

Baroness Ros Altmann, CBE

House of Lords, London SW1A 0PW

The Rt. Hon Theresa May
Prime Minister

10 Downing Street, London SW1A 0AA

15 July 2016

Dear Theresa,

Congratulations on your appointment as our new Prime Minister and I am so delighted that our country will have the benefit of your wisdom, good sense and experience. I believe you have the qualities most needed – not least your determination to pursue policies in the long term interests of the country as a whole.

I am honoured and grateful to have had the opportunity to serve in Government and look forward to continuing to advise on pensions, finance and later life policies from the House of Lords benches.

As an economist and investment professional who has been involved in all aspects of pensions for nearly 40 years, I am at heart a policy expert, rather than a politician. I have spent my entire career trying to help as many people as possible enjoy better later life incomes, encouraging consumer protection and social justice.

As a Minister, I have tried to drive positive long-term changes on pensions from within Government and ameliorate some of the past mistakes which I have cautioned against. Unfortunately over the past year, short-term political considerations, exacerbated by the EU referendum, have inhibited good policy-making. As the country heads into uncharted waters, I would urge you and your new team to enable my successor to address some of the major policy reforms that are needed to improve pensions for the future.

It is vital that we continue to roll-out the successful auto-enrolment programme to ensure all employers offer pensions to their staff. Regardless of the economic challenges, everyone will need to have some money set aside for later life and pensions are the best way to do so. We must, too, address the crisis in social care funding and help people provide for potential care costs as well. In order to help fund this, we should look to develop a 'one nation' lifetime pension.

A 'one-nation' pension - long overdue reform of pension tax relief: Our present ineffective and complex incentive structure for pension saving costs over £40billion a year. It favours the highest earners disproportionately, while leaving lower earners seriously disadvantaged. We need a radical overhaul of incentives, which can offer more generous help than basic rate tax relief, but as a straightforward Government pension contribution for all, and would end the discrimination against Britain's lowest earners who are forced to pay at least 20 per cent more for their pension than higher paid workers. This 'one nation' pension would see withdrawals taxed in later life, so that people have a behavioural incentive not to spend the money too soon.

A major review of Defined Benefit pension scheme funding and affordability: We must urgently assess the future of our Defined Benefit pension schemes. Given the risks of diverting corporate resources to one favoured group of workers, the need to ensure adequate resources for younger generations' pensions, the time is right to properly consider the issues facing employers trying to support Defined Benefit pension schemes and potential use of pension assets to boost economic growth.

Fair treatment for women and better communication on State Pensions: On the issue of women's state pension age, whilst I respect the democratic decision taken in 2011 by our Parliament, I am not convinced the Government adequately addressed the hardship facing women who have had their state pension age increased at relatively short notice. They were not adequately informed. I also believe we must devote resource to widely communicating and publicising the coming changes to state pension age for both men and women.

I remain deeply committed to helping our great country make better pensions policy for the British people and to planning ahead for the long-term future of our ageing population. I stand ready to help my successor and to offer my policy expertise. As you set a new course for our country at this very difficult time, I wish you every success.

Yours truly,

A handwritten signature in black ink that reads "Ros Altmann". The signature is written in a cursive, slightly slanted style.

Ros Altmann