

Independent Pensions Commission: First Report

The First Report of the independent Pensions Commission published today presents the Commission's conclusions on the adequacy of pension provision and saving in the UK. It sets out the major challenges society faces and the unavoidable choices which need to be made.

The report, 'Pensions: Challenges and Choices,' is deliberately detailed and wide-ranging, examining all the different elements of the pensions system. Pension policy has too often in the past been designed piecemeal: the report argues that we need a comprehensive approach which can be sustained over the long-term.

The report explains that faced with the increasing proportion of the population aged over 65, society and individuals must choose some mix of four options. Either:

- Pensioners becoming poorer relative to the rest of society; or
- Taxes/National Insurance contributions devoted to pensions rising; or
- Savings rising; or
- Average retirement ages rising;

The report argues that the option of poorer pensioners is the least attractive and that some combination of higher taxes/ National Insurance contributions, higher savings and/ or later average retirement age will be required.

It also argues that no single solution makes sense, and therefore does not present a figure for a 'savings gap' but illustrates the trade-offs involved between different combinations of response.

The Commission is not at this stage making recommendations on specific policy changes but the Report does call for improvements in data sources.

These options will be the focus of the Pensions Commission between now and the publication of the Second Report, which will include policy recommendations, in Autumn 2005.

The full Report, 'Pensions: Challenges and Choices,' is available at www.pensionscommission.org.uk. A 'key facts' sheet is also available as is a copy of Adair Turner's presentation at the press conference.