Placard
ASSOCIATION OF CONSULTING ACTUARIES

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With the State Pension Age set to rise in line with future changes in longevity, and similar proposals enabling pension age to rise in private pension schemes expected in the DWP's forthcoming Defined Ambition paper, this issue of Placard critiques these policies and discusses key issues affecting fair retirement ages.

State and private retirement ages: Getting a nation working longer

For both State and private pensions, the case for raising the retirement age seems clear. Whilst it is an achievement that life expectancy at age 65 in the UK has broadly doubled since the State pension was first introduced, this has been one of the major contributory factors to increasing pension costs. In order to try to share the costs of increasing longevity fairly between generations, and ensure that the State pension system is affordable in the long term, the Government has set out proposals to link State Pension Age to changes in longevity in the *2013 Pensions Bill*. This proposal, which is expected broadly to maintain the current proportion of adult life in receipt of State pension (a third), is more generous than maintaining a fixed number of years in receipt of pension and yet it was met with a certain amount of scepticism in the media. People do not seem to like being told that they need to work longer even though this is the key to making retirement more affordable. So how do we change the mind-set of the nation? I believe the key is to focus on changing attitudes to 'old' age, incentives to continue working and more flexible retirement options. However, whatever the Government does, it will be extremely difficult to come up with a mechanism for increasing retirement ages that is fair for everyone, with one of the biggest challenges being the discrepancy in people's health, and their ability to work for longer, among the different socio-economic groups.

State pension was never intended to be a benefit payable for a third of your life, but this is what it is set to become. When the State pension was first introduced in 1909, benefits were payable at age 70 but data from the Office for National Statistics ("ONS") shows that the average age of death (for males) at this time was only 51.3 years[1]. State Pension Age was later revised down to age 65 but, despite this revision, it was not until around 1950 that average age of death overtook the State Pension Age. In other words, before this time many people would die before even reaching State Pension Age. Nowadays, the average age of death (or period* life expectancy from birth) for males is 78.8 years and those who survived to age 65 lived, on average, a further 18.4 years[2].

Retiring just two years after State Pension Age and continuing to save in that time can enhance private pension income by 20%[3]. Thus it seems obvious that in order to make the State pension more affordable, and to boost people's private pension provision, retirement ages should be increased. I find it rather astonishing that many people are so averse to the idea that they should work longer than their parents and grand-parents, despite the fact that life expectancy has risen so considerably in recent decades. In my view, the *only* answer is to increase what is rapidly becoming an inappropriate and out-of-date State Pension Age.

Editorial Introduction by Catherine Love Soper Editor

What about overseas?

Europe has a lower proportion of economically active men and women aged 60-64 than any other continent (at 36% and 20% respectively)[4]. As we might expect, the percentages of men and women aged 60-64 who are economically active in Africa (80% and 44% respectively), Asia (71% and 30% respectively) and South America (70% and 31% respectively) are much higher, as higher levels of poverty and poorly paid work mean that people are much less able to save for retirement and so more people are forced to work to older ages to support themselves. However, North America (57% and 45% for males and females respectively) and Australasia (53% and 33% for males and females respectively), which are significantly wealthier, put Europe to shame.

Even within Europe, Finland, Netherlands, Estonia, Denmark, Germany, Sweden and Iceland all have higher employment rates than the UK for the age group 50–64 year olds[5]. This is despite a recent report from the ONS showing that the proportion of older people in England and Wales who are economically active has almost doubled in ten years[6]. So can we get even more people working for longer here?

To start with, we need to think seriously about health issues, the inequalities in health across the different socio-economic groups and their impact on working later. A survey[5] of ten European countries in 2010 showed that 45% of respondents were concerned about health as a barrier to working longer and, in particular, in Germany and Norway about two-thirds of respondents said this was their main worry. And yet Germany ranks ahead of the UK for ages 50–64 in terms of being economically active.

It seems, therefore, that there are lessons we can learn from the rest of the world, including many other countries in Europe, on how to incentivise our workforce to work for longer.

Private pensions

Sponsors of traditional private occupational pension schemes face a similar issue to the Government in terms of how to manage the burden of rising longevity.

In *Placard* Issue 28 (November 2011), Stuart Southall, then Chairman of the Association of Consulting Actuaries (“ACA”), discussed ‘A new ambition’ and since then the ACA has undertaken a great deal of work with the DWP in the ‘Defined Ambition’ space. The aim was to come up with ideas for new, more flexible, retirement provision designs which allow the costs, and risks, of private occupational pension schemes to be shared between employers and employees.

The DWP’s initial paper published in November 2012 on Defined Ambition outlined the idea for a mechanism to allow sponsors to increase their scheme’s retirement age in line with longevity improvements, and it is expected to expand on the initial ideas in their forthcoming paper. It may be that a link to State Pension Age is appropriate for some employers but this may not be appropriate for all employers, depending on their scheme’s membership profile.

In this issue of *Placard*, **Will Rice** (Associate, Barnett Waddingham) explains the Government’s proposals for the State Pension Age and **Ross Matthews** (Senior Consultant, Punter Southall) explores the reasons why people retire and the key issues surrounding extending working lives.

Lastly **David Fairs** (Partner, KPMG) proposes an alternative ‘fixed term’ solution for private pension schemes, which not only considerably reduces the burden of longevity risk for employers but also provides workers in lower socio-economic groups with more flexibility surrounding their retirement.

Notes and references

* Period life expectancy is the average number of years a person would live, if he or she experienced the age-specific mortality rates for that time period throughout his or her life. In other words, it makes no allowance for any future actual or projected changes in mortality.

1 Office for National Statistics: Life expectancy at birth, 1910 to 2001, England and Wales
2 Office for National Statistics: Life expectancy at birth and at age 65, England and Wales, 2009-2011.
3 Department of Work and Pensions: Working Longer - the UK perspective.
4 Professor Sarah Harper, University of Oxford: 21st Century - from Fertility to Longevity (EAPEP ILO).
5 International Longevity Centre: Working Longer - an EU perspective.
6 Office for National Statistics: What does the 2011 Census tell us about older people?

A New Age for the State Pension?

By Will Rice

If, when I reach 65, my doctor tells me I have a rare and bizarre medical condition that means I will live three years longer than I expected, but only if I work for two years longer than I planned to, I think I would be rather pleased (and confused). This is the principle on which the Government is increasing the State Pension Age – generally each of us is living longer than the generation before us and so we should be happy to wait a little longer for our State pension. Is this fair? The ever-present question of inter-generational fairness seems to me to be difficult to resolve in the context of longevity – what price should we put on having longer lives than our parents? It's a question governments have asked themselves often in recent years, with a series of different answers.

Following some fairly rapid increases in State Pension Age from 60 to 65 for women, the Government's current timetable earmarks a State Pension Age of 66 for men and women by October 2020, rising to 67 by 2028 if Parliament approves the latest plans. In an attempt to create a systematic approach to deciding on future changes, the *2013 Pensions Bill* sets out a step-by-step process to review the State Pension Age. But is it really as systematic as it seems?

Pleasingly for actuarial tastes, the process includes a formula. Every five years, starting in 2017, the Pensions Minister will ask the Government Actuary to crunch some numbers as follows:

(expected age at death – State Pension Age) / (expected age at death – age became an adult) = x%

The expected age at death will be calculated by the Government Actuary, as a projected average age at death for future State pensioners. The age at which we become an adult and the target x% will be specified by the Pensions Minister. If the equation balances, the report sent back to the Pensions Minister will say no change required; if not, the Government Actuary will adjust the State Pension Age until the numbers work. Given that there is an existing schedule of planned future rises

Will Rice

in the State Pension Age, the formula above will need to be calculated separately for each successive group of future pensioners to see where adjustments are needed to the schedule. The desired outcome is to vary the State Pension Age schedule such that the proportion of adult life spent receiving a State pension is kept constant.

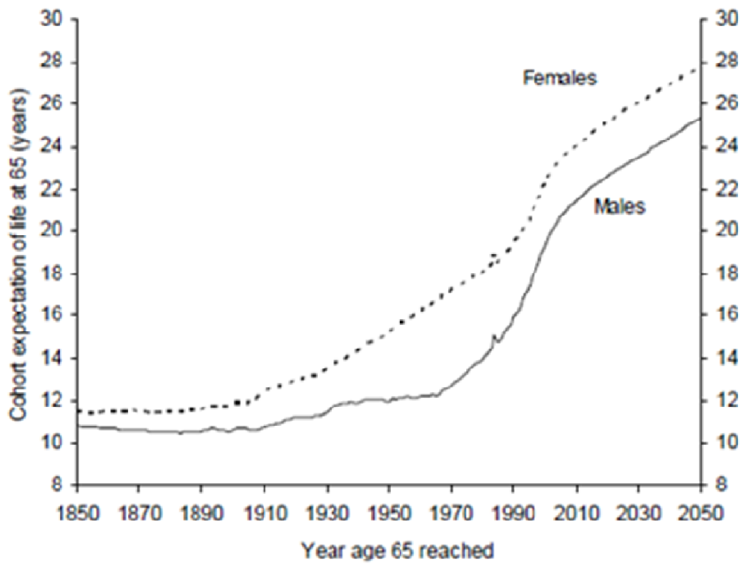
From an actuarial perspective there is clearly huge uncertainty inherent in the projected age at death. How far ahead the review will look is not specified in the *Pensions Bill* but one only has to look forward a handful of years before views on mortality rates diverge into a wide fan of outcomes. However, whilst the projections of longevity will be difficult (or impossible) to get right, it may also be difficult for the Government Actuary to use a projection method inconsistent with that used by his Department for other purposes. So perhaps his choice of method will be limited.

The age at which adult life starts is certainly not set in stone, but I would imagine the Pensions Minister could only argue convincingly for variations within a small range. Therefore the key and most subjective input seems to be the proportion of life spent in retirement. If Steve Webb is still the Pensions Minister in 2017, he has indicated he will pitch the proportion as a third. He refers to a huge rise in this figure from the 1950s - when a then 65-year-old man could expect to spend only 20% of his adult life receiving a State pension – to current levels, where a 65-year-old man today can now expect to receive a pension for nearly a third of his adult life[1].

These figures are based on the Office for National Statistics' principal projections for life expectancy (shown in the graph alongside) which, like any such projections, are inherently subjective and depend on an unknown future for mortality change. However, the historic trends of increasing life expectancy are well documented and do suggest that current pensioners will enjoy their State pension for longer than previous generations.

Cohort expectation of life at age 65 according to historic and projected mortality rates, for persons who reach age 65 in the years 1850 to 2050

England & Wales



Source: Office for National Statistics

But is a third the right number? It is perhaps an unanswerable question — what is the "correct" proportion of life that people should receive their State pension for? The question comes back, inevitably, to affordability and how the Government chooses to divide up its spend on benefits (of which State pensions currently account for nearly half) alongside other priorities such as schools and hospitals. If difficult economic times continue, might Steve Webb, or whoever the incumbent Pensions Minister is in 2017, feel inclined to consider a proportion lower than one third more appropriate? Of course, the level of the State pension could also be revisited.

So perhaps the formula is systematic, perhaps not. But even if we assume that the Government will stick rigidly to a belief that we should spend a third of our lives receiving a State pension, the results of the Government Actuary's calculations will be accompanied by an independent review.

Will this review find cause to throw the results out of the window? The make-up of the review panel is left to our imagination, although Steve Webb talks of a body that will consider a range of views across the political landscape. The review will consider "relevant factors", as specified in a list drawn up by the Pensions Minister. I would expect healthy life expectancy to feature near the top of the list. It is a crucially important factor, and arguably more important than longevity itself. Is not the period over which we are "unhealthy" (or living with disability) in old age a better yardstick for how long we should receive a pension than how long we live in total?

To the extent that healthy life expectancy increases in line with overall life expectancy the formula above will provide a good proxy, but if the independent review finds that our longer lives are not accompanied by longer periods of good health there may be cause to slow down any planned increases in State Pension Age. (*See next article on Healthy vs Total Life Expectancy – Ed.*)

Inequalities in total life expectancy between sub groups of the population will be another big headache for the independent review, but one without an obvious solution. Office for National Statistics figures show differences in life expectancy at 65 of 10 years[2] between the richest and poorest parts of the UK, such that arguably those people most in need of the State pension will be the ones who receive it for the shortest period. Raising the retirement age would reduce pension costs but may have a disproportionately severe effect on low income groups.

It is difficult to address these issues with a single retirement age. One could imagine a much more complex system where a bespoke life expectancy is calculated for each person based on their health status and specific socio-economic circumstances, and their State Pension Age is set to provide them with a pension for the same expected proportion of life - a kind of annuity in reverse where the income is fixed and the start date is variable.

But the cost of administering even the smallest step in this direction away from a single State Pension Age would likely be prohibitive, and would no doubt appear even more unfair – to some - than the current system. Besides, the recent move away from means tested State pensions to a single-tier State pension indicates the Government is likely to be reluctant to introduce socio-economic related State Pension Ages! Within the remit of a single State Pension Age all any review could hope to do would be to check the life expectancy trends for the sub groups of the population as well as the whole. If there is evidence that the poorest members of society are not experiencing the life expectancy increases of the average, there would be a strong case to limit the rise in State Pension Age.

An obvious issue for the independent review to consider is the affordability of the current, or proposed, State Pension Age timetable. The longevity research will provide an indicator of affordability, but other issues such as the shape of the UK's population pyramid (the impact of the baby-boomers retiring is now starting to be felt), the state of the labour market and the nature of the pension calculation itself will all feed into the assessment of whether the system remains sustainable. Personally I find it reassuring that the Government will aim to provide 10 years' warning of any changes to the State Pension Age, although arguably this could, at times, be too slow to keep pace with rising longevity. One would hope that, as well as helping people to plan their retirement, this proviso will steer the Pensions Minister and the independent review away from looking for easy budgetary savings via the State pension system. Any cost impact, positive or negative, of State Pension Age revisions in 10 years' time will do little to help a current government balance its books, so the focus should be on genuine long-term fairness and affordability.

This objective of a long lead-in to State Pension Age rises should, in my view, be the theme that runs through the review process. In a pensions landscape that has seen too many changes, too rapidly, too many times in the past, a measured approach is needed, to steer the ship gently in the right direction, recognising that a single State Pension Age can never fulfil all its aims for all the population.

What's fair?

When the Pensions Minister reviews the Government Actuary's report and the independent review in 2017, his or her thoughts should keep coming back to fairness. As each generation lives longer than the last, we should recognise that changes to a pension system based on age are inevitable. Weighing the fairness of our State pension against our parents' State pension is an impossible balancing act, but one that must be struck somewhere. Changes in the shape and nature of life expectancy may lead us down different paths, but the idea of fixing the proportion of life in receipt of a pension seems a sensible starting point, and shares the cost of the extra years' pension between the pensioner and the taxpayer. Personally I am prepared to wait a little longer for my own State pension, in the happy knowledge that the latest mortality projections suggest I will be around long enough to enjoy it.

Notes and references

[1] Source: Office for National Statistics, cohort expectations of life, 2008-based principal projections.
[2] Source: Office for National Statistics, "Life expectancy at birth and at age 65 for local areas in England and Wales, 2009-11".

Reinvigorating the concept of retirement for the 21st century

By Ross Matthews

With the recent *Pensions Bill* outlining accelerated increases to the State Pension Age, there has been much debate surrounding what an appropriate retirement age should be.

To help contribute to this debate, in this article I will discuss some of the reasons why people retire when they do, explore how we could set retirement ages and highlight the issues surrounding extending the working lives of older people and addressing inequalities within the older population.

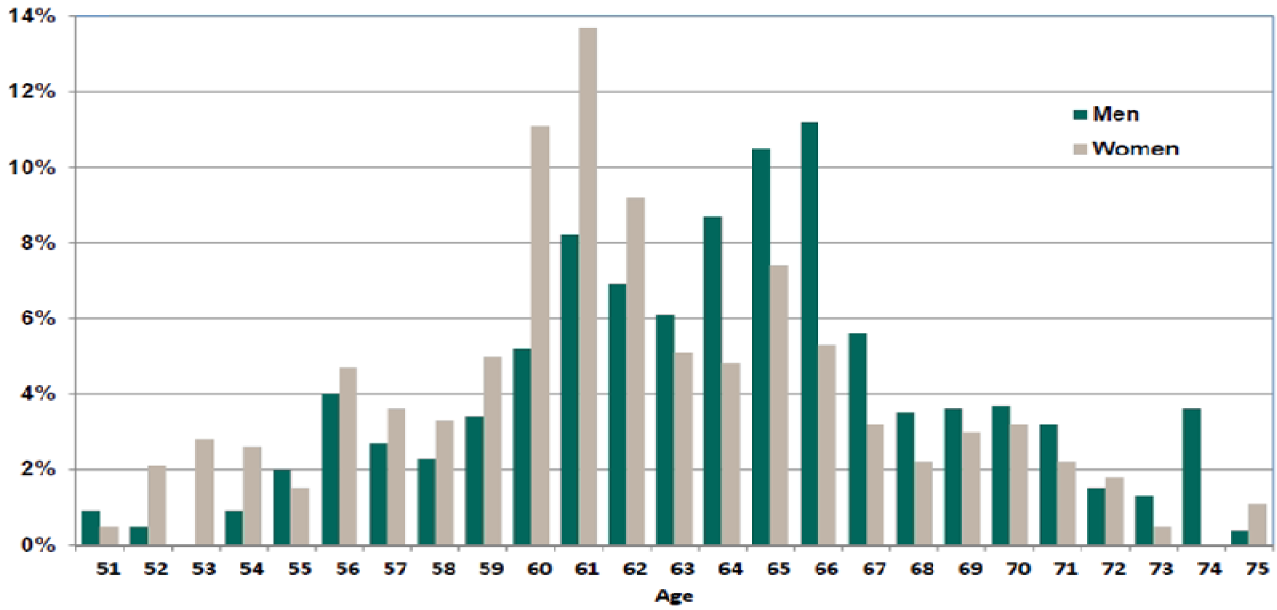
Ross Matthews

When and why do people retire?

Average retirement age has changed somewhat over the last 30 years. In 1984, the average age of leaving the labour market for men was 63.7[1]. This then fell to age 63 between 1993 and 1996 before steadily increasing over the last decade to reach 64.8 in 2012 and this upward trend looks set to continue. The average retirement age for females is lower (62.6 in 2012), but now that retirement ages in occupational pension schemes have been equalised between the sexes and the State Pension Age will follow suit by 2018, this looks set to increase faster than before.

People leave the workforce for many different reasons. These include the notion of traditional retirement, the pursuit of other vocations including voluntary work, being incentivised to retire early by employers, the loss of a desire to work in one's current job, a need to care for loved ones or being forced to retire on health grounds or because of unemployment. The graph below shows the range of ages at which people leave the workforce in the UK. It shows that people retire at a wide range of ages, and in most cases, not at their State Pension Age (or the retirement age of their occupational scheme).

Proportion leaving the labour market in the UK by sex and age (April to June 2012)



Source: ONS Pension Trends – Chapter 4: The Labour Market and Retirement, 2013 Edition (26 February 2013)

This is further illustrated from figures in the last decade which showed that early retirement by men aged 55-59 was concentrated in the lowest and highest wealth bands of the population[2]. However, the reasons for retirement differed considerably. Whereas a large proportion of those in the lowest fifth described themselves as sick or unemployed (i.e. forced to retire), the richest described themselves as 'retired' (i.e. they chose to retire).

Healthy vs. Total Life Expectancy

Increases in life expectancy over the last few decades have been widely publicised. Life expectancy from age 65 has improved by 6 years for men (4 years for women) over the last 30 years[3] and a man reaching his State Pension Age today can now expect to live another 21 years[4] based on the latest Office for National Statistics (ONS) mid-range longevity projections.

Clearly, to reduce the cost burden of pensions, retirement ages need to increase to keep pace with such increases and this is what the Government is aiming to achieve with linking the State Pension Age to longevity.

However, is total life expectancy the correct measure to use? One argument is that healthy life expectancy is better as this provides a more appropriate measure of the number of years an individual can expect to live in good health and therefore able to continue working.

Healthy life expectancy is a self-assessed health measure constructed by asking people to rank their health status and has steadily increased over the last few decades, although not on a one-for-one basis compared to life expectancy.
In 2010, healthy life expectancy from birth was around 64 years for men and 66 years for women[5]. For men, this is broadly in line with the average age of retirement seen in the UK workforce. For those fortunate enough to reach age 65 still in good health, men can expect to live a further 10 years before their health begins to deteriorate (12 years for women)[6].

All these figures paint a positive picture and reflect the significant improvements in working conditions, living standards and health care over the years. They would also suggest that people have capacity to work longer than they currently do and hence support the argument that retirement ages should increase.

Inequalities amongst older population

However, this tells only half the story. There still remain great differences in both health and life expectancy amongst the older population. Latest figures from the ONS show that men living in East Dorset can expect to live 9 years longer than their counterparts living in Manchester[7].

Furthermore, ONS figures showed that between 2007 and 2010 the most-deprived fifth of the male population had a disability-free life expectancy (expected years of life without a limiting illness or disability) of only 55 years, which was around 15 years lower than the most affluent fifth and this gap has been widening over recent years[8].

There are many reasons for these large differences, most of which result from the differing socio-economic circumstances of individuals. These include a widening of the income gap which has led to widening inequalities in wealth distributions. Individuals with no qualifications are five times more likely than those with higher education to engage in all four of the main lifestyle risks of smoking, excessive alcohol use, poor diet and low physical activity[9]. Conversely, individuals in more affluent areas have responded better to healthcare initiatives such as keeping fit and anti-smoking campaigns.

It remains to be seen whether these trends will reverse and it would seem vital that addressing the factors that lead to such inequalities should be at the forefront of central and local Government initiatives, such as reintroducing free admission to public swimming pools for over 60s that was scrapped in 2010 after only one year due to budget cuts.

Much has been made of the 'intergenerational inequality' between the so-called baby-boomers and younger people caused by the baby-boomers' accumulated wealth. However, the over-65s are estimated to make a net contribution of £40 billion to the UK economy[10] (even after deducting pension, welfare and health costs), through tax payments, spending power, donations to charities and volunteering. Many over-65s give financial support to their grandchildren and, increasingly during the recession, their children. It is only when grandparents reach age 75 or older that they are more likely to receive than give financial support to younger people[11].

It can therefore be argued that the large inequalities within generations currently pose a far greater problem than the inequalities between generations.

Until these inequalities are addressed, it would appear very challenging to set retirement ages that are fair to all.

Flexibility in retirement ages and pensions

There is now flexibility within many occupational pension schemes to draw benefits at any age from age 55 (although this is likely to be subject to employer or trustee consent) and people can delay drawing their State pension after State Pension Age in return for receiving a higher pension later.

Despite this, the current systems may not be flexible enough. For example, more could be done to increase flexibility surrounding drawing part of a pension whilst continuing to work, perhaps part-time and accruing further pension benefits for later life based on continuing earnings.

So there is room for greater flexibility in retirement ages and pensions which better recognises the diversity of older age groups. This is not a new concept and we should not forget that the idea behind the first ever State pension system in the world, introduced by Bismarck in Germany in the 19th century, was aimed at addressing both old age and invalidity, with reference to disability as a trigger.

Extending working lives of older people

Whatever increases to retirement ages are introduced, they will only work if older people are given the opportunity to work for longer. The type of work we do looks set generally to be less physically demanding as technology advances and UK industries evolve. Coupled with overall improvements in health and life expectancy, many older people are likely to be more able to work for longer.

Government policy and employers have a key role to play in encouraging longer working lives for older people. The removal of the default retirement age and the introduction of age discrimination laws is a start.

But there is still much more that can be done including help in re-training older employees, increasing options for flexible retirement and to remove the misconception that older workers are 'stealing' the jobs of younger generations.

The benefits of extending working lives are many. Individuals will be able to accumulate more wealth for old age and delay retirement, making these savings go further. Evidence also suggests that working longer can have positive health benefits, because of a more active lifestyle and a wider social circle whilst employed[12]. The DWP estimates that increasing working age by 1 year would increase GDP by 1% - some politicians would bite your arm off for such growth in the current economic climate[13].

Conclusion

Setting an appropriate retirement age is not straightforward and increasing retirement ages is only part of the solution. Consideration needs to be given to flexibility in any system to address the large inequalities within the population. Finally, Government policies should focus on encouraging employers, and society as a whole, to extend the working lives of older people.

Notes and references

1 ONS Pension Trends – Chapter 4: The Labour Market and Retirement, 2013 Edition (26 February 2013)
2 British Academy Policy Centre, Demographic Futures: Addressing Inequality and Diversity Among Older People (June 2012)
3 ONS 2010-based Principal Projections
4 ONS 2010-based Principal Projections
5 ONS Health Expectancies in the United Kingdom, 2000-2002 to 2008-2010
6 ONS Health Expectancies in the United Kingdom, 2000-2002 to 2008-2010
7 ONS Life expectancy at birth and at age 65, England and Wales, 1991-93 to 2009-11
8 ONS Inequalities in disability-free life expectancy by area deprivation: England, 2001-04 to 2007-10
9 Institute & Faculty of Actuaries: Mortality improvements by socio-economic circumstances in England (1982 to 2006) by JLC LU, W Wong & Bajekal (24 September 2012)
10 British Academy Policy Centre, Demographic Futures: Addressing Inequality and Diversity Among Older People (June 2012)
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Has the time come to allow a more flexible retirement?

By David Fairs

Despite speculation that younger generations may not live as long as their parents for lifestyle reasons, improved longevity continues to be a challenge for pension schemes.

At last, changes in longevity have started to be recognised through changes to State Pension Age with the accelerated increase of State Pension Age to 67 being introduced in the *Pensions Bill* and with regular structured reviews in State Pension age being introduced. The higher State Pension Age has enabled the Coalition Government to announce a higher Single Tier State Pension and with the further change that there will no longer be inherited pension rights.

New design ideas

The interesting challenge is how the design of defined benefit ("DB") and defined contribution ("DC") pension arrangements should adapt to meet these changes.

Should pension arrangements match the increase in retirement age to fit with the increase in State Pension Age? The decision might largely depend on the nature of the workforce. Remaining in work might be more palatable for those in less physically demanding jobs but unattractive for those who do have physically demanding jobs or jobs that require significant dexterity.

This provides a real challenge to design a pension arrangement for individuals who struggle to maintain full employment through to the higher retirement ages. Equally, drawing pension early might mean that individuals do not have sufficient income to stop work before State Pension Age but more than sufficient past State Pension Age. Often, individuals will not have sufficient assets to either stop work prior to State Pension Age or to wind down from full time employment without drawing on their pension assets. There is some evidence that disability claims rise in the years immediately before retirement at least partly as a result of this.

This leads me to challenge whether it is appropriate to require pension funds to be used to provide an income for life.

David Fairs

With the current average DC pot being less than £30,000, the weekly net income provided after a traditional annuity purchase will be quite modest. By contrast, allowing the DC pot to buy an annuity certain over a much shorter period might make a significant difference to the quality of retirement. Retirees might well have an initial phase of retirement that is very active and requires an initially higher level of income.

This might be followed by a phase of retirement that is less financially demanding and of course, in the latter states there might be a further period of higher financial drain because of the need for additional support and care.

It seems rather odd therefore that individuals are directed towards securing annuities to provide either a level or rising income for life when this might not match the financial needs of the retiree.

The introduction of flexible drawdown indicates that in principle the Government does not have an issue with people using their retirement pot in a way that suits their own circumstances.
The minimum income of £20,000 per annum was introduced to avoid individuals falling back on means-tested benefits but the introduction of the Single Tier Pension means this should become less likely.

Rationale outmoded

Has the rationale for buying annuities that are level or increasing in line with inflation become outmoded? The perfect solution might be a U-shaped annuity but unfortunately the timing of the need for income in the later stages of life is unpredictable.

It could be argued that allowing individuals to draw on their retirement savings before State Pension Age might reduce economic production but it seems inequitable to permit those with significant retirement pots the facility to retire early through the use of flexible drawdown whilst denying this flexibility to those with more modest pots. Even if income drawdown is elected, the maximum level of drawdown is restricted.

So far this article has focused on DC arrangements being able to buy fixed-term annuities but the principle could also be extended to DB arrangements. Employers could be permitted to make available a pension for a defined term and therefore limit its exposure to longevity. This raises the question as to whether such a facility should be only made available to those individuals who had a minimum level of income for life, whether financial advice would need to be granted and what level of education and support would have to be provided to individuals to ensure that they fully understood that their pension may well end prior to their deaths.

Perhaps now the time has come when we should challenge whether pension annuities should be for life or whether greater flexibility should be extended to those with more modest retirement arrangements.

A necessary requirement?

With flexible drawdown being permitted for those who can demonstrate that they would not become a burden on the State through means-tested benefits, the introduction of the new Single Tier Pension should surely be the time to review whether the minimum income requirement is necessary and, if it is, whether it is set at the right level?

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