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Work till you drop [1]

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Much pious synthetic rage has greeted the announcement that the state pension age is to be raised earlier than expected, but the reality is that it simply recognizes facts. People are living longer and are healthier in old age, of course. But more than that, there are indications that those who "retire" and do nothing are less likely to lead longer, healthier lives than those who remain active.

Indeed, retirement itself is an outdated concept, dating from the time when most workers were men doing physically demanding work which wore them out. When much of the modern welfare state was introduced in 1948, the average worker started work at 16, retired at 65, and keeled over two years later. So nearly half a century of work had to support two years of retirement for him, and a meagre allowance for his widow for a few years more.

Obviously things have changed. Now we are told:

> Life expectancy is currently 77.4 for men and 81.6 for women. At present rates, there will be three people in their nineties for every newborn by 2050.

It will take funding to support those sunset years, and the prime source of it must not be future taxpayers (whom we have already burdened with our debts), but the people themselves who will draw upon those funds. Those who can should pay during their earning life, and those who cannot should be helped.

The ASI published the "Fortune Account," setting out how this could work, and drawing on the experience of other countries. We will be urging Iain Duncan-Smith that this is a good time to introduce it.

On a more general note, we should break the link between "retirement" and drawing a state pension. There should, properly speaking, be no such thing as retirement. It should be left to individuals to choose whether to go on working, and what type of work to do. The issue of when to draw upon their pensions should similarly be a matter of choice, with more money going to those who postpone doing so.

The whole notion of standard retirement ages and state pensions dates from a time when most people led very similar working lives. This is no longer true, and as the times and circumstances change, so should the policies.

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