

## General Election 2017: Party policies on pensions

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### Introduction

A snap election means less time for political parties to focus on their policies than they may have liked. So it is perhaps unsurprising that a complex subject like workplace pensions is getting relatively little air time this time around. But with just a week to go before the big day, we take a look at what the main parties have on offer.

### Key points

- The “triple lock”, the current Government’s pledge to increase the state pension by the higher of prices, earnings, and 2.5%, is the one aspect of pension provision to have captured all parties’ attention.
- In the light of recent high profile pensions news stories, both Labour and the Conservatives promise to tighten the rules to help prevent corporate abuse of pension schemes.
- Only the Liberal Democrats have raised the spectre of pensions tax relief changes.

### State pension and retirement age

#### Triple lock

Most parties have committed to the existing triple lock, with [Labour](#), the [Liberal Democrats](#) and [UKIP](#) pledging to maintain it throughout the next Parliament. [Plaid Cymru](#) and the [SNP](#) also pledge to protect it, but without specifying a timeframe.

Meanwhile the [Conservatives](#) have proposed a new “double lock” from 2020, guaranteeing increases only in line with the higher of earnings or inflation from that date.

#### State pension age

The state pension is currently set to rise to age 66 in 2020 and 67 by 2028. The Government had been due to respond by 7 May this year to the ongoing [independent review](#) of SPA (which recommended accelerating the rise in SPA), but the timing of the General Election has forestalled that.

The Conservatives pledge to press ahead with increases to SPA to reflect “increases in life expectancy, while protecting each generation fairly”. But further increases are rejected by Labour, who instead promise to commission a new review, with the aim of developing “a flexible retirement policy” to reflect “the contributions

made by people, the wide variations in life expectancy, and the arduous conditions of some work". Plaid Cymru and the SNP join Labour in opposing increases in SPA.

With life expectancy lower in some areas of Scotland than in many other parts of the UK, the SNP are calling for an Independent Pensions Commission to be set up to consider "the specific demographic needs of different parts of the UK in relation to [SPA]".

Meanwhile, UKIP are looking for a flexible state pension window that would allow everyone to opt to retire earlier, for a slightly lower state pension, or (as currently) work longer for a slightly higher pension. In particular, UKIP says that it will "allow women to retire on this basis from age 60, if they so wish".

### **Transitional arrangements for women born in the 1950s**

A number of manifestos make reference to the campaign spearheaded by WASPI (women against state pension inequality) concerning the transitional arrangements for women born in the 1950s as part of the [equalisation of SPA](#).

Labour pledges to compensate those affected and, alongside a commitment to extend the Pension Credit to "hundreds of thousands of the most vulnerable women", to explore options for "further transitional protections". The SNP, who have already been very vocal on this issue, pledge to continue their support of WASPI "to secure fairness for the women affected".

## **"Corporate abuse"**

Prompted by a number of high profile cases in 2016, both Labour and the Conservative Party have promised to get tough on corporate abuse of pension schemes.

Labour simply state that they would amend the takeover regime to ensure that "clear plans" have to be in place to protect workers and pensioners when a company is taken over.

The Conservatives go into more detail. They would also amend the takeover regime to "require bidders to be clear about their intentions from the outset of the bid process". TPR, whose current powers they see as "insufficient to ensure that pension savers, pensioners and prudent company directors are protected from unscrupulous business owners", would be given new rights "to scrutinise, clear with conditions or in extreme cases stop mergers, takeovers or large financial commitments that threaten the solvency of the scheme".

The Conservatives want to give TPR powers to issue "punitive fines" to those found to have wilfully left a pension scheme under-resourced, and to disqualify the company directors in question. They would also consider introducing a new criminal offence aimed at company directors "who deliberately or recklessly put at risk the ability of a pension scheme to meet its obligations".

## **Other issues**

Beyond the above, the manifestos contain an array of different policies, including:

### **Conservatives**

- extending automatic enrolment to the self-employed
- creating a number of UK sovereign wealth funds, encouraging pension funds to join them

## **Labour**

- protecting the pensions of UK citizens living overseas “in the EU or further afield”
- enabling the development of “large efficient pension funds, which will mean more cash for scheme members and lower costs for employers”
- giving members of the LGPS “full trustee status” to help control investments, and reduce fees and charges

## **Liberal Democrats**

- abolishing “remaining marriage inequalities in areas such as pensions”, potentially improving same sex survivor rights
- as the only party raising the issue of further pensions tax changes, the Liberal Democrats would consider introducing a single rate of tax relief for pensions. They state that the new “simpler and fairer” flat rate would be higher than the current 20% basic rate relief.

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