

ASK THE ADVISER

20) PENSIONS - The latest in a series of articles by Iain Gregory of Caithness CAB

One of my numerous Grandchildren recently announced, with due gravity, that he was concerned about me. I was quite touched by this until he explained that he found it regrettable that he had to spend time worrying about what I was up to instead of the more traditional practice of it being the other way round. Apparently he was convinced that, sooner or later, I would wipe myself out after an injudicious jump on my mountain bike or as a result of falling off a mountain. Also I noticed in the press that there has been an alarming upsurge in somewhat riotous behaviour from older people on holiday in the Costas and a new term has been coined to describe them. Apparently they are known as "saga louts". As a baby-boomer I find all this most heartening and it serves to illustrate just how things have changed over the last century. Older people are now, generally, surviving much longer and whilst I am sure that none of the readers of this column would dream of behaving uproariously, we all need to have a close look at our State Retirement Pension provision to make sure we know exactly where we stand when retirement arrives and can then conduct ourselves as we see fit.

Since my article on Attendance Allowance we have seen a notable upsurge in inquiries at CCAB so here is some information on the SRP which I hope you will find equally useful. The original "Old age pension" was introduced in 1909 or thereabouts and, interestingly, was only payable at age 70 at a rate of Five Shillings per week (25p). If a man (note that) was married then an extra 2 Shillings and Sixpence (12.5p) was paid out. And it was means-tested. Things changed during the Second War and by 1948 a new age of 65 was in place for men and 60 for women (who by this time were acknowledged to exist independently). It stayed pretty much the same, with one or two tweaks along the way, and various changes were made – for example the "Graduated Pension", the "State Earnings Related Pension Scheme" and the "State Second Pension Scheme" – but the basics did not really alter.

There are two major issues at the moment. As we all know it was decided to equalise the retirement age for men and women so that both would have a common entitlement at 65. This would have been fine if the original agenda had been adhered to, but many women are currently suffering adversely due to the way that the changes have been introduced. It is very much worth having a look at the "WASPI" website (Women against State Pension Inequality) where there is a lot of useful information. Basically, whilst WASPI have no objection to equalisation they argue, rightly in my view, that the effect upon women born after 6th April 1951 is quite unfair and far too little information was given to them, far too late, to allow them to budget for major changes to their retirement plans. The second issue is the continual raising of the proposed retirement age – at the moment the plans are to set this at 68,

but I would be quite certain that within a year or two this will have risen once again to 70 (or above). Of course, you could argue that we have a much greater life expectancy nowadays, but we do need clarity and a firm policy – we all need to know where we stand and for young people they need as long as possible to build up their savings.

You will no doubt have read that for everyone retiring after 6th April 2016 will receive the “New State Pension” which was announced with great enthusiasm by Westminster and it seemed that everyone would get a basic pension of about £155 per week. Well, everyone will get no such thing. For a start you need 35 years contributions to get your full entitlement, which is going to rule an awful lot of people out, and if you happened to be “contracted out” – in other words if you were a member of an employer’s scheme, perhaps as a nurse or a teacher, then your £155 will be reduced a fair bit. On the other hand if you continue to work before hitting retirement age or if you choose to make voluntary contributions then you can build the SRP up a bit and I would really recommend that you get a forecast – go to Gov.uk and click on “pensions” where there is a lot of useful information. It is also an excellent idea to call at Caithness CAB or give us a ring and we can save you a lot of the legwork and also help you with all of your other retirement planning as well. As a matter of note every extra year’s contributions, which you make after 6th April 2016, will boost your pension by about £4.65 per week. You can also increase your State Pension with “State Pension top up”, but only if you are a man born before 6th April 1951 or a woman born before 6th April 1953 and you can get between £1 and £25 extra per week by applying to make a lump sum payment by 5 April 2017. It really is worth researching carefully though in case you would be better off making voluntary contributions first so please check or come and see us.

We are often asked if you can get your SRP if you are still working – you certainly can and lots of people do, although you have the opportunity to defer it if you wish. I would suggest that you take advice on this so that you have all of the information you need before you make your decision. And what if you are already on the “old” state pension? Well, the new rules will not have any effect at all, but we do advise all retired people to get in touch with us so that we can see if you are entitled to any pension “top-up” or Pension Credit. As with Attendance Allowance many people are unaware that they are entitled to this and it is worth checking – cutting through all the bumph, the fact of the matter is that you are entitled to a “Minimum Income” of £155.60 if you are single and £237.55 for a couple, so if your total income is less than that then you should claim. The claiming procedure is very simple and we will do it for you if you want.

Things have got very complex over the years and we often find that clients have left things too late before coming to see us – it doesn’t matter what age you are you really do need to get things in order as early as you can and as well as SRP advice we also deliver the “Pensionwise” service and our own in-house CAB Money Advice facility for people who have a occupational

pension or who just want to get a clearer picture of where they stand.

One last point to remember is this – if you are planning retiring abroad (i.e. anywhere beyond the split stone!) then check first on what effect this may have on the payment of your SRP. For some unfathomable reason you will only get annual increases if you live in certain countries and will not get them at all if you live in others. Considering how many Scots have families in Canada or New Zealand for example you would think that increases would be payable, but they are not, so please do check.

This is a very complex subject but as always CCAB will cut through the shrubbery and put you in the picture. And now I propose to cause further stress to my offspring by suggesting that I might take up base-jumping and buying magazines about high-risk sports and reading them in front of them.