

on Older People
FOCUS



**GENERAL ELECTION 2005:
LIBERAL DEMOCRAT MANIFESTO FOR
OLDER PEOPLE**



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Huge demographic changes are taking place in this country. With the proportion of older people in society growing, only the Liberal Democrats have policies that will ensure dignity and security in retirement for all, and be sustainable over the long term.

We will ensure that the basic state pension is increased by more than £100 a month for single pensioners and by £140 a month for couples at 75. We will restore the link with earnings and base entitlement on residency, not National Insurance contributions, benefiting many women who have taken time out of the labour market to bring up children and who are faced with a very low income at retirement.

In Scotland, Liberal Democrats have successfully introduced free personal care for those who need it, for as long as they need it. We will ensure that across the UK, people will no longer be forced to use up their savings to pay for personal care.

We will replace the council tax, which places a huge and unfair burden on pensioners, with a fairer system of local income tax. We will make significant improvements to healthcare and transport.

These promises will address many of the consequences for public services of the demographic changes. But with more people living longer more active lives we need to see the so-called 'demographic timebomb' not as a threat, but as an opportunity - an opportunity to re-engage people as they retire, to make sure their skills and energy are not lost to society and to the economy.

It is a gross indignity to subscribe to the notion that a person's contribution to society, and indeed the economy, stops when you reach 65.

We will end the sudden cliff edge of retirement that forces people to stop working at a certain age, whether they want to or not. We will promote a flexible decade of retirement, where arbitrary retirement ages are scrapped and age discrimination legislation is enforced.

We will make company pensions schemes more flexible, so that pensions can be drawn while working part time. And we will increase opportunities for people to go back to learning and retrain past 55.

I am determined that in the 21st century, every generation in Britain has the freedom to exploit their talent, experience and potential.

Our active, positive, assured older people are keen to use their experience for the benefit of our society. They have the time, the energy and the motivation to make a difference in their community. We intend to make sure they can.

Charles Kennedy

This document contains Federal Liberal Democrat policy, except in areas where policy of the Scottish and Welsh Liberal Democrats applies.
A full costing document will be published at the same time as the General Election Manifesto.



Top 5 Liberal Democrat policies for older people

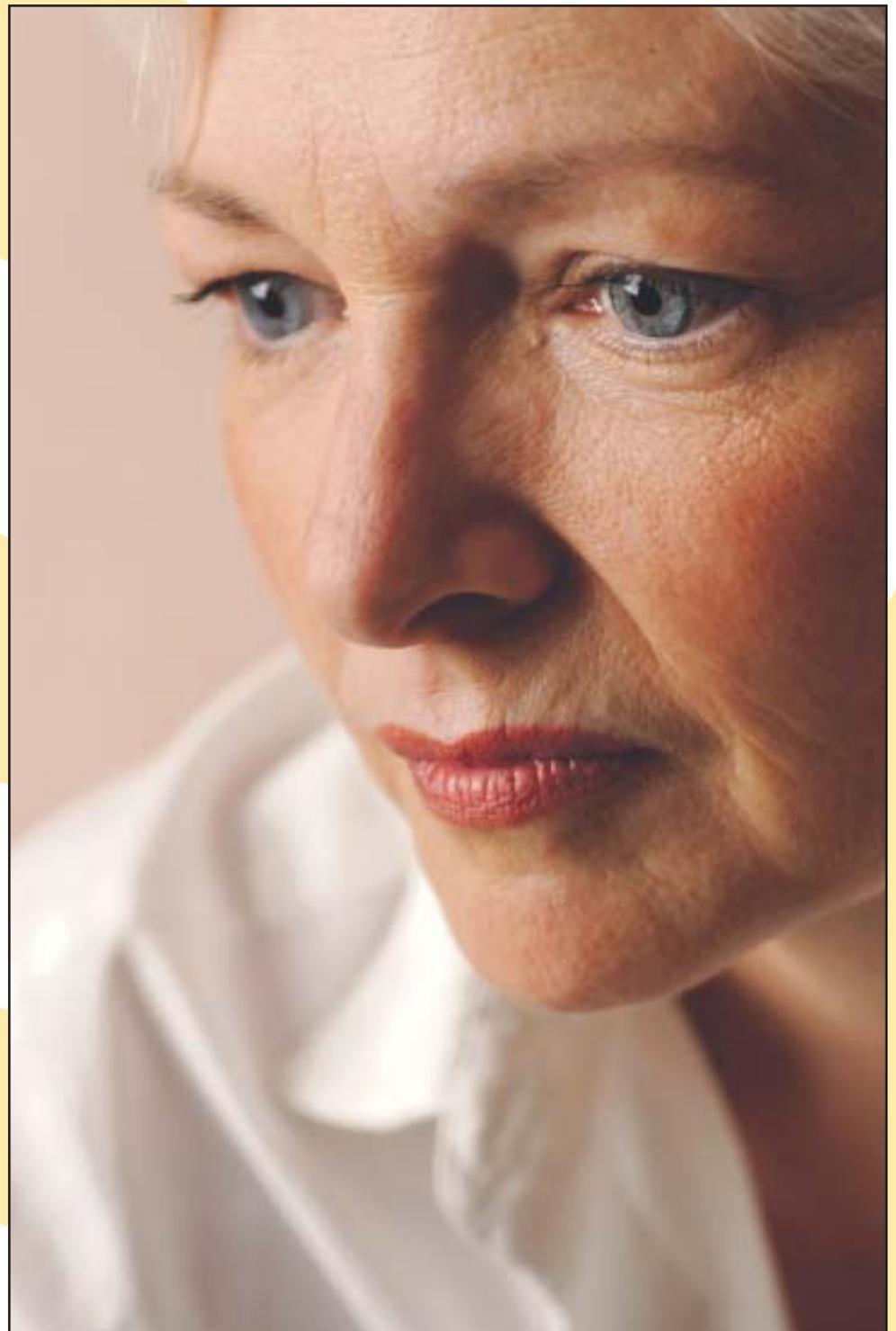
- **Fairer state pensions** – a Citizen's Pension giving over £100 more every month to the over-75's and taking a million pensioners immediately off means testing.
- **Free personal care** - for when people most need it, for as long as they need it - so that no one is forced to use up all their savings to pay for their personal care.
- **Axing the unfair Council Tax** – and replacing it with a fair and affordable Local Income Tax, based on ability to pay.
- **Free off-peak local travel for all pensioners** – so that older people have access to vital services and their wider community.
- **A flexible decade of retirement** – enabling older people to find the balance of work and leisure that is right for them.

Dignity and security in retirement

We live in an era when more and more people can expect to live far beyond the age at which they will retire from work. By 2040, the number of pensioners (based on current retirement ages) is expected to have risen by over 40%. Yet at the same time, the value of the state pension is falling, meaning that many are forced to manage on very low incomes in their latter years. One in five pensioners now lives in poverty and many older people struggle to cover daily living costs.

The Government's has responded by making older people reliant on means-tested benefits such as the Pension Credit to provide them with a decent minimum income. However credits are very complex to claim and are regarded as charity by many older people. The result is a very limited take-up. Almost a year after Pension Credit was introduced the Government has released figures showing that nearly a third of those entitled, 1.2 million pensioner households, are not claiming it.

Women and older pensioners (over 75) receive particularly low state pensions under the current system. Many women have paid National Insurance contributions at the reduced married women's rate, which leaves them dependent upon a smaller pension based on their husband's contributions, but little or nothing in their own right. The average weekly income of pensioners over 75 is almost 30% less than that of their younger counterparts. They have not had the benefit of the more recent State



Second Pension, have had less access to occupational pension schemes and have had less to save and invest due to lower earnings over the past 50 years.

Beyond state provision, Liberal Democrats believe employers are a vital partner in pension saving. We want an occupational pension sector - which is attractive to savers - and which offers secure investment opportunities and is as straightforward as possible to join. A reformed

private pension sector is also essential if we are to encourage people to save for their latter years.

We believe that everyone should be entitled to a decent standard of living in retirement. To achieve this, the current system needs a radical overhaul for the 21st century. We will:

- **Increase the basic state pension by over £100 every month at 75 – and then link it to earnings.** This takes a million pensioners immediately

off means-testing. We will make it a 'Citizen's Pension', given as of right:

- Which would guarantee £109.45 per week for single pensioners, and £167.05 per week for couples. That's over £100 a month more at 75 for every single pensioner, and over £140 a month for a pensioner couple.

- Awarded immediately to those over 75, with a view to it being extended eventually to all pensioners. In the meantime, those under 75 would still be able to claim the means-tested benefits, which they currently do.

- Based on a simple residency requirement, rather than on an often-patchy national insurance record. Women will particularly benefit – they will no longer receive a lower pension as a result of having given up work to bring up children or look after sick relatives.

Increased in line with average earnings – so that pensioners can share in the growing wealth of the nation.

- Tackle women's pension injustice. We will:

- Allow women to pay back National Insurance contributions for incomplete years, to boost their state pension entitlements.

Write to all women who will be losing out from their state pension by having paid the married woman's stamp, explaining the effect that this will have had on their future pension entitlements and highlighting the steps they can take to provide for their future.

- Reform the occupational



pension system – restoring trust in the system by providing secure and straightforward pensions schemes. We will:

- Make occupational schemes "opt out" schemes rather than "opt in" schemes and allow companies to make membership of their company scheme a condition of employment. This will ensure more people take advantage of employer pension provision, which is offered at no extra cost to them.

- Establish a rating system for occupational pensions so that all employees and job applicants can see the rating that a company's scheme has been given.

- Encourage more private saving – by ensuring that every penny saved is a penny kept. We will:

- Gradually phase out means testing, which currently discourages private saving.

- Restore confidence in private pension saving by giving people access to a National Savings Pension – a simple, safe and affordable savings

product.

Remove the requirement to buy an annuity at 75, so that pensioners can decide for themselves how to use their savings.

A better quality of life

Providing for a more secure old age goes beyond increases in pension provision. Most pensioners spend large proportions of their pensions on Council Tax, leaving less cash for food, heating and other necessities. Many older people struggle to meet these costs.

Confusing information and a lack of publicity means one third of pensioners entitled to council Tax relief do not claim it. Council Tax is an unfair tax which particularly burdens pensioners, with the poorest 20% of pensioners on average paying nearly six times more than the richest 20% of non pensioners, as a proportion of their income. The Council Tax takes no account of a person's income and their ability to pay tax.

Long-term personal care also puts a huge financial strain on pensioners. Approximately 70,000 older people a year



have their savings wiped out by having to pay for their personal care every year and are forced to sell their homes to pay it. This is an unacceptable burden to place on people exactly when they need their security most.

However many older people prefer to live independently, provided they receive some help with living costs and domestic arrangements. Choice is the key. Having worked all their lives to be able to make their own decisions about their future, no one should have their latter years decided for them.

Older people should be able to live secure and independent lives. We will:

- **Axe the unfair Council Tax** – and replace with a fair and affordable Local Income Tax. On top of the government's plans to increase Council tax yet again, in 2007 Council Tax revaluation threatens up to one in three households with huge Council Tax rises. A Local Income Tax is based very simply on the ability to pay. It would be run through

the existing Inland Revenue Income Tax mechanism – so saving hundreds of millions by abolishing Council Tax administration. A typical pensioner household could receive a tax cut worth £1,000.

- **Cut fuel bills and save energy.** The average pensioner household spends £500 a year on energy. We will help pensioners and severely disabled people cut this bill by allowing them to take their Winter Fuel Payment as a voucher redeemable against insulation and energy saving materials. A pensioner could save more than £100 per year from their energy bill by investing just one year's Winter Fuel Payment, and help the environment as well.

- **Help older people maintain their independence for longer.** We will put pressure on local authorities to speed up the rate at which necessary home adaptations are authorised and implemented. This would stop people waiting months for their local authorities to assess and fund improvements that enable people to maintain

their independence.

- Improve mobility and access – so that older people do not feel isolated from essential services and their wider community. We will:

- Provide free off-peak local travel for all pensioners. Outside the rush hour, thousands of local buses run virtually empty. We will give all pensioners and disabled people free off-peak local travel on local buses, as for example pensioners already have in London. That will mean much more freedom.

- Invest in improving public transport. We will do this by encouraging local authorities to extend the congestion charge where suitable. Congestion charging in London has reduced pollution, cut traffic jams and paid for more new buses.

Make stations safer. We will make stations safer for those travelling by rail. No one should be put off travelling due to fear of crime.

- Provide better healthcare – both prevention and cure.

We will:

- Provide free personal care – for when people most need it, for as long as they need it. We will implement throughout the UK the long-overlooked recommendations of the independent Royal Commission on long term care, as Liberal Democrats in government in Scotland have already done. No one should be forced to use up all their savings or sell their property, to pay for their personal care.

- Give older people more control over their healthcare. We will encourage regular health MOTs, tailored to individual patients needs, with wider access to screenings and tests. People with long-term care needs should be entitled to a personal care plan they have agreed to.

- Quicker diagnosis for serious conditions – so that treatment is not delayed. Early identification of certain conditions can slow their progress and help older people plan for the future. More tests and scans will be available in GPs' surgeries and pharmacies. We will publish waiting times for tests and scans – which the Labour government has failed to do.

- Set up a review into current prescription charges - We will extend the range of long-term conditions, which qualify for exemption from prescription charges following an independent review.

● Improve conditions in nursing homes. We recognise that not everyone is able to care for themselves into old age. Where necessary, care homes must provide a secure and stable environment for residents' latter years. We will:

- Commission a Wanless type review of social care spending. We would merge health and social care commissioning

and stop central Government interference in local decision making. We would not oppose the flow of funding from the NHS to social care to provide more preventive services.

Increasing opportunities in the third age

It is difficult to exaggerate the significance of the demographic changes now occurring in Britain. By 2020, around 40% of the population will be aged over 50, which will have huge implications for our economic, social and cultural life. The attitude of many older people has changed immensely. People are living a longer, more active and healthier life. With that, has come the desire to continue some form of work past the traditional retirement age. A survey by the Chartered Institute of Personnel and Development found that almost one third of people wanted to work beyond 60. Yet arbitrary retirement ages and continuing age discrimination in work and education prevent them from doing so.

By not giving people the option to work into their latter years, we are letting down both the older people themselves and a society, which would benefit immensely from their combination of experience and enthusiasm to work.

Pensioners deserve choice and opportunity in their retirement. By opening up new learning opportunities, we can help people expand their career horizons. In addition, courses such as those improving access to IT for housebound older people can actively aid social inclusion.

We must create a flexible decade of retirement – coupled with providing older people with opportunities to learn new skills. Older people need to find the balance of work and leisure that is right for them. We will:

● **End age-related barriers to working, by:**

- Scrapping arbitrary retirement ages and strengthening and enforcing age discrimination legislation. We would introduce a Single Equality Act, so that age alone is no barrier to working past 60 or 65.

- Improving support for older workers. The Single Equality Act would also enforce age discrimination legislation in training, so that employers cannot focus all their training resources on younger employees.

● **Make retirement more flexible, by:**

- Allowing people to draw part of their private or occupational pensions whilst working part time. People can then reduce their hours but still make up their earnings.

- Encouraging changes to the way in which company accounts reflect the hidden costs of early retirement packages, so discouraging unnecessary redundancies amongst older workers.

● **Encourage older people to take up education and training, by:**

- Making it financially possible for older people to access education, by opening up student loans to those aged over 55, provided they have assets against which to secure the loan.



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