

CITIZEN'S INCOME TRUST

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Additional editorial

The news of the Government's proposals for a Citizen's Pension came too late for us to include the announcement in the printed version of this edition of the *Citizen's Income Newsletter*.

It is a pleasure to see that Steve Webb, Minister for Pensions at the Department for Work and Pensions, is proposing that the state pension should become a flat rate payment to every pensioner. This has been a Liberal Democrat proposal for some years and we now look forward to its becoming practical policy and to the benefits which Vince Cable and Steve Webb have promised and that the Pensions Policy Institute and the Citizen's Income Trust have always said will accrue.

Under our present contributory and means-tested system, those who have taken time away from employment in order to care for children, or for elderly or disabled relatives, will often receive contributory pensions smaller than those paid to people who have remained in full-time employment; and the means-tested pensions top-ups take savings into account and so discourage saving for retirement.

A Citizen's Pension - an unconditional, non-withdrawable flat-rate payment for every pensioner – will not be reduced by gaps in someone's employment record, nor by someone's savings. It will therefore not discriminate against carers and it will encourage people to save for their retirements.

A Citizen's Pension will also, of course, reduce considerably the administration required by state pensions. Contributory benefits are costly to administer, and means-tested benefits notoriously so. A Citizen's Pension will be as cheap to administer as Child Benefit currently is.

Having recognised that universal flat-rate benefits have many advantages compared with means-tested benefits, we hope that the Chancellor of the Exchequer will look again at his recent proposals relating to Child Benefit and decide to retain it as a universal, non-withdrawable payment for every child.