

Debate Pack

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Pension retirement age for construction workers

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1 Background

A debate is scheduled to be held on 12 July 2023 at 4:30pm in Westminster Hall on the pension retirement age for construction workers. The debate is sponsored by Owen Thompson MP (SNP).

1.1 Normal minimum pension age

The normal minimum pension age (NMPA) is the earliest age from which someone can normally draw their workplace or personal pension. Someone may be able to draw their pension earlier on ill-health grounds or if they have a 'protected pension age'.

Since April 2010 the NMPA has been 55 years old. Before this the NMPA was 50 years old since it was introduced in 2006. It will increase to 57 in April 2028.

Background is available in the Library briefing [Minimum pension age](#).

Protected pension age

There were two forms of protected pension age, depending on the type of scheme the individual was in on 5 April 2006:

- Some people in certain professions with low retirement ages (such as sports people), who had a right before April 2006 to draw their pension before age 50, may have a protected pension age.¹ This does not include construction workers.
- Members of occupational pension schemes on 5 April 2006 may have a protected pension age if on 5 April 2006 they had a right to take benefits before age 55. The right must be unqualified, so that the individual does not need the consent of anybody before they draw their pension.²

A member with a protected pension age of less than 50 who takes a pension before they reach the normal minimum pension age may have their lifetime allowance reduced.³ Members of certain public service schemes with a protected pension age (meeting the criteria above) may receive a pension without reduction to their lifetime allowance.⁴

¹ [The Registered Pension Schemes \(Prescribed Schemes and Occupations\) Regulations 2005](#)

² [Finance Act 2004 Schedule 36](#)

³ HMRC, [PTM082000 – The lifetime allowance and the lifetime allowance charge: reduced lifetime allowance](#), 30 June 2023

⁴ HMRC, Pensions Tax Manual, [PTM062210 - Member benefits: pensions: protected pension age: occupational and public service schemes - right to take benefits before age 55](#), 13 December 2022

Exemptions from increase to 57

From 6 April 2028 the NMPA will increase to 57. At this point people may have a protected pension age of 55 or 56, or a protected pension age below 55.

Broadly, people who were members of a scheme with an unqualified right to take a pension from an age earlier than 57 will retain this right if they were a member of the scheme on 3 November 2021. People who had a protected pension age below 55 previously will continue to do so.⁵

The increase to age 57 will not apply to members of public service schemes for the armed forces, police and firefighters.⁶

1.2

Early access to State Pensions

The UK, unlike a lot of other comparable countries, has no provisions for early access to State Pensions under any circumstances. Proposals for early access were discussed in both the 2016-17 and 2021-23 State Pension age reviews.⁷ Background on these can be found in the Library's briefing [State Pension Age Review](#).

Many comparable countries, including Canada and the USA, have general provision for early access to pensions in exchange for a lower pension amount.⁸ More information comparing pensions across Europe can be found in the [Mutual Information System on Social Protection \(MISSOC\) comparative tables](#), table VI ("Old-age"), and worldwide in the [International Social Security Association's country profiles](#).

In response to a June 2023 parliamentary question on the potential merits of lowering the State Pension age for construction workers, the Pensions Minister, Laura Trott MP, argued against reforming the current system:

The Government believes that the principle of having a State Pension age that is the same for everybody is fundamental in the UK. It has the merit of simplicity and clarity including giving a clear signal to those planning for retirement.⁹

⁵ [Finance Act 2022, s10](#)

⁶ [Finance Act 2022, s10](#)

⁷ Department for Work and Pensions, [State Pension age independent review: final report](#), 27 April 2017 and Department for Work and Pensions, [State Pension age Review 2023](#), 30 March 2023

⁸ Mutual Information System on Social Protection (MISSOC), [comparative tables, table VI "Old-age"](#) [accessed 6 July 2023] and International Social Security Association, [Country Profiles](#) [accessed 6 July 2023]

⁹ [PQ 189317, 19 June 2023](#)

2 Policy papers and reports

2.1 Government policy papers

Department for Work and Pensions, [State Pension age Review 2023](#), 30 March 2023

HM Revenue & Customs, [Increasing Normal Minimum Pension Age](#), 4 November 2021

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Press articles

[What to consider when accessing pensions early due to ill-health](#)

FT Advisor [subscription required]

9 May 2022

[Make most wait to 57 for their work or private pension: Insurers slam 'complicated' and 'arbitrary' plans to raise the age limit with a raft of exemptions](#)

This is Money

Sadie Whitelocks

14 September 2021

[How the worlds of sport and pensions collide](#)

FT Advisor [subscription required]

4 June 2020

[How clients can take pension benefits early due to ill health](#)

FT Advisor [subscription required]

15 January 2020

4 Parliamentary material

4.1 Parliamentary Questions

State Retirement Pensions: Age

19 June 2023 | 189317

Asked by: Owen Thompson

To ask the Secretary of State for Work and Pensions, whether his Department has made an assessment of the potential merits of lowering the state pension age for construction workers.

Answering member: Laura Trott | Department: Department for Work and Pensions

The Government believes that the principle of having a State Pension age that is the same for everybody is fundamental in the UK. It has the merit of simplicity and clarity including giving a clear signal to those planning for retirement.

Pensions

28 November 2022 | 94701

Asked by: Mr Kevan Jones

To ask the Chancellor of the Exchequer, if he will issue guidance to pension providers on whether changes to the Protected Pension Age will allow an unqualified right to access tax-privileged pension savings at a younger age than the increase to NMPA from 2028.

Answering member: Andrew Griffith | Department: Treasury

Members of pension schemes which gave an unqualified right to access their pension benefits before age 57 will receive a protected pension age when the normal minimum pension age increases from 55 to 57 in April 2028. HMRC has published guidance on this protection regime in The Pensions Tax Manual.

Pensions: Age

11 March 2021 | 164593

Asked by: Mr Tanmanjeet Singh Dhesi

To ask the Chancellor of the Exchequer, what assessment she has made of the potential merits of lowering the private pension age.

Answering member: John Glen | Department: Treasury

The normal minimum pension age is the minimum age at which most pension savers can access their pensions without incurring an unauthorised payments tax charge (unless they are retiring due to ill-health). The normal minimum pension age was set at 50 in 2006 when it was introduced and since then, life expectancy at birth for both men and women increased significantly. According to the latest data from the Office for National Statistics, life expectancy has also continued to increase since 2014, when the Coalition Government announced it would increase the normal minimum pension age from 55 to 57 in 2028.

Increasing the normal minimum pension age reflects increases in longevity and changing expectations of how long individuals will remain in work and in retirement. Raising the normal minimum pension age to age 57 keeps it around 10 years behind state pension age, and could encourage individuals to save longer for their retirement, and so help ensure that individuals will have financial security in later life.

In 2014 the Coalition Government announced that the normal minimum pension age would increase from age 55 to 57 in 2028, following a consultation on the appropriate normal minimum pension age for individuals to access their private pensions without incurring an unauthorised payments tax charge. On 11 February the Government published a consultation on the appropriate protection regime for individuals who have unqualified rights to access their pension before the minimum age. The consultation is open until 22 April 2021. The normal minimum pension age increase will not apply to the public service pension schemes for firefighters, police and the armed forces.

4.2

Statements

[Treasury Update](#)

4 November 2021 | Written Statement | House of Commons | HCWS373

[Finance Bill 2021-22: draft legislation and tax documents](#)

20 July 2021 | Written Statement | House of Commons | HCWS204

[Normal Minimum Pension Age: consultation](#)

11 February 2021 | Written Statement | House of Commons | HCWS780

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Further reading

Pensions and Lifetime Savings Association, [Second state pension age review: PLSA response](#), 13 May 2022 [see section 3.2]

Association of British Insurers, [Blog: From 55 to 57 in the most complicated way possible](#), 14 September 2021

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