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Pensions reform

From Mr Terry O'Dwyer

Sir, Antonia Senior rightly points out that “making pensions sexy” by allowing savers to use their pension to buy houses is not necessarily sound policy (Analysis, July 26). However, cosmetic changes will never solve the critical pensions problem in the UK and elsewhere.

Isn't it time that we considered more radical solutions? In Chile, benefits are linked to contributions with a privately managed individual accounts system. A private system of pensions has replaced the state system. The State is no longer suffering from ballooning costs, pensions are 40 to 50 per cent higher than those paid under the old state system, savings have increased to record levels, as has economic growth, and unemployment has been reduced.

This sort of reform represents genuine renewal.

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