

## CHILD BENEFIT

Bringing up a child is expensive. It is also vital work on behalf of society as a whole; those of us without children will depend on the children of others when we grow older. It is right that society as a whole makes a contribution, as is recognised by our free state education system. But that system needs two extensions: a free universal early education and childcare service (see Chapter 7 on Education), and a more realistic level of Child Benefit.

We will:

- Raise Child Benefit as from 2016 from £20.70 a week for the oldest or only child and £13.70 a week for additional children in 2015–16 to *£40 a week for each child*.
- *Pay for the £15.5 billion net cost of this by using this much of the £28 billion raised from those on higher incomes by abolishing the National Insurance upper threshold.*

## CITIZEN'S PENSION

The bedrock of our pension policy is the Citizen's Pension, which, unlike the new flat-rate pension, would be paid to all pensioners regardless of contribution record, and to existing as well as new pensioners, so no pensioner will live in poverty. We would introduce this in 2016. It will pay £180 a week to a single pensioner or £310 for a couple, taking all pensioners above the poverty line. Increases will be at the higher of the increases in the prices of basic goods and services or in average earnings.

The existing State Pension and Pension Credits cost £90 billion a year, while the new pensions above will cost £116 billion. The net cost is therefore £26 billion. We will fund this by reducing tax and National Insurance incentives for private pensions by one-half, raising £20 billion (see the 'Older people and pensions' section in Chapter 5) and using a further £6 billion available from abolishing the National Insurance upper threshold (see the 'Child Benefit' section above).

### Joining up the policies

*So what do housing, pensions and investing in a new sustainable economy have to do with each other? Pensions need sound, long-run infrastructure to invest in, such as energy generation and social housing. And, if the pensions system is broken, people will invest in houses instead, pushing up prices and rents. So, if we create a new pensions system investing in the things we need, and discourage the things such as mortgage interest relief for landlords that encourage investment in housing, then we reduce the money chasing existing housing, and prices and rents fall.*

*It's another virtuous circle.*