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Think Piece: Busting welfare myths [1]

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The welfare debate has roused emotions on both the left and right, and has led to some outlandish claims. Myth needs to be separated from reality. Here is my take on what we should and shouldn?t believe.

Myth: Welfare spending that goes on pensions is unreformable.

Reality: The state pension eligibility age has risen too slowly.

Opponents of cuts to welfare often cite the proportion of welfare that goes on pensions (48% or a total of £80bn) as proof that the colossal budget is justified. This is lazy reasoning. The problem is not that pensioners necessarily receive too much money per year, it is that they receive it too soon. Life expectancy is rising fast and people are able to contribute to the economy for longer than they used to. If the government were to raise the state pension age over the next two decades to 70 taxpayers would save hundreds of billions and all would benefit from the contribution of older workers. If this change were made by 2030 pensions would still provide for 15 years of retirement, based on experts' guesses of life expectancy then. Historically this change is long overdue ? since 1948 life expectancy has risen by 16% but the accompanying rise in the State Pension age has been a meagre 1% for men and 3% for women.

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