



Old Age Pension is 100 years old.

2008 is a landmark year because it marks the centenary of the Old Age Pension in the UK. The Old Age Pension Act that was passed way back in August 1908 was the very first time that the government had accepted that it had a duty to look after people in their old age. Prior to that time the old were completely dependent on the Elizabethan Poor Laws that were put in place first at the end of the sixteenth century, in 1597, and early in the seventeenth century, in 1601. Indeed, although the Poor Laws were amended and modified a number of times in both the eighteenth and nineteenth centuries, the original Poor Laws were not superseded in the UK until the National Assistance Act was passed in 1948!

The Old Age Pension Act from a hundred years ago was the first crack in the dam really and provided a dignified alternative to Parish support and the poorhouse for aging UK citizens. The first payments of the old-age pension were made in January 1909; the benefit was five shillings a week and was payable to men and women over the age of seventy. It was a means-tested benefit, which means it was only paid out to people who were living on a low-income level. I think it was paid on a sliding scale to anyone with a weekly income below twelve shillings a week, with people whose income was below eight shillings a week getting the full benefit of five shillings. Five shillings a week doesn't sound like much money to us in our modern times, but it was equivalent to about 20% of average weekly incomes in those days.

And that's what I wanted to point you. You've probably heard it said (perhaps by me) that the basic state pension in the UK today is one of the least generous safety nets for older citizens in the whole of the European Union. Today's basic state pension (for those who are lucky enough to have a full contribution history) is set at just 15% of average earnings levels. This, as you know, is set to drop even further behind until 2012 when it will be pegged once again to earnings increases. But that means our 'old age pension' will be below 15% of average earnings forever. The benefit isn't means-tested as it was a century ago, but it is so low that it needs to be supplemented by targeted means tested support for millions of today's pensioners. Even after the reforms in the pensions Bill that is going through its Committee Stages in Parliament right now four in every ten pensioners will qualify for means-tested handouts from the state in their old age. We haven't come very far in a hundred years, have we?

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