-olds as the state pension age increased. However, during the pandemic, the employment rate for this age group fell again and it has not recovered to its pre-Covid peak.

Employment patterns among those who are 60 and older go a long way to explaining the UK's problem of economic inactivity and insufficient labour supply. Of around 9.3 million adults under the state pension age who are economically inactive, 2.1 million are aged 60 to 65. Unsurprisingly, 60 to 65-year-olds without work are more than twice as likely as those in work to be in poverty (37 per cent compared to 15 per cent). In all, 70 per cent of those in poverty aged from 60 to the state pension age are not working – totaling more than 810,000 people. And a further 16 per cent live with someone who is not working.[7]

Low hours and earnings are linked to in-work poverty: 460,000 60 to 65-year-olds who are in poverty (40 per cent) are in a household where someone works. Compared with most other age groups, people aged 60 to 65 have lower hourly earnings, they are more likely to work part-time or to be self-employed, and in the case of couples they are more likely to have only one adult in work.[8,9] Although alternative working patterns can help people aged 60 to 65 to stay in work in a way that suits their circumstances, Figure 2 shows the chance of being in poverty is much higher for the self-employed and for part-time workers (23 per cent in each case) than for full-time employees (7 per cent).[10]

FIGURE 2: THOSE NOT WORKING ARE MORE THAN TWICE AS LIKELY TO BE IN POVERTY AS THOSE IN WORK

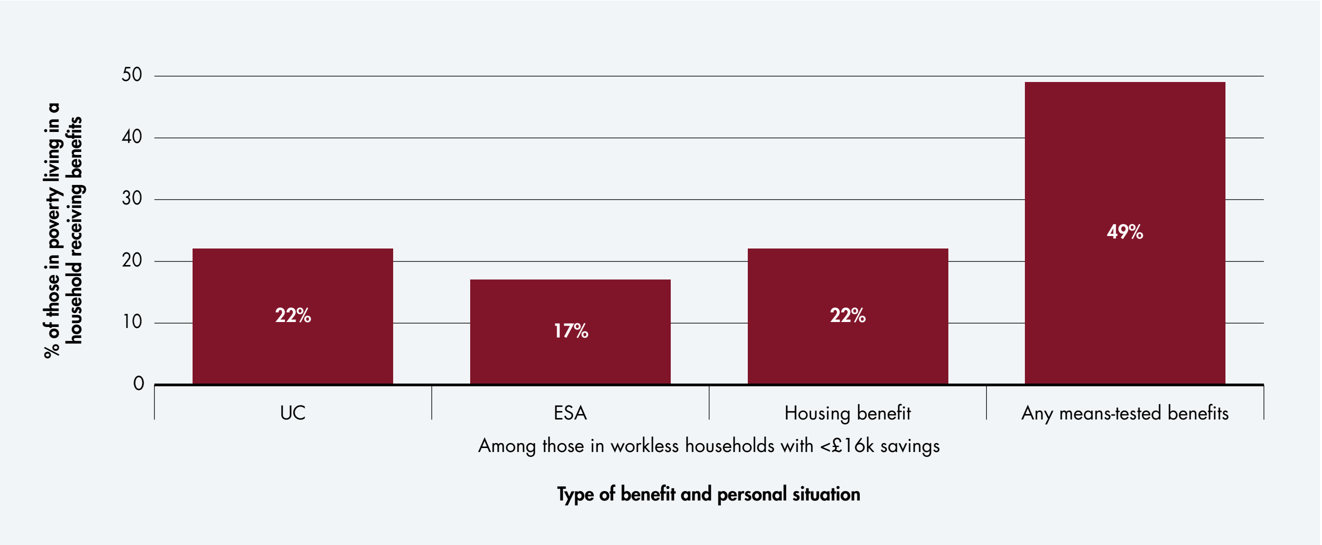


Source: Fabian Society analysis of DWP Households Below Average Incomes data, 2021/22.

Working-age benefits are inadequate: a low-income pensioner claiming the benefits to which they are entitled can usually escape poverty while a 60 to 65-year-old cannot. In 2024/25 pension credit for a single adult will be worth £218.15 per week, while working-age universal credit will be £90.57 per week. This gap has risen significantly since 2010, as a result of the state pension 'triple lock' and working-age benefits not keeping up with inflation. Fifty-eight per cent of 60 to 65-year-old households receiving universal credit are in poverty, compared with 28 per cent of 66 to 69-year-olds receiving pension credit.[11]

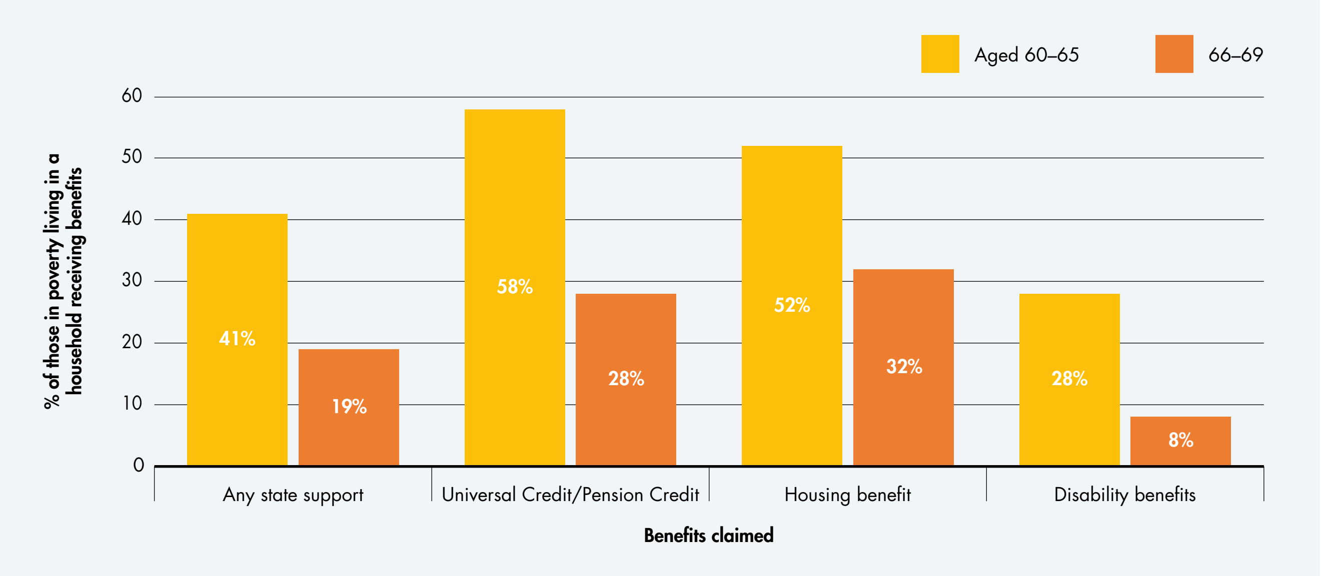
Take-up of working-age benefits is very low: Means-tested benefits are being claimed by fewer than half (49 per cent) of those 60 to 65-year-olds who are almost certain to be eligible.[12] By contrast take-up of the state pension is near universal, and six out of 10 pensioners who are eligible claim pension credit (although this is still worryingly low).

FIGURE 3: FEWER THAN HALF OF POTENTIALLY ELIGIBLE 60 TO 64-YEAR-OLDS ARE RECEIVING BENEFITS



Family take-up of benefits among those workless and in poverty. Source: Fabian Society analysis of Family Resources Survey data, 2021/22. 'ESA' includes income-related and contributory benefits. 'Any means-tested benefits' includes universal credit, income-based jobseeker's allowance (JSA), income-based employment and support allowance (ESA), income support, housing benefit, child tax credits and working tax credits.

FIGURE 4: PEOPLE RECEIVING UNIVERSAL CREDIT IN THEIR 60S ARE NEARLY TWICE AS LIKELY AS THOSE RECEIVING PENSION CREDIT TO BE IN POVERTY



Source: Fabian Society analysis of DWP Households Below Average Incomes data, 2021/22. 'Any state support' includes disability living allowance (care and/or mobility), personal independence payments (daily living and/or mobility), jobseeker's allowance (income-based and/or contributory), employment support allowance (income-related and/or contributory), attendance allowance, carer's allowance, incapacity benefit, child tax credits including lump sums, working tax credits including lump sums, income support, pension credit, housing benefit, universal credit, income support, housing benefit, child tax credits including lump sums, working tax credits including lump sums.

Retirement savings do not make up the gap: 470,000 people between 60 and 65 who are in poverty (40 per cent) are in a household with a private pension in payment. Table 1 shows that this rises to 47 per cent among households in poverty where no one is in work.[13] People are generally in this position because they have not saved enough for a good standard of living and have left their employment when working for longer could have improved their financial security.

More positively, around a quarter (24 per cent) of 60 to 65-year-olds without work and in poverty live in a household with savings or investments of more than £16,000. This includes pension lump-sums, redundancy payments and inheritances. People in this situation can improve their standard of living by dipping into savings, but it is important to remember that this money may be all they have to provide security in old age.

TABLE 1: sources of income among 60 to 65-year-olds not working and in poverty

Private pension	Working-age state support	Savings / investments <£16,000	Savings / investments £16,000+	% of workless 60-65 year olds in poverty within group
	✓	✓		33%
✓	✓	✓		12%
✓		✓		20%
✓			✓	15%
			✓	9%
		✓		12%

Source: Fabian Society analysis of Family Resources Survey data, 2021/22.

Groups facing higher risk of poverty before state pension age

Factors associated with heightened risk of poverty before state pension age include: having no qualifications; living in rented accommodation; being from a Black, Asian or minority ethnic background; being disabled; being single; and being a carer. Many of these risks overlap. For example, people from many minority ethnic backgrounds experience worse health, and are more likely to rent and live alone.[14]

Some of these factors are also more common for people in their 60s compared with younger age groups. Rates of disability are higher. People have fewer qualifications. More live as single adults rather than in couples.[15]

There is also significant regional variation, from 29 per cent in Yorkshire and Humber to 21 per cent in the East of England. This variation is associated with differences in employment, health and housing in different parts of the UK.[16]

Women aged 60 to 65 are not at higher risk of poverty than men (unlike at earlier and later stages of the lifecourse). Women have however seen a sharper increase in poverty over the last 14 years, as a result of the rapid and poorly communicated increase in their state pension age.

TABLE 2: groups of 60 to 65-year-olds at heightened risk of poverty

Risk factor	% in poverty	Total in poverty (thousands)
No qualifications	46	300
Renting	41	400
Single adult	37	460
Black, Asian and other ethnic minorities	35	140
Disabled	34	530
Carer	31	210
Total	25	1,200

Source: Landman Economics and Fabian Society analysis of Family Resources Survey and DWP Households Below Average Incomes data, 2021/22.

We cannot assume poverty between 60 and state pension age will fall with time

Optimists will hope that the current spike in poverty between 60 and state pension age is a temporary effect, caused by the recent and rapid rise in the state pension age. However, there are strong reasons for thinking things will not turn out this way without government action: more factors indicate poverty could move upwards than downwards.

Inadequate support for people affected by state pension age increases will have significant implications for the economy and public services. Since the pandemic started the UK has lost nearly 100,000 teaching professionals, 80,000 healthcare workers, and 70,000 construction workers aged 60 to 65.[17] Looking forward, between 2024 and 2029 the number of people aged 60 to state pension age is projected to rise by 23 per cent (while the rest of the working-age population will remain stable).[18] If the labour market status of people in this age-group holds steady, during those years the number without work will rise from 2.2 million to 3 million, and the number in part-time work from 800,000 to 1.1 million.

REASONS POVERTY FROM 60 TO STATE PENSION AGE MIGHT FALL

- People continue to adjust their work expectations to the higher state pension age (and in some cases a higher occupational pension age).
- The employment impact of the pandemic fades.
- The UK has strong labour market demand.
- Future cohorts of 60 to 65-year-olds will have better skills and qualifications.

REASONS POVERTY FROM 60 TO STATE PENSION AGE MIGHT RISE

- The next increase in state pension age is coming in 2028. The 66-year-olds impacted will have a low employment rate and a high risk of poverty.
- Disability-free life expectancy has fallen recently so more people will face limitations on their ability to work.
- Demand for unpaid care will increase quickly, especially as the number of over-85s rises fast.
- Fewer people approaching retirement will have generous defined benefit pensions.
- More over-60s will be renting.
- Under current government policies, working-age benefits will continue to lose value relative to average incomes.
- Planned reforms to benefit eligibility and conditions could further reduce take-up and payments.

Since the pandemic started the UK has lost nearly 100,000 teaching professionals, 80,000 healthcare workers, and 70,000 construction workers aged 60 to 65

Two directions

Solving poverty from 60 to state pension age will require long-term action targeting people at every stage of working life. We need better health, better jobs, lifelong learning and careers support, more pension savings, and stronger social security for everyone of working age.

But interventions are also needed now to support people over 55 to stay in work, to return to work quickly or to achieve higher living standards if they have little prospect of working much again. Solutions need to come at the problem from two directions:

1. Support longer working lives.
2. Improve financial support for those who cannot work more.

1. SUPPORT LONGER WORKING LIVES

People stop working from age 55 for a mix of three interacting reasons:

Good work and appropriate support are in limited supply. Workers aged 60 to 65 are less likely than those in their 50s to have access to flexible working, reasonable adjustments for health and wellbeing, occupational health services, and education and training.[19] In the Fabian Society survey, factors linked to better work were identified as the most important way to support longer working lives (see page 14).

Sickness, disability and caring responsibilities constrain people's ability to work. Among 60 to 65-year-olds in poverty, 57 per cent are sick or disabled.[20] Disability-free life expectancy for people born in 2018-2020 is below state pension age and decreasing, partly as a result of public health failures. Long NHS waiting lists are also a factor. Most people with mental health and musculoskeletal problems say work is a contributing factor to their ill-health.[21]

A mix of private pensions, savings and paid-off mortgages reduce incentives to keep working until state pension age. Access to retirement savings or reduced living costs gives people the option to leave work, even though this may result in a very low standard of living immediately or reduce financial security after state pension age.

Once older workers have stopped working for any length of time, they are very unlikely to work again. Of those without work aged 60 to 65, 88 per cent have not worked for more than one year and 49 per cent for more than five.[22] Successful efforts to increase employment at this age need to focus on retention in work (including job-to-job moves) and rapid return after leaving employment.

Action on 'good work' has been slow or nonexistent. Unpaid carer's leave and the right to request flexible work from day one are becoming law in 2024 and new occupational health policies are being tested. But these measures do not go far enough and most of the recommendations of the 2017 Taylor review on good work have not been implemented. Existing support services such as the Access to Work scheme for disabled people have little impact. Minimum sick pay requirements are dangerously low.

Public policy has contributed to the problem. Between 2010 and 2020 spending fell dramatically on adult skills (by 36 per cent) and employment support (by 24 per cent in real terms).[23] Department for Work and Pensions (DWP) and Department for Education (DfE) programmes rarely reflect the needs of people over 55 and there is little monitoring, evaluation or learning. Participation among over-60s is also very low: most people who would benefit from help are either not receiving eligible benefits, are barely offered support, or are enrolled too late.

2. BETTER FINANCIAL SUPPORT FOR THOSE WHO CANNOT WORK MORE

Supporting longer working lives is a medium to long-term project. But it cannot solve every problem and many who cannot raise their earnings need support today. To raise living standards for people unable to earn more through work, public policy failures need to be addressed.

Poor pensions support leaves many with insufficient savings: Accessing private pensions before the state pension age is a pragmatic choice for some people but most people with low lifetime earnings would benefit financially from working longer or saving more. This is not supported by current government policy which since 2014 has enabled people to take their pensions in cash if they wish (including 25 per cent tax free). The minimum pension age is 55, rising to 57 in 2028. Free pensions guidance is available but uptake is low (especially among low earners) even though people now need to opt out. Workplaces pensions need to be reformed so that low and middle earners are able to build up pensions worth a higher share of their earnings. Immediately, people aged over 55 need better guidance and defaults to ensure they access what pensions they have in a way that strikes a balance between their short and long term financial needs.

This is particularly important as people accessing their pension may not be claiming benefits they are entitled to; and taking a pension income or lump-sum may reduce the state support they can claim. Thirty-five per cent of 60 to 65-year-olds in poverty and not working live in a household receiving an occupational pension but not state support.

Benefits restrictions keep people in poverty: In recent years public policy has sought to encourage people into work by making benefits as unattractive as possible. This approach will not work and abandons those with little realistic prospect of working.

- Action is needed to increase benefit take-up as a top priority. This includes means-tested benefits and payments for disabled people and carers. Modelling for this report indicates that £1.8bn in means-tested benefits are going unclaimed by households where someone is aged between 60 and 65. The government and public bodies actively promote take-up of pension credit but similar initiatives do not exist before state pension age. Halving the number of 60 to 65-year-olds who are eligible but not claiming would lift 92,000 people out of poverty.

- There should be earlier access to pension-level benefits for people facing long-term barriers to work. The low level of working-age benefits means that recipients in their 60s who are unable to work for many years face a pensions 'cliff face' at state pension age, with their social security income suddenly increasing.

- Work-related conditions should be scaled back. Requirements to work more hours, prepare for work or look for work affect 38 per cent of universal credit claimants who are within a year of the state pension age. There is no evidence that current work-related conditions improve employment outcomes. They can be particularly harmful to over-60s facing long-term barriers to work, and they put some people off from claiming and accessing work-related support. But low benefits take-up means most are out of reach of incentives intended by the benefits system.

EVIDENCE FROM THE FABIAN SOCIETY SURVEY

In September 2023, the Fabian Society commissioned YouGov to conduct a survey of 998 50 to 65-year-olds.

Retirement and work expectations

- 50 per cent of 55 to 65-year-olds are already fully or semi-retired, or plan to fully retire before age 66.
- Just 8 per cent of 60 to 65-year-olds without work say they are fairly or very likely to work again. Eighty-seven per cent say it is fairly or very unlikely they will work again, compared with 42 per cent of 50 to 59-year-olds without work.
- More part-time workers aged 60 to 65 (33 per cent) say it is fairly or very likely they will increase their hours in future – though they are still in the minority.

Reasons for not working more

- Among 55 to 65-year-olds who plan to retire before age 66, 45 per cent say they have felt unhappy with their job in the past five years – nearly double the proportion of those who plan to retire at or after age 66 (27 per cent).
- Among 50 to 65-year-olds who are struggling financially and either not working or working part-time, 47 per cent say they cannot work more (suggesting a significant barrier to employment); 23 per cent say they can but don't want to (suggesting that work is not sufficiently attractive compared with the alternative); and 30 per cent say they both can and want to work more (suggesting a discrepancy between supply and demand for 60+ workers, with discrimination and skills mismatches possible factors).
- The people in the group above who said they cannot or do not want

to work more gave the following reasons: physically too difficult (51 per cent); mentally too difficult (28 per cent); responsibilities outside work (18 per cent); will not make enough of a positive difference to my finances (17 per cent).

- 26 per cent of 55 to 65-year-olds without work who are struggling financially say they are on an NHS waiting list which is affecting their ability to work.

Things that could support longer working lives

We asked people without work aged 55 to 65 whether a list of factors would make them more or less likely to return to work. The things that made the largest number say they would be more likely to return were all related to the attractiveness of jobs:

- 38 per cent: A job was available which offered hours that suited me
- 32 per cent: A job was available where I could work in a location that suited me
- 30 per cent: A job was available that I didn't think would cause me too much stress
- 30 per cent: A job was available that suited my current skill set
- 25 per cent: A job was available in which I had enough control over my day to day at work

We also asked people aged 55 to 65 who were still in work what factors would make them retire earlier or later. Financial considerations were the things most likely to make people say they would retire later but taken together a range of work-related reasons featured more commonly:

- 43 per cent: I was unable to access my private pension at my intended retirement age
- 28 per cent: I thought working for longer would help me meet my financial needs
- 25 per cent: I was unable to access my state pension by age 66
- 24 per cent: My job did not cause me too much stress
- 22 per cent: I received the reward and recognition I deserved at work

Access to support

- 63 per cent of 55 to 65-year-olds struggling financially say there are rarely or never people they can turn to for help when needed, or they do not know if there are, compared with 27 per cent of the same group not struggling financially
- 30 per cent of 60 to 65-year-olds who experienced health difficulties at work in the past five years have asked for workplace adjustments, compared with 42 per cent of 50 to 59-year-olds. Among those who did not ask, the most common reasons were not knowing about the availability of adjustments and concern about employers' reactions.
- 59 per cent of 55 to 64-year-olds who asked for reasonable adjustments said their request was not granted in full.
- 16 per cent of 50 to 65-year-olds without work say they have been unable to get the support they need to find or keep a job.
- 23 per cent of 60 to 65-year-olds have participated in education or training of any sort in the past year – less than half the share of those 55 to 59 (42 per cent).

Pensions

- Most people draw a private pension before their state pension age – 56 per cent of 60 to 65-year-olds and 31 per cent of 55 to 59-year-olds.
- Of those 55 to 65-year-olds who have drawn a pension, 56 per cent are not working, 28 per cent are working part-time and 17 per cent are working full-time. Among those who aren't working or are working part-time, 20 per cent say they are struggling financially
- When people were asked to explain in their own words why they started drawing a private pension before state pension age, the most common explanation was that the pension was available (31 per cent) or that they needed the money (21 per cent). Ten per cent mentioned paying off a mortgage or other debt or some other financial consideration.
- Among those who have claimed a pension while working part-time or not at all who say they cannot work more, 26 per cent have borrowed money using loans, credit cards or a bank overdraft. Fewer have received public support, through social security (8 per cent) or a local authority (5 per cent).

Recommendations

In recent years, two official reviews of the state pension age by Sir John Cridland (2017) and Baroness Neville-Rolfe (2022) proposed limited solutions to poverty before state pension age that have not been taken forward.

Now a comprehensive package of actions is needed to improve experiences of work; provide targeted training and employment support; help low and middle earners with their pensions; and improve social security access and payments after 60.

Improve everybody's experiences at work by enhancing working conditions for people of all ages to reduce the number of people leaving early and make returning more viable.

1. Establish a national good work standard in collaboration with trade unions and industry. Accreditation would depend on positive employment practices beyond the legal minimum, and on performance in workplace wellbeing benchmarking surveys. Require large employers to join to access government procurement and grants. Consult on introducing public reporting and improvement action plan requirements for all larger employers.

2. Support working patterns suited to people's needs by turning the existing right to request flexible working into a 'flexible by default' duty on employers when they are hiring and by mandating equal treatment for people working flexibly. Also consult on and pilot a right to request redeployment and a right to unpaid career breaks lasting up to one year (starting with larger employers).

3. Enhance time off for workers with specific needs including up to two weeks' paid carer's leave per year and reform of statutory sick pay and employment and support allowance for the self-employed. Also consult on a right to paid disability leave, and a right for grandparents to take shared parental leave and unpaid parental leave, and to be included as childcare for the purpose of nursery grants.

4. Improve the coverage and quality of occupational health interventions by establishing a National Occupational Health Service, raising professional standards, requiring minimum provision from large employers, and offering free services to small employers and the self-employed.

5. Improve the take-up of workplace adjustments for sick and disabled workers by improving guidance and communications; requiring employers to respond in writing to individual requests or third-party recommendations for adjustments; and reforming the Access to Work support scheme (including lower employer contributions, faster decisions and better marketing).

6. Tackle unequal treatment experienced by older workers by requiring large employers to report employment and pay statistics in relation to age and disability; linking these to existing to government benchmark schemes such as Disability Positive; and reviewing the provisions, guidance and enforcement of the Equality Act with respect to older and disabled people (for example by making caring a protected characteristic).

7. Support employers to value older workers and meet their obligations to them by asking the Business Champion for Older Workers to develop good practice and support services for employers wanting to improve; and working with ACAS on a single tool bringing together obligations, good practice and sources of support.

Provide targeted employment and skills support to help people re-skill and change jobs throughout their working lives, ensuring that over-55s receive early and tailored support.

8. Build and apply evidence on effective employment and skills interventions for

over-55s by commissioning evaluations of current DWP and DfE programmes and improving data analysis and reporting. Then use this evidence to commission pilots, scale-up success stories and support appropriate referrals.

9. Deliver age-appropriate employment support by offering social security recipients aged over 55 access to a specialist age adviser and a voluntary in-depth package of support; adapting programmes for all ages to better meet the needs of over-55s; and piloting voluntary access to all forms of employment support from the moment people over 55 stop work.

10. Expand the availability of training designed to meet older workers' needs by reviewing the take-up and effectiveness for this age-group of current off-the-job training programmes; and by piloting a 'work and train' offer combining part-time work and part-time training for three to 12 months and an accreditation scheme for bite-sized training and existing skills.

11. Pilot a voluntary route into work through volunteering modelled on the USA's Senior Community Service Employment Programme, offering a placement with a community organisation, associated training and support, and a weekly allowance (in addition to existing benefits).

12. Improve financial incentives to return to work by making the universal credit work allowance available to all households with someone aged over 55; and by introducing a 'back to work bonus' worth up to £150 per week for one year for people with low income and assets who find a job (over-55s would be eligible after three months without work and under-55s after 12 months).

13. Create employer incentives for inclusive hiring practices by waiving employers' national insurance contributions for 12 months with respect to people hired after spending a year or more without work; creating an accompanying £2,000 training grant for the employer; and guaranteeing to cover any statutory sick pay costs arising in the first year for people hired after more than six months without work.

14. Pilot new ways to reach over-55s who are not on benefits or do not have work requirements by funding public services and charities to provide referrals or directly deliver employment and health support; and by contacting all over-55s who have been signed off sick for at least a month or leave work to offer voluntary support services, based on fit note reporting and real-time information from HMRC.

Support lower earners with their pensions to boost saving throughout working life and steer more people to taking their private pensions at or near the state pension age.

15. Boost pension savings for low earners by extending auto-enrolment to more workers; moving towards employer contributions worth at least 12 per cent of total earnings for low and middle earners; developing solutions for automatic pension saving by the self-employed; negotiating higher sector-level minimum employer contribution standards in low-paying industries such as adult social care; and testing options for automatically increasing pension contributions at key moments, such as when incomes increase or at landmark birthdays, alongside options to 'opt down' rather than just opt out.

16. Improve pensions advice and defaults for low and middle earners after 50 by revising communications to focus on working longer, saving more and accessing pensions at state pension age; tasking guidance providers to offer information about the implications of accessing a pension early and to signpost to relevant public services; automatically consolidating defined contribution pension pots as people approach retirement; requiring most people to take guidance or advice before accessing a pension more than three years before state pension age.

Improve benefit access and levels by promoting working-age benefit take-up, creating better tailored work-related conditions, and increasing payments for people with long-term barriers to work as they approach state pension age.

17. Increase benefit take-up among the over-55s, including by creating automated messages offering to check benefit eligibility using data from HMRC, public services and financial providers; and by keeping universal credit accounts open but dormant so that claims are easily reactivated if earnings drop.

18. Relax benefits conditionality for people over 60 facing long-term barriers to work by reducing the minimum hours people are expected to work from the age of 60; and by ending work-related requirements for all 65-year-olds, and for some 60 to 64-year-olds, depending on their personal circumstances and length of time without work. For people who were either assessed as having a work-limiting health condition or disability, or who have received a carer's benefit in the past three years, there should be no conditions from

age 63 if they have been without work for at least a year, or from age 60 if they have been without work for at least three years. There should be no conditions from age 63 for anybody who has not worked for at least two years.

19. Increase benefits for people over 60 facing long-term barriers to work by gradually phasing universal credit payments up towards pension credit levels from 63 onwards for anyone who has been out of work and claiming for more than two years. Also increase universal credit payments to fully match pension credit in some circumstances. We propose an extra element within universal credit available to people from age 63 who have been without work for at least a year and were either assessed as having a work-limiting health condition, or received a carer's benefit in the past three years; and from age 60 where this is for over three years.

20. Address unfair penalties on social security recipients after 60 by paying couples where one is over the state pension age an amount halfway between universal credit and pension credit; and by exempting people over 60 from the bedroom tax, the benefit cap and the 'minimum income floor' rule, which cuts universal credit payments when people are self-employed with low earnings.

MODELLING RESULTS RELATING TO THE RECOMMENDATIONS

We commissioned Landman Economics to conduct microsimulation modelling on the impact of different policy scenarios to inform our proposals. The changes presented are illustrative and do not align directly with each recommendation. Poverty is measured using the 'absolute' or 2010 fixed-line approach, to avoid the poverty line changing as a result of the modelled policies.

Higher employment (recommendations 1 to 15): If the employment rate for people at each age between 56 and 65 were to rise to the level experienced by people two years younger, this would result in 430,000 more people being in work, including 250,000 aged over 60. It would lift 130,000 people in households with someone in this 10-year age group out of poverty, including 74,000 in households where someone is aged 60 to 65. It would raise an additional £5bn for the Exchequer.

Expanded work allowance (recommendation 12): Extending the work allowance to all over-60s and doubling it for over-60s already entitled would lift 17,000 people in households with someone in this six-year age group out of poverty. This would cost £1.2bn, or £15,000 per person lifted out of poverty. This does not account for extra employment generated by the policy. We recommend applying the work allowance to over-60s who do not receive it now, but not increasing it for those who do.

Delayed private pension take-up (recommendation 16): If half of people up to the age of 61 who are out of work and receiving a private pension moved into work, this would raise employment by 140,000. We recommend measures that would make it more burdensome to access a pension before the age of 63.

Higher benefit take-up (recommendation 17 and 18): Increasing benefit take-up to halfway between the current rate and 100 per cent take-up would lift about 92,000 people in a household with a 60 to 65-year-old out of poverty, costing £12,000 per person lifted out of poverty. Nearly half (43,000) of those lifted out of poverty are currently aged 65. This would cost £1bn, or £12,000 per person lifted out of poverty.

Smoothing benefits transition (recommendation 19): Increasing universal credit (and equivalent legacy benefits) towards pension credit levels in stages each year between 63 and 65 would lift 64,000 people out of poverty. It would cost £1.3bn or £21,000 per person lifted out of poverty. We recommend limiting this support to people who have received benefits for two years or more.

Higher pension-level benefits for those long-term out of work (recommendation 19): Raising universal credit (and equivalent benefits) for people receiving disability benefits or carer's allowance would lift 100,00 people in a household with a 60 to 65-year-old out of poverty. This includes 92,000 people in households with someone aged 63 to 65. It would cost £1.9bn or £19,000 per person lifted out of poverty. We recommend extending this support to people who have received carer's benefits in the past three years but limiting it to over-60s without work for at least three years, or over-63s without work for at least a year.

Reform the mixed-age couples penalty (recommendation 20): For couples where just one has reached the state pension age, raising universal credit (and equivalent legacy benefits) to halfway between working-age and pension-age levels would lift 19,000 people out of poverty. It would cost £0.2bn or £11,000 per person lifted out of poverty.

ENDNOTES

1. Using the standard measure of poverty – ie individuals in households with incomes below 60 per cent of the contemporary median after adjusting for housing costs and the size of family.
2. Households Below Average Incomes, 2021-22
3. Wealth and assets survey, 2018-20
4. English Housing Survey 2021 to 2022: second homes - fact sheet, Department for Levelling Up, Housing & Communities, 2023
5. Family Resources Survey, 2021-22
6. Family Resources Survey, 2021-22
7. Family Resources Survey, 2021-22
8. Households Below Average Incomes, 2021-22
9. Households Below Average Incomes, 2021-22
10. Annual Survey of Hours and Earnings, 2023
11. Households Below Average Incomes, 2021-22
12. Households Below Average Incomes, 2021-22
13. Individuals in a household where nobody is working, in poverty with savings below £16,000
14. Households Below Average Incomes, 2021-22
15. Households Below Average Incomes, 2021-22
16. Family Resources Survey, 2021-22
17. Households Below Average Incomes, 2021-22
18. Over 50s Lifestyle Study, 2023
19. 2020-based interim national population projections: estimated international migration variant. Office for National Statistics, 2022
20. Fabian Society survey
21. Households Below Average Incomes, 2021-22
22. Good Work Index Chartered Institute for Personnel and Development, 2022
23. Family Resources Survey, 2021-22
24. Tahir, I, Investment in training and skills, Institute for Fiscal Studies, 2023 DWP annual report and accounts 2022 to 2023