

Budget for Later Life



Later Life Ambitions



Contents

Foreword	3
Fiscal context	4
Our Budget asks	5
1. Protecting the State Pension	6
2. Reducing the tax on pensions	8
3. Tackling the gender pension gap	10
4. Supporting older people in the workplace	12
5. A minimum income guarantee	14
6. Widening access to public transport	17
7. Making housing safe, secure, accessible and adaptable	18
8. Supporting health and social care	20
About the LLA partners	22

Foreword

Later Life Ambitions brings together the collective voice of a quarter of a million pensioners through our member organisations: the National Federation of Occupational Pensioners, the Civil Service Pensioners' Alliance, and the National Association of Retired Police Officers.

The Budget for Later Life builds on the 2023 *Pensioners' Manifesto*, which received strong cross-party support. We are setting out a practical framework for action. This Budget is

not only for our members, but for the 13 million people currently in later life across the UK. By 2030, there will be almost 14 million people in later life, each with their own ambitions and needs. Unless today's policymakers act with foresight, the struggles faced now will continue to affect generations to come.

This Budget presents our plan for a fairer, more sustainable deal for older people. We urge you to stand with us and add your voice to our calls for a fair deal for living well in later life.



Sally Tsoukaris
General Secretary
Civil Service
Pensioners' Alliance



Alan Lees
CEO
National Association of
Retired Police Officers



Eamonn Donaghy
CEO
National Federation of
Occupational Pensioners

Fiscal context

National finances and need to balance budgets

Inflation

Ageing
population

Pensioner
poverty

Increasing cost of the
pensions triple lock

Health and social care
demand

Reduced employment
amongst over-50s

Increasing
tax burden

Insufficient savings
for later life

Inadequate or no
occupational pensions

Inadequate and insufficient housing

**FISCAL FRAMEWORK OF THE
AUTUMN BUDGET AND HOW IT
AFFECTS PENSIONERS**

Continued economic activity – the grey pound

Financial support
for their families

Pensioner
mobility

Unpaid
adult social care

Unpaid
childcare

Community
volunteering

Societal
contributions

Job and
wealth creation

Reduced reliance
on the NHS

Keep pensioners fit, well and economically active

**THE POSITIVE
CONTRIBUTIONS
OF OLDER PEOPLE**

Our budget asks

- 1 Protecting the State Pension
- 2 Reducing the tax on pensions
- 3 Tackling the gender pension gap
- 4 Supporting older people in the workplace
- 5 A minimum income guarantee
- 6 Widening access to public transport
- 7 Making housing safe, secure, accessible and adaptable
- 8 Supporting health and social care

1

Protecting the State Pension

The State Pension is the single largest source of income for most retirees. Without the triple lock, pensioner income growth would have lagged behind both inflation and average earnings throughout the cost-of-living crisis, leading to widespread hardship.

Before the introduction of the state pension in 2011, the value of the State Pension had been eroded significantly relative to earnings, dropping from 26% of average earnings in 1980 to 16% by 2010. The triple lock has since reversed this, raising the pension's value to nearly 25% of average earnings by 2022 and reducing pensioner poverty from around 15–20% in the late 1990s to 10–12% by the mid-2010s.¹

It is critical to maintain the triple lock's link to inflation and establish a clear, stable relationship between the State Pension and average earnings to prevent a resurgence of pensioner poverty. The Institute for Fiscal Studies agrees with the Pensions Commission's recommendations to guarantee a stable, earnings-linked State Pension, implement gradual reforms to the triple lock, avoid means-testing, and carefully manage pension age increases to protect pensioner income and reduce inequality.²

It is worth noting that two-thirds of today's pensioners receive the lower Basic State Pension, which applied before 2016. These pensioners are more likely to be in poverty.

There is a wide variance in average income for those with occupational pensions and even in public sector defined benefit schemes, average pensions in payment are much lower than many believe.

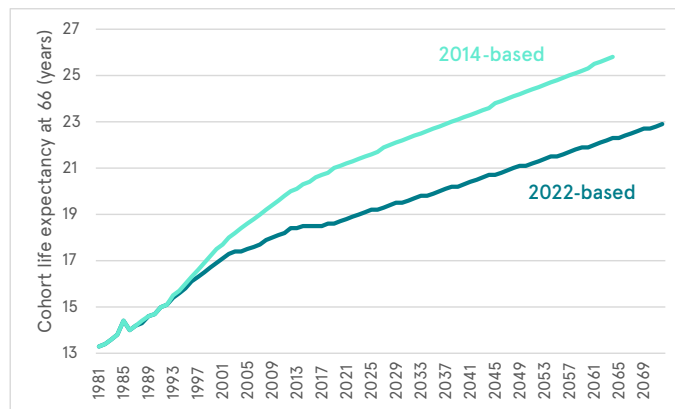
While life expectancy has increased, healthy life expectancy has not kept pace. Many older adults spend significant years in poor health. State Pension age (SPA) criteria should consider healthy lifespan, not just morbidity data, to address the challenge of people being too old to work but too young to retire with adequate support.

The IFS warns that raising the SPA would disproportionately impact those with lower life expectancy and those on lower incomes – many of whom do not receive the full State Pension or any pension at all. This highlights the growing inequality and financial insecurity faced by older adults who are too old to work but lack adequate pension support.³

We propose:

The protection of the triple lock extends beyond 2029, ensuring pensions rise in line with living costs and wages.

To defer further SPA rises until inequalities in life expectancy narrow and a new settlement is agreed.



Cohort life expectancy at 66 (years)⁴

2

Reducing the tax on pensions

Personal income tax thresholds have been frozen since 2021 and are proposed to continue until 2028. This has created a stealth tax that disproportionately impacts pensioners. Many are being dragged into paying tax for the first time simply because pensions have risen with inflation.

According to HM Revenue and Customs, over 1.2 million more pensioners are expected to pay income tax by 2027 as a result of fiscal drag. There is very little headroom from the top rate of the State Pension to the £12,570 basic income tax threshold. This will disproportionately impact those with smaller occupational pensions.

Based on the latest Office for Budget Responsibility forecasts for inflation, by the end of the tax band freeze the personal allowance would have increased to £16,385 had it been increased with inflation. However, fiscal drag is already affecting millions more pensioners and is an unfair policy for those with a lifetime of work behind them.



We propose:

Indexation of thresholds with inflation to avoid unfair real-terms tax rises.

A raising of the basic income tax threshold based on the Bank of England's inflation calculator

Protection of 25% tax-free lump sums to give retirees security when accessing their pension pots.

Protect ISAs and other tax-free saving platforms.

3

Tackling the gender pension gap

Women typically retire with 35% less pension wealth than men (Pension Policy Institute, 2022). This reflects structural inequalities: more time providing unpaid care, higher incidence of part-time work, and lower average earnings. The reality is startling. On average, women lose about £7,600 a year in pension income compared to men.⁵

To prevent future generations from suffering the same fate, we must tackle the root causes: closing gender pay and employment gaps through better childcare and social care provision, stronger parental leave rights, and more flexible working.

Our occupational pensions system must also be reformed so that low paid workers are not excluded – for example, by phasing out the

£10,000 auto-enrolment earnings threshold.⁶

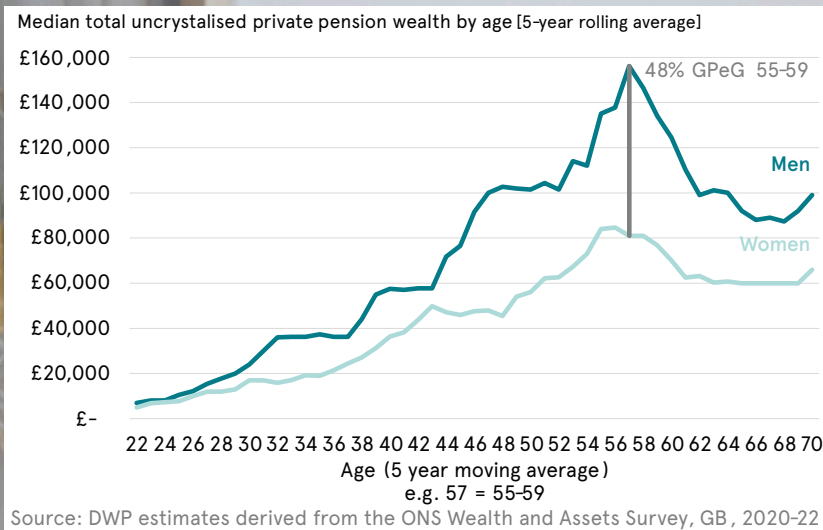
Finally, the pension system must value unpaid caring work, ensuring carers are credited appropriately and not penalised in later life for time spent out of paid employment.

We propose:

Immediate relief for retired women. Expand National Insurance credits for time spent out of the workforce and caring.

A targeted Pension Credit supplement for low-income women.

Mandatory gender pension gap reporting (mirroring gender pay gap reporting) and automatic enrolment from the first pound of earnings, benefiting low-paid part-time workers (75% of whom are women).



4

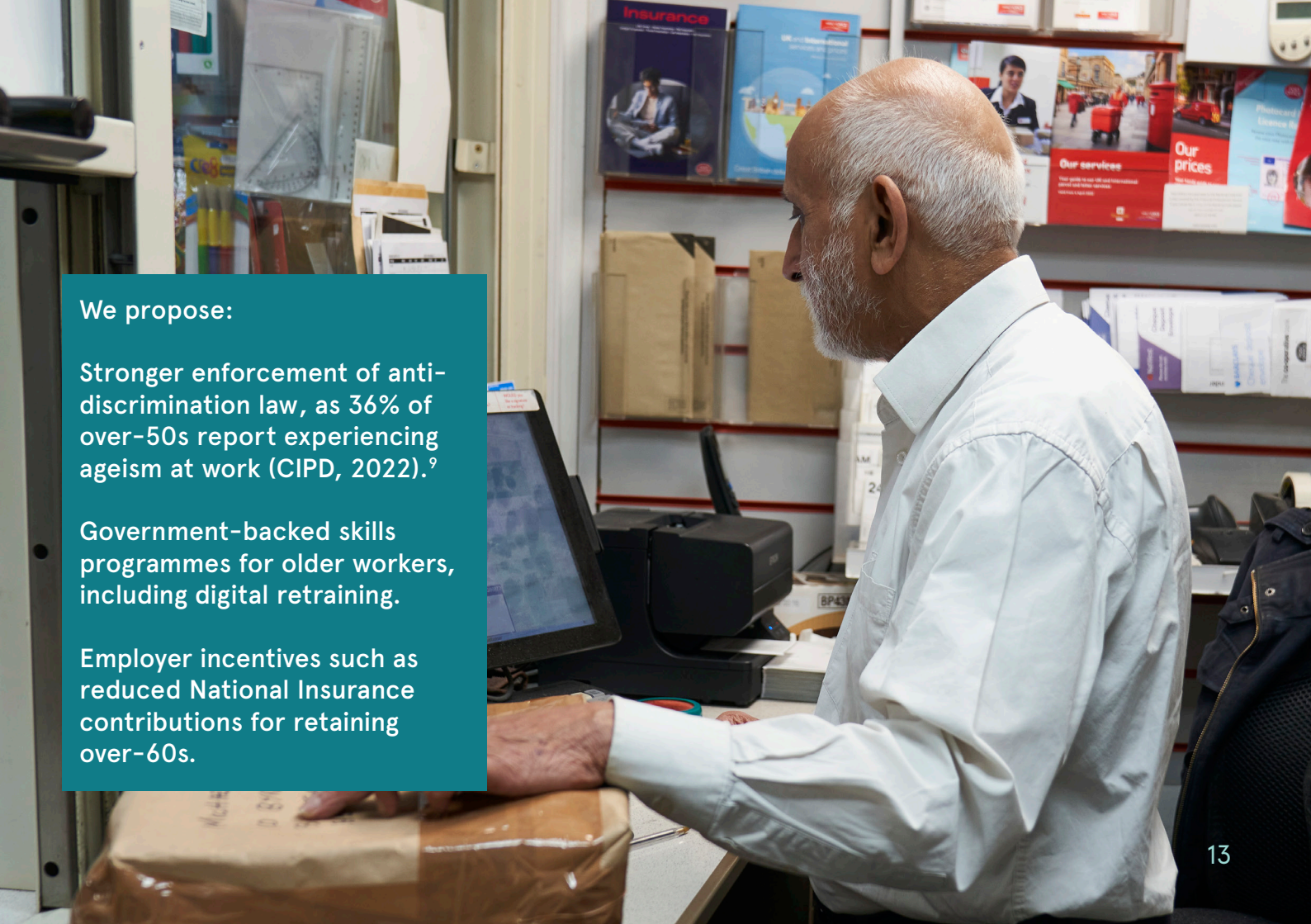
Supporting older people in the workplace

There is growing evidence of widespread age discrimination in the workforce, particularly affecting individuals in their 60s who wish to continue working.⁷ Many older adults find themselves unable to secure employment despite being capable and willing to contribute, often due to outdated stereotypes or employer bias.

This issue is especially concerning for those in their 60s who are too young to qualify for the State Pension but face significant barriers to re-entering or remaining in the workforce. As a result, a rising number of people in this age group are experiencing financial hardship and poverty.

To address this challenge, flexible working solutions could play a key role in supporting and accommodating the needs of older workers, enabling them to stay engaged in meaningful employment. Not only would this reduce economic strain, but continued participation in the workforce also brings significant benefits to health and mental well-being.

The UK faces a shortfall in the workforce of one million due to early retirement and long-term sickness among over-50s (ONS, 2023).⁸ Yet many older people want to remain in work if given the flexibility and support.



We propose:

Stronger enforcement of anti-discrimination law, as 36% of over-50s report experiencing ageism at work (CIPD, 2022).⁹

Government-backed skills programmes for older workers, including digital retraining.

Employer incentives such as reduced National Insurance contributions for retaining over-60s.

5

A minimum income guarantee

A minimum income guarantee for older people should cover essential costs including housing, energy and water, groceries, personal care, transport, clothing, communications, and some leisure, ensuring retirees can maintain a dignified, active and healthy standard of living.

This should align with benchmarks such as the Pensions UK's Retirement Living Standards and the Joseph Rowntree Foundation's Minimum Income Standards, and be reassessed annually to reflect changing costs and behaviours.

To support this, a public awareness campaign is needed, as 74% of people have made

little or no retirement planning and 82% don't know how much income they'll need. Maintaining tax relief on pension contributions is critical to encourage saving.¹⁰

The Government should implement recommendations from the Work and Pensions Committee's report on pensioner poverty, ensuring the State Pension and benefits are adjusted to meet the minimum income guarantee for all, regardless of circumstances.

This is vital to address what is a growing crisis: nearly half of working-age people lack any pension or savings to support them in retirement.

Typical outgoings/income for a single pensioner: These calculations assume the household is eligible for Universal Credit, depending on its income.¹²

For a decent standard of living, you need a pension of:

£17,155

giving a net income of **£349.04 per week.**

This covers pensioners income, after tax and benefits adjustments.¹¹





6

Widening access to public transport

Concessionary transport is a devolved issue in Northern Ireland, Scotland and Wales. We are calling for the protection and standardisation of all rail and bus concessions.

Affordable transport is critical to pensioners' independence, health, and wellbeing. Yet concessionary travel schemes vary by region, creating a postcode lottery. Research by Age UK finds that nearly 40% of over-65s rely on bus passes as their main mode of affordable travel.

Pensioners being active and mobile increases their engagement with their local economies and society in general.

We propose:

Protection of concessionary transport schemes from local cuts.

Investment in accessible transport infrastructure (e.g. step-free stations, low-floor buses and trams, rural services).

7

Making housing safe, secure, accessible and adaptable

Housing quality is a key determinant of later life health. Yet nearly two million older households live in homes that fail the Government's Decent Homes Standard (English Housing Survey, 2021). Cold, inaccessible, or insecure housing increases risks of falls, hospital admissions, and fuel poverty.

New research from Habinteg (Forecast for Accessible Homes, 2025) calculates an additional 1.39 million accessible and adaptable homes could be built by the end of the decade, if all the new homes currently planned are built under the optimum possible standard. This would be a rise of 163% from 2020.

In addition, recent figures from the ONS reveal that across the UK, 486,795 households are occupied by individuals aged 65 and over who live in a private rented sector home. This represents 6.71% of those in later life that are now renting privately. This represents a 52.8% increase in just a decade.

LLA welcomes the Renters' Rights Bill as a mechanism to make private rental agreements more secure. With rent taking such a large portion of their income, housing insecurity negatively impacts older people's physical and mental health, finances, employment prospects, and ability to form support networks in their local community.



We propose:

A government mandate that all new homes are built to the accessible and adaptable M4 (2) standard immediately.

A National Home Adoption Programme (e.g. ramps, walk-in showers, insulation) with grants and low-interest loans.

Stronger protections for older renters, including security of tenure and controls on excessive rent hikes.

An expansion of social housing for later life, including age-friendly design and community living models.

Support for co-housing and shared ownership options, enabling more flexible later life living.

Consideration of the impact of Stamp Duty and any changes to Capital Gains Tax.

8

Supporting health and social care

The current social care system is fragmented and underfunded. Nearly half a million people in England are waiting for a care assessment or service (ADASS, 2023). The lack of integration between health and social care leads to delayed discharge, higher NHS costs, and poorer outcomes for older people.

LLA welcomes Baroness Casey's independent review into adult social care as part of the Government's wider ambition to kickstart a national conversation around how to meet the current and future needs of the population. We eagerly await the interim report recommendations, which will set out how the Government should implement the National Care Service – a manifesto commitment – in 2026. The structural changes required are needed now and should not be delayed by a decade or more. This will be too late for many.



We propose:

A National Social Care Framework setting minimum standards across the UK and ending the postcode lottery in access and quality.

A sustainable funding settlement, moving away from crisis-driven short-term funding. Options include a dedicated social care levy or ring-fenced taxation.

Investment in the care workforce, with fair pay, training, and career progression.

Integration with the NHS, ensuring older people experience joined-up pathways of care.

About the LLA partners



Established in 1952, the CSPA represents retired civil servants and their dependants across the UK. It campaigns for fair pensions, cost-of-living protection, and better public services, working with government and partners to ensure pensioners' interests are heard. Local group and branches offer advice, information, and wellbeing support.



Formed in 1919, NARPO represents retired police officers, staff, and their families throughout England and Wales. It champions fair pensions, equal treatment for survivors, and access to quality health and social care. Members benefit from welfare guidance and local branch networks that foster connection and support.



Founded in 1930, the NFOP gives a collective voice to occupational and private pensioners across the UK. It promotes pension security, fairness, and scam protection, while providing access to advice on legal, financial and welfare assistance. Its nationwide branches strengthen representation and community among retirees.

Endnotes

- ¹ <https://ifs.org.uk/news/triple-lock-creates-uncertainty-pension-incomes-and-savers-well-public-finances>
- ² <https://ifs.org.uk/publications/future-state-pension>
- ³ <https://ifs.org.uk/publications/pensions-review-final-recommendations>
- ⁴ <https://assets.publishing.service.gov.uk/media/689c75c57b2e3844416361b5/Figure1.svg>
- ⁵ <https://www.tuc.org.uk/news/gender-pension-gap-means-retired-women-effectively-stop-receiving-pension-to-day>
- ⁶ <https://www.tuc.org.uk/news/more-million-low-paid-women-could-lose-out-new-auto-enrolment-threshold>
- ⁷ <https://www.cipd.org/uk/topics/equality-diversity-inclusion?>
- ⁸ <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risin-gillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023#:~:text=because%20of%20round-ing-,Download%20this%20chart,returning%20to%20the%20labour%20market>
- ⁹ <https://www.cipd.org/uk/topics/equality-diversity-inclusion?>
- ¹⁰ <https://www.retirementlivingstandards.org.uk/>
- ¹¹ <https://www.minimumincome.org.uk/>
- ¹² Ibid.

All photos from the Age without limits image library, available at <https://www.agewithoutlimits.org/image-library>

 @laterlives

 laterlifeambitions.co.uk