Early Retirement
Can we still afford it?

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iaca 2000

- Current UK Rules
- Current UK Practice
- “Winning the Generation Game”
Current UK Rules

- Minimum age of retirement - 50
- Under DB Rules
  - maximum pension service related
  - no discount required for early retirement

Current UK Practice (DB)

- Different for with and without employer consent
- Actuarial discount or enhanced (up to no discount)
- Bridging pensions to State Pension Age
- IR do not encourage funding for early retirement before age 60
Winning the Generation Game

- Incentive from Cabinet Office - across Government departments
- Want to keep people economically active for longer
  - cost to the economy
  - lifestyle for the individual

Costs

- 33% of people aged 50 to 65 do not work (2.8 million)
- ? < 33% voluntary retirement
- Cost ? £16 billion a year
"Lump" of Labour

- Not a fixed number of jobs
- More people working creates more jobs

Government Proposals

- Encouragement to remain active
- Reduce incentives for early retirement
- Put own house in order (ie Civil Service)
Encouragement

- More training for the over 50s
  - paid and charitable activities
- Changes to benefit system
- More facilities for flexible retirement
  - part time work / retirement
  - Change to IR rules, where in same employment

Disincentives

- Raise minimum age for drawing pension to 55 (from 2010)
- Recognise cost of early retirement in company accounts - FRED20
- Better information on costs for individuals (alcohol units)
Government Practice

- Raise Civil Service retirement age to 65
- Identify costs of early retirement