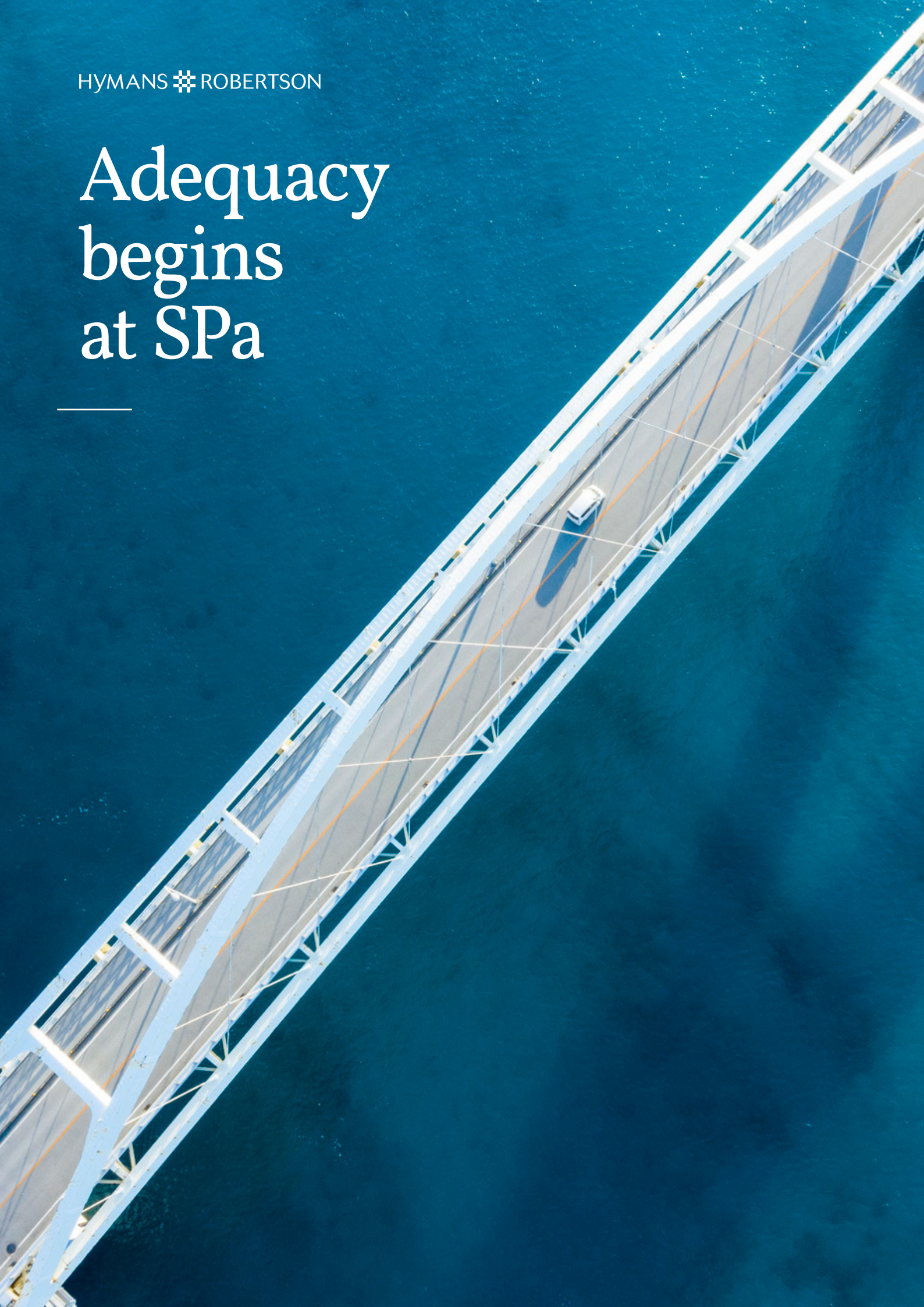
HYMANS ROBERTSON

Adequacy begins at SPa



Hymans Robertson's response to the third State Pension age review consultation

Executive summary

The State Pension accrued to date is £5trn[1], and its value is rising. Its future is a matter of national importance. In responding to this consultation, Hymans Robertson seeks a framework that balances long-term sustainability with intergenerational fairness, so future generations have confidence in receiving their own State Pension. Our response aims to inform the review in this spirit, and draws on evidence from Club Vita (the longevity data specialists) and other sources.

The role of the State Pension

We welcome this review and its alignment with the 2025 Pensions Commission. The State Pension remains a cornerstone of retirement income, and **confidence in its future is vital**.

The State Pension age affects the cost of the State Pension, but we don't think its purpose should be primarily for cost control. **The review should consider the policy intent of the State Pension – clarity here is essential.** The government needs a clear target for the amount, and how it should grow, with a strategy to move away from the triple lock. We recommend the scope of the review should also consider who gets it, and if means testing is appropriate.

The answers will influence how and when it's funded, and from what sources. **We recommend considering funding the State Pension to increase our demographic resilience and increase UK investment.** Alongside National Insurance contributions, ring fenced funding could come from pensions tax reform, which wouldn't affect people's retirement incomes[2].

We recommend **long planning horizons for changes to the State Pension age (ideally at least 10 years)**, so savers and employers have time to prepare.

Longevity evidence

ONS data shows that life expectancy at age 65 has increased steadily over the decades up to 2010. But the improvement has slowed since 2010, and Covid-19 caused a temporary decline. Since the NHS was established, life expectancy has risen by 1–1.5 years per decade. This trend implies the State Pension age could rise by 1 year every 10–15 years to maintain people receiving the State Pension for around a third of their adult life. **This trajectory would raise the age to 68 in around 2040, 69 in 2050 and 70 in 2060.**

Pensions are intergenerational and build on the **foundations of a social contract**. A core premise of that contract is that future generations should expect to be **no worse off than prior generations**. A practical minimal interpretation of this premise is that **future generations should expect to receive a State Pension for no less time than prior generations**. This interpretation would lead to an easy-to-communicate cap on how quickly the State Pension age can rise.

Public confidence and concerns

The State Pension system is unsustainable in its current form. In 2020 the Government Actuary's Department forecast that the National Insurance Fund, which finances it, will be exhausted in 2043/44 as benefit expenditure increases by more than income[3].

It's no surprise that only **46% of Gen Z think the State Pension will be available to them**[4]. Of those that think it will still exist, 73% think it will be smaller than it is now. This is a major concern as confidence in State Pension is a bedrock of confidence in our pensions systems and savings more generally. These views highlight the need for clear, consistent policy signals and long notice of any changes.

We need a framework that builds confidence. Any plan for spreading the increased cost of the State Pension between generations should be clear about changes, including any changes made through automatic adjustment mechanisms.

Avoiding cliff edges and supporting flexibility

We **advocate for no cliff edges in pensions by design, and this applies to state benefits too***. Change can be transformational but should be gradual, so that all stakeholders know where things are going and have time to adapt – essential for trust in pensions.

State financial incentives for people below the State Pension age should avoid encouraging people to cash in pensions prematurely because of gaps in state support. Instead, **welfare incentives and training should encourage work**. Greater labour productivity is especially important to meet the huge challenge of the UK's ageing population, and the need for economic growth as we're on the way to a 300% debt-to-GDP ratio by the 2070s[5].

We recommend reviewing flexibility *after* reaching the State Pension age. Extending existing full deferral to include ***partial*** deferral of the State Pension could help workforce participation through part-time work, which is also good for later-life social wellbeing. To be clear, this is a behavioral recommendation leading to positive economics, not an economic recommendation.

These recommendations would reduce any negative impact of a change in the State Pension age on workforce productivity. They would also protect the value of peoples' state benefits, and improve the quality of later life, which in turn should improve health and reduce later-life costs to the government.

We'd welcome further engagement. We commend the government for conducting this review alongside the Pensions Commission's review of adequacy. Pensions adequacy is built on the foundations of the State Pension, so adequacy begins at the State Pension age.

Calum Cooper

Partner and Head of Pension Policy Innovation

For and on behalf of Hymans Robertson

*See 'Untapped potential of pensions report'[2] for suggested wider pensions reform principles.

All relevant sources for this document can be found on page 12.

Life expectancy

Calum Cooper
Head of Pensions Policy Innovation

When the basic State Pension was established, in 1948, UK period life expectancy was around 66 for men and 71 for women[6]. The State Pension ages were set at 65 for men and 60 for women. So nearly half of men didn't live long enough to claim the State Pension. Reforms since then have equalised and increased the State Pension age. Nowadays, people can expect to receive State Pension for around a third of their adult life, but fiscal and demographic pressures are huge challenges to sustaining this system.

What are the advantages and disadvantages of linking State Pension age to life expectancy?

ADVANTAGES

Fairness and sustainability
Broadly linking the State Pension age to life expectancy is aligned to the principle that individuals can aspire to spend a proportion (currently one third) of their adult life in receipt of State Pension. This principle was considered by the Cridland Review (2017), and the proportion was proposed to be adjusted to 31% in the Neville-Rolfe Review (2023).

The principle may be fair, but it may be unsustainable. If it is, we could maintain intergenerational fairness by ensuring future generations receive their State Pension for the same number of years as the prior generation (which would ultimately be a gradually reducing proportion of adult lives). This principle is more closely linked to a measure of life expectancy.

Predictable cost control
As life expectancy increases, raising the State Pension age can help keep the universal State Pension affordable. A higher age reduces the number of recipients at any given time.

Workforce participation
Encouraging longer working lives can boost labour market participation, tax revenue and economic growth. Flexibility to take a partial late-retirement State Pension could encourage labour participation in later life.

Simplicity
The State Pension age is clearer and better understood than complex or politically contentious mechanisms like contribution rates, the triple lock or means testing.

DISADVANTAGES

Unequal impact
Life expectancy gains are not evenly distributed through time or within generations. Club Vita data shows that life expectancy at age 65 has increased steadily, but the rate of increase slowed after 2010, and Covid-19 caused a temporary decline[7]. Those in manual or low-income jobs tend to have shorter life expectancies, and may be disproportionately affected.

Hardship for those who can't work longer
Older workers with ill health or caring responsibilities may struggle financially if the State Pension age rises, particularly if pre-pension benefits change suddenly. For example, Universal Credit and the Employment and Support Allowance are lower than the new State Pension, and aren't designed for older workers nearing retirement[8].

Labour market challenges
Not all older workers can find or retain employment, so they might rely more on working-age benefits.

Public resistance
Pension age increases are politically sensitive, as seen in the WASPI campaign. Sudden or unfamiliar changes can erode trust.

The gap between healthy life expectancy and overall life expectancy
Many people may live longer but not healthier lives. If the State Pension age is raised without an improvement in health, people who can't work owing to chronic conditions or disability might be penalised.

How would linking State Pension age to life expectancy impact upon intergenerational fairness?

POSITIVE IMPACTS

Equitable distribution of pension years
If the State Pension age rises in line with life expectancy, each generation could expect a similar proportion of adult life in retirement. At a minimum, they could expect to receive a State Pension for the same number of years. Future generations would therefore be no worse off than previous ones.

Shared fiscal responsibility
Adjusting the State Pension age helps distribute the financial burden of pensions across generations. The old-age dependency ratio is worsening: by the late 2060s, the number of people over State Pension age per 1,000 adults over 16 but under State Pension age is forecast to rise from 300 to 400[9].

Building confidence
Clear, consistent policy signals and long lead times (10 years or more) for changes can help younger generations plan and build trust in the system. Building trust is crucial, given that only 46% of Gen Z believe the State Pension will be available to them[4].

NEGATIVE IMPACTS

Life expectancy inequality
Linking the State Pension age to average life expectancy may disadvantage groups who die younger, such as manual workers or people in deprived regions. Life expectancy at age 65 can vary with any given cohort by over 11 years depending on factors such as gender, health and lifestyle[10].

Planning uncertainty
Frequent or unpredictable adjustments may undermine retirement planning and financial preparedness.

Generational tension
Older generations look likely to receive more generous total pension income (state and private) than younger generations, who'll retire older and with lower overall benefits. If this expectation is borne out, perceptions of unfairness may grow. It's important that the work of the Pensions Commission dovetails with the review of the State Pension age.

Implementation

Linking the State Pension age to life expectancy can be fair and sustainable, if implemented properly. It must be sensitive to inequality, and give adequate and clear notice periods. Complementary policies could include flexible retirement options, retraining support and pre-pension welfare benefits.

The link should be part of a framework for financial independence and dignity in later life, which could include automatic adjustment mechanisms and targets for retirement adequacy.

Sustainability

James Smith

Senior Consultant

The State Pension is central to the UK's retirement system, giving a baseline of financial security in later life. For many workers, it's the main source of income in retirement. Savers and employers anchor their expectations on it continuing to exist: **half of the 40–60-year-olds surveyed by Hymans Robertson Personal Wealth said they'll rely mostly on the State Pension for retirement income**[11]. Yet doubts persist, and confidence in its future availability is vital.

On current policy settings, the Office for Budget Responsibility (OBR) projects that State Pension spending will rise from 5.2% of GDP to 7.9% over the next 50 years[12]. Demographics will drive 1.5 percentage points of this increase; an ageing population means more retirees supported by fewer workers. The rest of the increase will be driven by the impact of the triple lock, which raises pensions by the highest of earnings growth, inflation or 2.5%.

Over the same period, the OBR expects National Insurance contributions to fall slightly as a share of GDP. Without intervention, the National Insurance Fund is forecast to be exhausted by the mid-2040s. The State Pension will become the second-largest contributor to the primary fiscal deficit (after healthcare), widening it by 2% of GDP a year (from about £55bn today).

What role, if any, should State Pension age have for managing the cost of the State Pension in the longer term?

The State Pension age influences both the cost and sustainability of the system, but it can't resolve financial pressures on its own.

Raising the age delays access to pensions, shortens the average duration of payments and increases labour market participation. The OBR estimates that each one-year rise reduces spending by around 0.3% of GDP (£10bn).

To stay fiscally neutral, spending on the State Pension would have to be around 5% of GDP. Maintaining this level only by adjusting the State Pension age would imply the age rising by eight years more than the OBR currently expects – to well over 75 in the coming decades. In our view, without significantly reframing retirement expectations, this outcome is likely to be socially and politically unviable.

The more realistic role of the State Pension age is not to control costs, but to balance sustainability with fairness between generations and potentially across social groups.

What are the advantages and disadvantages of using State Pension age to manage the cost of the State Pension in the longer term?

ADVANTAGES

Predictability
Increases have an immediate and measurable impact on costs.

Clarity
The State Pension age is easily understood and widely accepted as a policy lever.

Workforce participation
Extending working lives can boost employment, tax receipts and pension contributions.

DISADVANTAGES

Unequal impact
Gains in life expectancy are not evenly shared. Workers in manual and low-income occupations, with shorter healthy lives, may be less likely to reach a universal State Pension age and if they do, enjoy fewer years in retirement.

Blue collar, low income, poor health, life expectancy from 65[13]

Man 14 years

Woman 15 years 4 months

White collar, high income healthy, has a life expectancy from 65[13]

Man 23 years 3 months

Woman 25 years 1 month

Feasibility
Many people can't work longer owing to ill health, disability or caring responsibilities.

Shifting rather than reducing costs
Earlier reliance on working-age benefits may rise if people can't remain in employment.

Public resistance
Previous reforms have faced strong opposition and damaged trust.

Narrow focus
State pension age adjustments only tackle costs. They don't improve adequacy of retirement incomes or close saving gaps.

What other factors relating to sustainability should the government consider when determining State Pension age? What are the advantages and disadvantages of using these factors?

Sustainability does not just depend on fiscal affordability. Whether people can realistically work longer and enjoy retirement depends on factors such as healthy life expectancy, regional and occupational inequalities, labour market conditions, and the balance between generations. Considering these issues can make policy more equitable, but adds complexity and risks groups being treated unevenly.

	ADVANTAGE	DISADVANTAGE
Healthy life expectancy Living longer does not always mean living healthier.	Reflects quality of life as well as longevity; fairer for those with shorter healthy lives.	Data is uncertain; measurement can be contentious.
Regional and socio-economic inequalities Outcomes vary widely between regions and social groups.	Acknowledges differences in life chances; supports inter-generational fairness.	Hard to apply nationally; risks creating divisive rules.
Labour market trends Older workers' prospects depend on job availability, retraining and age discrimination.	Aligns the State Pension age with employment opportunities.	Labour markets shift quickly; discrimination persists.
Demographic balance The dependency ratio highlights the pressure of more retirees supported by fewer workers. Targeting a stable dependency ratio could be considered.	A simple, clear indicator of affordability.	Ignores factors such as productivity and migration.
Intergenerational fairness Intergenerational fairness ensures future taxpayers are not overburdened.	Protects younger generations; builds trust.	Hard to define objectively; risks age-related tensions.
Public health and preventive policies Health improvements may lengthen working lives and reduce late-life costs.	Encourages investment in population health.	Uneven benefits may not align with increases in the state pension age.
Economic productivity and growth Affordability depends as much on economic strength as demographics.	Higher productivity can offset pension costs without raising the State Pension age.	Growth is uncertain; linking it too closely to the State Pension age could make policy unstable.

Automatic adjustment mechanisms

Emma Kyte

Senior Consultant

Automatic adjustment mechanisms are becoming more common as countries aim to keep State Pensions sustainable in the face of ageing populations, lower fertility rates and higher life expectancies. Mechanisms that enable faster and more consistent responses to demographic and economic shifts are particularly relevant to this review, especially given the fiscal pressures on the UK's State Pension and the projected depletion of the National Insurance Fund.

What are the advantages and disadvantages of using automatic adjustment mechanisms to make changes to State Pension age (i.e. if a certain factor changes, State Pension age is automatically increased or decreased as a result)?

ADVANTAGES

Timely implementation
Automatic adjustment mechanisms avoid a long legislative process. Faster responses to demographic or economic shifts help the long-term sustainability of the State Pension system.

Policy stability and clarity
By embedding clear rules into the system, automatic adjustment mechanisms make frequent policy changes less likely. Consistent intent and operation could help the public to understand policy.

More predictable adjustments
Changes are expected and formulaic, reducing the shock of sudden large changes. If the methodology is transparent, it may also make adjustments less controversial and more acceptable to the public.

Direct link to indicators
Automatic adjustment mechanisms link the State Pension age clearly and logically to factors such as life expectancy and fiscal sustainability. These links reinforce the rationale behind adjustments.

More intergenerational fairness
Automatic adjustment mechanisms help to share the financial impact of the State Pension equitably across generations. This equity can prevent younger cohorts from being disproportionately disadvantaged by overly generous provisions for older generations.

DISADVANTAGES

Uncertainty in retirement planning
While the mechanism may be clear, the impact on savers could be unpredictable. Frequent or poorly communicated adjustments could make it harder for people to plan their retirement with confidence.

Complexity and engagement risks
If the mechanism is hard to understand, or changes are made too often, the public may engage less with pensions. People may feel less confident in a system they see as overly technical. Despite being formulaic, the mechanisms may be opaque if the underlying factors are not well communicated.

Equity issues
Mechanisms based on life expectancy could disadvantage groups with shorter lives – often people from low socio-economic backgrounds.

Link to broader economic pressures
Automatic adjustment mechanisms may not be responsive to economic conditions. For instance, the State Pension age could rise because of rising life expectancy during cost-of-living pressures, potentially worsening financial hardship for those approaching retirement. Current mechanisms, such as triple lock, offer some protection, but their rigidity could have unintended consequences.

Challenges to benefit adequacy
If the State Pension age fluctuates as a result of automatic adjustment mechanisms, it may be harder to define and target adequate retirement income (such as the PLSA's retirement living standards). A lack of clear targets could complicate efforts to ensure adequate living standards for retirees.

What factors could be considered for use in an automatic adjustment mechanism, and why?

Life expectancy
The State Pension age increases or decreases in line with changes in average life expectancy. It could be based on total or healthy life expectancy.

Rationale: This mechanism aligns the retirement age with longevity trends, helping to manage the financial burden and encourage longer working lives. It's intuitive and widely understood, so the public are more likely to engage with it.

Fairness: The mechanism supports intergenerational equity by adjusting benefits in line with demographic trends.

Worker-to-retiree ratio
The State Pension age increases when the ratio of working age population to those over SPa declines.

Rationale: The mechanism reflects the economic capacity to support retirees. A declining worker-to-retiree ratio increases pressure on public finances, justifying a higher State Pension age.

Fairness: The mechanism helps distribute the cost of pensions evenly across generations, especially when fewer workers are supporting more retirees.

Application
When considering a mechanism to adjust the State Pension age, it's crucial to carefully define how it's applied: the timing of reviews, thresholds for change, notice periods and the impact on planning and adequacy.

Review frequency
Factors like life expectancy or the worker-to-retiree ratio tend to change slowly. Annual reviews may be unnecessary or misleading. A review cycle of 5 to 10 years could strike a balance between responsiveness and stability.

Timing of implementation
Any change to the State Pension age should give enough notice for people to adjust their retirement plans. Ten years seems reasonable to ensure fairness and predictability.

Thresholds for adjustment
Small fluctuations in factors should not trigger changes. For example, a one-month increase in life expectancy is unlikely to justify a change, but a one-year shift might. Thresholds should be set to ensure changes are meaningful and cost-effective, avoiding unnecessary disruption to retirement planning.

Magnitude of impact
The mechanism should meaningfully save costs or improve sustainability. If the factor change doesn't 'shift the dial', it may not be worth implementing.

International experience
Automatic adjustment mechanisms offer a structured and potentially more responsive approach to managing changes in the State Pension age. They must be implemented carefully to balance fiscal sustainability with fairness and transparency.

We recommend that this review considers what other countries do. For example, Finland links retirement age and initial pension level to life expectancy via a life expectancy coefficient. In Germany pensions are linked to a ratio of working contributors to pensioners.

These examples show how automatic adjustment mechanisms can enhance transparency and promote intergenerational equity. They can help the State Pension to be viable for the long term while maintaining public trust and adequate retirements.

Factors for setting State Pension age

Hannah English
Head of DC Corporate Consulting

What other factors do you think the government should consider when making decisions regarding State Pension age? What are the advantages and disadvantages of using these factors?

Policy intent

The purpose of the State Pension underpins decisions on its amount and timing. Is the purpose to give all pensioners a base level of income? Or does it aim to ensure everyone has a base level of financial dignity in later life?

Clarity here may help the government decide who needs the State Pension. The current pension is the same for everyone; it doesn't vary with need. This arrangement makes sense if it's meant to give all pensioners a base level of income.

But if the State Pension aims at only what is necessary for financial independence and dignity in later life, then means testing could achieve that goal. Not everyone needs the same State Pension for a base level of financial dignity in later life. Means testing the State Pension and later-life supplements, as is explored in '**Retirement Reimagined**'[14], could be an alternative factor to consider.

Determining the appropriate level and setting future growth

Once the policy intent is clear, the pension age and amount should be considered. How much is enough? Should it be benchmarked to a particular level, such as the PLSA's minimum living standard (£13,400 a year for a single person)?

Consideration should also be given to how the pension will increase in the future. For example, when is the triple lock no longer suitable, and what mechanism should be adopted once the State Pension reaches a threshold, to maintain fiscal sustainability?

Once these questions are answered, the expected costs of providing the State Pension may be materially revised. A revision would affect the State Pension age, and would lead to less adjustment of the age than if it were the only lever for the affordability of future State Pension provision.

For context, we estimate that by moving away from the triple lock, the government could save £3bn a year from the late 2030s, while still providing a pension above the minimum retirement living standard[2]. Although this amount is initially small relative to GDP, it grows materially and will help to reduce the funding strain.

People struggle to estimate how long they'll live: Club Vita analysis suggests people underestimate their longevity by five years[15]. Changing the State Pension age could add to confusion about how long someone would receive it. Adjusting the amount instead may make it easier to understand how it compares with current income and expenditure.

Demographic resilience and financing the State Pension

The amount and growth rate of the State Pension affects the public finances. Any review should consider affordability of the State Pension and how it's financed, both now and in the future. It should also consider the impact on the employers and savers that finance it.

The latest review of the National Insurance Fund provides an estimated 12% absolute increase in National Insurance contributions required to cover benefit expenditure. In April 2025 National Insurance contributions rose, and many employers have struggled to meet this cost.

The review should also consider how the State Pension is funded. In the current 'pay as you go' system, demographic shifts burden younger workers with higher taxes to support more retirees. In Norway future pension needs are pre-funded at a national level. **Pre-funding would ensure each generation pays for its own retirement, rather than relying on future generations, making long-term pension promises more financially secure.**

A move to **pre-funding** could start with funding **the State Pension for everyone born after 2030**. Doing so **would require about £6bn a year**, based on £10,000 per person born invested for 70 years (based on 600,000 births a year in England and Wales[16]). This payment **could be financed by changing the timing of tax relief on pensions (freeing up over £20bn a year)***. The funds could be deployed through our national wealth fund in productive UK investment like infrastructure and fast-growing business. **As well as increasing our demographic resilience, this change could be transformational economically.**

Interaction with other social benefits

The timing of State Pension payments may affect eligibility for means-tested benefits. Adjustments to the State Pension age must account for these interdependencies to avoid unintended negative consequences for vulnerable groups.

Relationship with private pensions

The State Pension doesn't exist in isolation. Its design and generosity influence the adequacy and desirability of private pension savings. Any reforms should consider how the two systems work together to provide financial security in retirement, and whether policy changes could encourage or discourage individual savings.

With a higher State Pension age, people may need to save more into private pensions to fund retirement before they receive the State Pension. A higher State Pension age may also result in people delaying retirement.

Which of these factors (life expectancy, sustainability and other factors) do you think are most important for the government to consider when making decisions regarding State Pension age, and why?

The top priority is to be clear on the reason for the State Pension: the **policy intent**. This will support building trust, confidence and understanding in the sustainability of the system. This trust is critical to improving private pensions, which are built on the bedrock of confidence in the State Pension. Get this right and we have a chance to build the overall pensions system fit for the mid-century.

This clear north star will help identify what is most important in solution design.

Growth and productivity are critical to supporting the State Pension. Hymans Robertson Personal Wealth found that two-thirds of people say financial stress affects their motivation and engagement at work[17]. This behaviour could affect employers and productivity if changes to State Pension are poorly communicated, hard to understand or introduced too quickly.

Whatever the solution design, the most important things are to have **no cliff edges, and a clear line of sight to change that's simple and well communicated, and grounded in the policy intent**. Pensions are as much behavioural, cultural, emotional and political as they are about economics and structural design. If we get these aspects right, we could help make a better future for the economy and the next generation.

The next priority is **finding a path to funding the State Pension**. A funded State Pension will **strengthen the demographics of the pensions system**, which would massively improve confidence in its future existence. As a bi-product, it would stimulate UK investment and growth, which are at the foundations of affording the State Pension.

*For more on this idea see 'Untapped potential of pensions report'[2].

How might changes to State Pension age impact people differently? Which groups of people, regions or nations may be most impacted by changes to the State pension age, and why?

People closest to State Pension age

People nearing the State Pension age are most affected by changes, especially if lead times are short. Adequate notice is essential so they can plan, and to reduce financial distress.

Low-income groups

People on low incomes are likely to rely heavily on the State Pension, and are less able to compensate for changes through private savings. Policy changes should be assessed for their distributional impact.

People with low life expectancy

Changes to the State Pension age are more likely to affect people like manual workers. A higher State Pension age could lead to them receiving less in retirement than people with higher life expectancies.

People with diverse working patterns

Groups such as the self-employed, carers and women may have had limited opportunities to build up private pensions. They're likely to be disproportionately affected by changes to the State Pension age, so they need targeted consideration.

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The principles behind our thinking

Hymans Robertson is not just another pensions firm. We're a certified B Corp, so we really care about all stakeholders and about sustainability. And we have a record of implementing industry-changing innovation.

We've been the scheme actuary to Clara-Pensions, the UK's first superfund, from its inception. We founded Club Vita, the industry standard for longevity analytics. Our Guided Outcomes (GO™) proposition changed the narrative in DC to focus on member outcomes and benefit adequacy. We've developed our technology, and GO now underpins our market-leading Hymans Robertson Expected Retirement Outcomes modeller.

We advise more UK DB schemes open to new members than anyone else – so we're used to advising on sustainability to help clients thrive in the long term.

Our pensions policy thinking is guided by 10 principles.

1 Clear policy intent
We assume the government wants to ensure financial independence from the state and dignity in later life.

2 Aligned time horizons
In the long term, collective pensions schemes open to new members will ensure pensions finance is productive, responsibly stewarded and plays its part in stimulating UK investment and UK growth.

3 Affordability
Pensions must be affordable now and into the future for the government, employers and workers.

4 Equity
Respecting difference and giving people what they need is key to an inclusive future.

5 Sustainability across generations
We need to stimulate growth and create jobs for the next generation in the spirit of a healthy social contract and exchange of gifts between generations.

6 Adequate retirement security
Retired people need to have financial security.

7 Financial resilience
People must have access to emergency funds for their financial wellbeing. And the economy needs to be resilient to financial crises by having a diversity of pension design and investments, not a monoculture.

8 No 'cliff edges'
Change must be gradual, so that all stakeholders know where things are going and have time to adapt. The introduction of auto-enrolment is a great example.

9 Costed and valued proposals
Any proposals should meet stakeholders' financial needs, and government incentives should be easy to see and appreciate.

10 Holistic policies
We're mindful of the role private pensions play in the context of the State Pension and housing.

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