

DWP Central Freedom of Information Team

e-mail: freedom-of-information-request@dwp.gsi.gov.uk

Our Ref: Fol 2719

DATE: 23 August 2016

Dear Mr Thompson,

Thank you for your Freedom of Information request of 21 July 2016. Please accept my apologies for the delay in replying. You asked:

Can you tell me if when planning the new state pension that started on 6 April; 2016 and you decided to reduce the maximum state pension a person would receive ,if you did an impact assessment to see roughly how much a young person just starting out in work would have to save to make up the difference in pension they would receive comparing the new state pension compared to using the above.

In July 2013 The institute of Fiscal Studies did a report " A Single-Tier Pension: What Does It Really Mean?"

In page 50 they mentioned the following "The relative advantage of the current system is also greater for those expecting to contribute for more than 35 years. The maximum amount of state pension income that someone in this cohort could receive under the proposed system is £146.30 per week. This compares with a maximum of £213.60 per week under the current rules for a high earner and £189.04 per week for a low earner (both with 49 years of contributions)."

In their example they used £146,30 pw as the proposed new state pension and £213,60 per week under the current system for a high earner.

As the difference is roughly £67 pw can you tell me if you calculated roughly how much a person would need in their pension pot to replace the loss of £67 pw if they were in the Auto-enrolment and also how much they would need if the lost pension of £67 pw was uprated to take into account inflation..

Chapter 2 of The Government's White Paper *The single-tier pension: a simple foundation for saving* (Command 8528) sets out the Government's objectives for reforming the state pension. Chart 2.4 of the White Paper and supporting narrative describes how the reformed pension system will be sustainable in the long term and the contribution that the closure of State Second Pension makes to this.

If you have any queries about this letter please contact me quoting the reference number above.

Yours sincerely,

DWP Strategy FoI Team

Your right to complain under the Freedom of Information Act

If you are not happy with this response you may request an internal review by e-mailing freedom-of-information-request@dpw.gsi.gov.uk or by writing to DWP, Central FoI Team, Caxton House, Tothill Street, SW1H 9NA. Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow Cheshire SK9 5AF www.ico.gov.uk