

## Public Consultation on the change to female state pension age and the implications for Labour Market Statistics

### 1. Background

1.1 Currently headline employment and inactivity rates are based on working age definitions, and are calculated on the basis of those aged 16-59 for women and those aged 16-64 for men. This reflects the current school leaving age of 16 and the current state pension ages for men (65) and women (60). These headline employment rates are published every month in the *Labour Market Statistics First Release*:

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1944>

1.2 Due to a change in government policy, the state pension age for women will gradually increase from 60 to 65 over a ten year period from 2010 to 2020. The table below shows how this change in state pension age will be gradually phased in. The state pension age for women will increase by one month every two months between 2010 and 2020.

Date of birth	Date of pension eligibility	Age at which entitled to state pension
6 April 1949	6 April 2009	60 years
6 April 1950	6 April 2010	60 years, 1 month
6 April 1951	6 April 2012	61 years, 1 month
6 April 1952	6 April 2014	62 years, 1 month
6 April 1953	6 April 2016	63 years, 1 month
6 April 1954	6 April 2018	64 years, 1 month
6 April 1955	6 April 2020	65 years

1.3 The headline unemployment rate is based on those aged 16 and over. The change to the female state pension age therefore has no implications for the headline unemployment rate.

### 2. The proposal

2.1 The Office for National Statistics (ONS) is considering how to handle this change in female state pension age presentationally from 2010. The ONS's proposal is to discontinue the current practice of using "working age" terminology to describe the headline employment and inactivity rates in the *Labour Market Statistics First Release* during 2010. It is proposed to replace the current working age employment and inactivity rates with rates based on the population aged from 16 to 64 for both men and women. These 16 to 64 employment and inactivity rates would become the new headline rates. The detailed implications of this proposal for the *Labour Market Statistics First Release* are explained in the Annex to this note.

2.2 However, it is recognised that some users may want an employment rate which broadly mirrors the movements in the state pension age for women between

2010 and 2020, as this approach would most accurately capture the proportion of working age people in employment. It is proposed therefore that this analysis will be produced and published on a regular basis (no more frequently than quarterly) on the ONS website, but not in the *Labour Market Statistics First Release* as it will not be the headline rate.

### **3. An alternative approach**

3.1 An alternative approach would be to retain the “working age” definition and for the employment rate outlined at paragraph 2.2 above to be the headline rate.

### **4. Reasons for ONS preferred option**

4.1 An upper age limit of 64 for both men and women conforms to international practice. The European Union statistical office (Eurostat) publish employment rates for all EU countries with an upper age limit of 64 for both men and women.

4.2 State pension age is not the only factor which determines when people actually retire. Other factors include developments in private sector pensions (eg, the move away from final salary pension schemes), less age discrimination in the workforce and, over a longer time period, improvements in life expectancy and health. Employment rates for the post-retirement age group (shown at Table 2 of the *Labour Market Statistics First Release*) are at record highs and are on an upward trend. Around 35 per cent of women in the 60-64 age group are already economically active and current trends in the post-retirement age group suggest this percentage is likely to increase.

4.3 The alternative approach, where the headline rates would be based on denominators which gradually change over a ten year period, would pose presentational difficulties and could be confusing for some users.

### **5. How to respond to this consultation**

5.1 Comments are invited on the proposal outlined in this document. Please submit your response by Friday 6 March 2009, by post or email, to:

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## **Annex: Implications of proposal for Labour Market Statistics First Release**

The *Labour Market Statistics First Release* is published every month and is available on the National Statistics website at:

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1944>

### Table 1 (Summary of LFS headline indicators):

The current working age estimates published in the lower half of Table 1 would be replaced by 16-64 estimates. There would be no change to the upper half of the table which would continue to show 16+ estimates.

### Tables 2 and 12 (Employment, activity and inactivity by age):

The columns showing 16-59/64 estimates would be replaced by columns showing 16-64 estimates. The columns showing 50-59/64 estimates would be replaced by columns showing 50-64 estimates. The columns showing 65+/60+ estimates would be replaced by 65+ columns.

### Table 9 (Unemployment by age and duration):

The columns showing 16-59/64 estimates would be replaced by columns showing 16-64 estimates.

### Table 13 (Economic inactivity by reason):

The entire table would be reworked on a 16-64 basis.

Corresponding changes would be made to other outputs such as the *Labour Market Statistics First Release Historical Supplement* and the on line *Economic and Labour Market Review* tables.