

Thursday May 12, 2005

**Statement from Age Concern on the key challenges facing David Blunkett in his new role as Work & Pensions Secretary**

Age Concern's Director-General, Gordon Lishman, said:

"There's no doubt that Mr Blunkett is facing some huge challenges with tough decisions ahead. Levels of pensioner poverty are disgracefully high and far too few people qualify for the state pension.

"Building a national consensus on pensions that will stand the test of time is absolutely crucial. With only 16% of newly retired women qualifying for a full state pension in their own right, Blunkett's top priority now must be to sort out the scandal of women's pensions. This could be achieved through a pension based on residency or by reducing the number of contributions needed to qualify.

"He must also implement reform to help many low and modest earners who face a steep drop in their income when they retire. Many people on low and average incomes now make a rational decision not to save because they will be little or no better off for doing so. But forcing workers to pay into a private or occupational pension scheme is not the answer as millions cannot afford to save, cannot afford to shoulder more risk, or simply do not have access to a pension scheme at work. If increased compulsion is necessary, the fairest way to achieve it would be through the state pension system.

"Possibly the biggest challenge facing Mr Blunkett is how to pay for reform but he should be wary of funding options which penalise the poorest. Like his predecessor, Mr Blunkett must rule out raising the state pension age as it would worsen inequalities and be a huge betrayal for lower income groups. Average life expectancy amongst male manual workers is just 71 and many would die before reaching state pension age."