Which women knew about state pension age changes? Inequalities in awareness and their implications



One of the most controversial issues about pensions in recent times has been the increase in women's state pension age, and that those affected were not given enough notice of the change. ***Daniel Holman***, ***Liam Foster***, *and* ***Moritz Hess*** *find that particular groups of women were less likely to be aware of the change, and explain the key policy implications that arise.*

Having planned your retirement around the date you will receive your state pension, and then being told two years prior that you will not in fact receive it for another six years can represent rather an unpleasant shock. That is exactly what happened to Marilyn Byrne, an NHS nurse for over 20 years. As a result, Marilyn was unable to make up for the shortfall in her finances. Apart from the financial effects, research now also tells us that this disruption likely impacted on Marilyn's health and wellbeing. To varying degrees, 2.6 million women were affected by the change to the state pension age.

An issue that seems to have been relatively ignored so far is that some groups of women were much less likely to know about the change than others. Based on analysis of the English Longitudinal Study of Ageing, we have shown that it is more socioeconomically disadvantaged women who were less likely to know about the change. In 2006/7, for example, 80% of women with low levels of education knew about the upcoming change compared with 92% of women with high levels of education. Those out of the labour market, ethnic minorities, and unmarried women were also less likely to be aware.

Why does this matter? In a nutshell, given the effects of not being aware on health, wellbeing, and financial planning, it is likely that the late notice women received about the change to the state pension age likely exacerbated existing inequalities. Women in already disadvantaged positions were likely to be further disadvantaged. Firstly, it is evident that women receive a smaller pension in retirement than men – £145 vs £194 for men in 2014/15. This is driven by women not having the same opportunities to save as men given gendered lifetime work and family histories. This is especially true for women in lower socioeconomic positions given their lower earnings. Further, these women are less likely to be able to afford increasingly expensive childcare, leading to breaks from the labour market therefore significantly affecting pension income.

Some commentators have noted that knowledge about changes to the state pension age was widespread well in advance of its implementation. As a result, Ross Clark writes: 'I still fail to comprehend why so many seemingly intelligent and switched-on women can claim to have been unaware of this change until recently'. Although public information campaigns are to be lauded, it seems reasonable that for a policy change that has such fundamental effects on the experience and trajectory of a person's life, that those affected should be directly told about it well in advance. Further, the inequalities we highlight problematise the idea that lack of knowledge of a policy change is just a matter of personal inefficacy.

In fact, these inequalities, along the issue of notification, are part of a much wider issue about the pension system, and the ability to understand it, that affect men and women alike. In a word, pensions are complex, and have become increasingly complex in recent years. With concepts like defined benefit, defined contribution, auto-enrolment, tax relief, and drawdown to understand, and myriad of schemes, it is no wonder that even the Bank of England's chief economist Andy Haldane recently said that he finds the pension system confusing.

Given that the Bank of England's chief economist probably has the advantage when it comes to numeracy and other cognitive abilities compared to most of the rest of us, and that we know these abilities are socially patterned in the population, it seems likely that these factors might help to explain the inequalities in awareness to the state pension age that we have described. In our study this was indeed the case, with numeracy, for example, explaining around half the association between socioeconomic factors such as education and occupational class and awareness.

Taken together, the points we have raised have a number of important policy implications. Firstly, governments should make a concerted effort to ensure that all citizens are informed of changes to the state pension age. This is especially important in relation to policies surrounding pensions because they are integral to and have wide ranging consequences for people's quality of life, wellbeing, and financial security in older age. Recently, John Cridland has suggested a minimum of 10 years' notice is required. Secondly, the fact that inequalities are at least partly driven by disparities in numeracy and other cognitive abilities suggests that it may be necessary to target and tailor awareness campaigns to particular demographics. Awareness and information campaigns targeted and tailored by workplaces might be one useful avenue. This might help to address the issue that cognitive factors, as well as structural constraints, influence people's capacity to internalise, remember, and act upon news of a policy change. Future large-scale policy changes should pay attention to these nuances of inequality. Lastly, it is also apparent that the pensions system is still too complex and needs to be simplified. In order to try to ensure fair and equitable ageing for all, policy mechanisms that could exacerbate later life inequalities need to be carefully considered.

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