

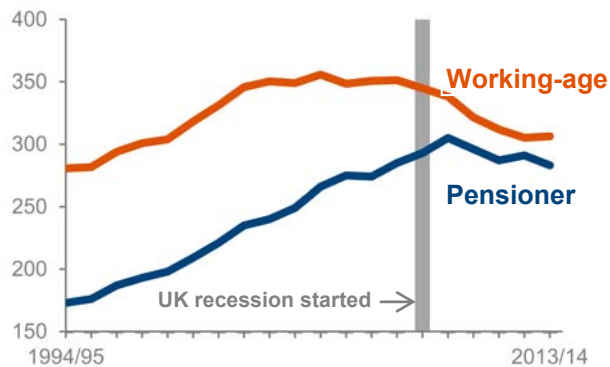


These statistics are about how much money pensioners get each week and where they get that money from. We look at how different pensioners' incomes are to working age people's incomes as well as differences between different types of pensioners. Pensioners' average weekly income has changed a lot over the past three decades, because of changes in the economy and the benefits they can get.

## Main Stories

### Income gap narrowing

Income gap narrowing over time



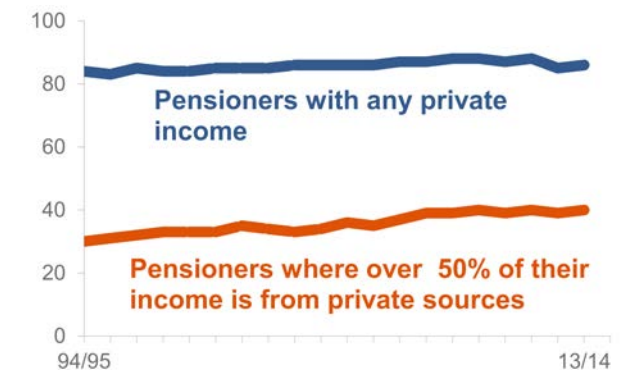
In 1994/95 pensioners' average net income per week was **38%** lower than that of the working age population. This has reduced to **8%** lower in 2013/14

### Middle incomes seen fastest growth

	Couples	Singles
<b>Top distribution</b>	<b>+44%</b>	<b>+36%</b>
<b>Mid distribution</b>	<b>+67%</b>	<b>+50%</b>

Pensioners with an average income, both couples and singles, have seen the greatest increase in income since 1994-97.

### Private income increasing



The proportion of pensioners with over half their income from private sources has increased from 3 out of 10 to 4 out of 10 between 1994/95 and 2013/14

## Findings

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Comments? Feedback is welcome

Published 26 June 2015

Next edition May/June 2016

ISBN 978-1-78425-532-9

## What you need to know

The Pensioners' Income Series contains estimates of the levels, sources and distribution of pensioners' incomes. It also examines the position of pensioners within the income distribution of the population as a whole. Users include central Government, local authorities, academics, journalists and the voluntary sector.

### Income measures

In this report we measure income for pensioner units. **Pensioner units** consist of pensioner singles and pensioner couples. A pensioner couple means at least one person is over state pension age. Estimates do not reflect income from others in a household; therefore if a pensioner lives with their adult children, the children's income is not reflected in this analysis.

We usually use the unequivalised income of a pensioner unit, estimated on both a before and after housing costs basis (BHC and AHC). **Unequivalised** means that incomes are not adjusted to take account of the size and composition of households.

Unless otherwise stated, we use **median** income as our preferred measure of average income as the mean is biased upwards by extreme values.

### Survey data

Pensioners' Incomes estimates are based on a sample of 20,000 households in the UK. Use of survey data means that results in this report are subject to a sampling variation which can affect how changes should be interpreted, especially in the short term. Latest estimates should be considered alongside medium and long-term patterns.

**Statistical significance** is a technical expression that says whether a reported change is likely to have arisen only by chance due to variations in the sampling. We calculate 95% **confidence intervals** around estimates in PI which sets a standard that, where any change is reported as statistically significant, there is less than a 1 in 20 chance that the reported difference is due to sampling variation and there is no real underlying change. In other words, if we created 100 samples, the result of 95 of them would lie within the reported confidence intervals.

**None of the changes in this release are statistically significant unless specifically stated.**

### Additional tables and data

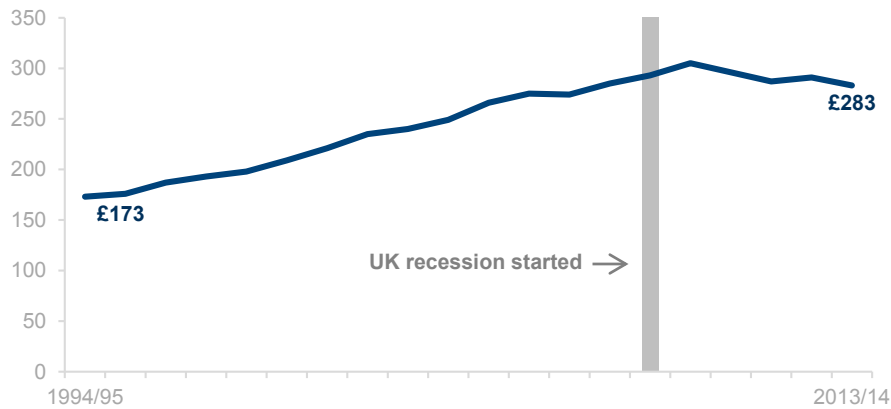
Additional Excel reference tables are also available online, breaking down headline results presented in this report for different demographics and characteristics (including work status, ethnicity and marital status).

The source data underlying production of these statistics is available for download for further analysis via the UK Data Archive.

# Overall income trends

## Pensioners have seen a substantial increase in their average weekly incomes over the past two decades

Average weekly income of pensioners (AHC) in 2013/14 prices (£)



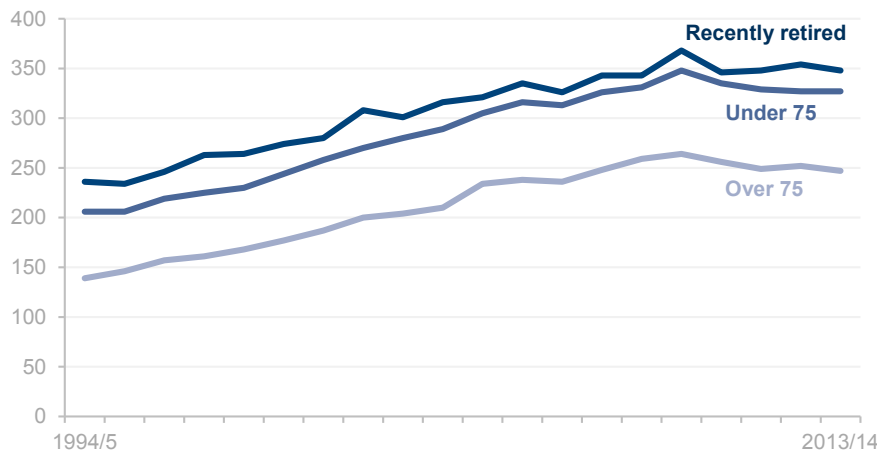
The average gross income of pensioners in 2013/14 was £354 per week. After the deduction of direct taxes and housing costs this was reduced to £283 per week. This is slightly lower than in 2012/13 although this difference isn't statistically significant; it is driven by a decrease in average income from earnings and benefits.

This lack of change is consistent with recent years. There hasn't been a statistically significant change in average pensioner incomes since the start of the most recent UK recession in 2008. This is notably different to the recession in the early 1990's, where average incomes increased consistently from 1990/91 to 1996/97.

See **Table 2.1** for full data.

## Older pensioners have lower incomes than younger pensioners

Average weekly income of pensioners (AHC) in 2013/14 prices (£)



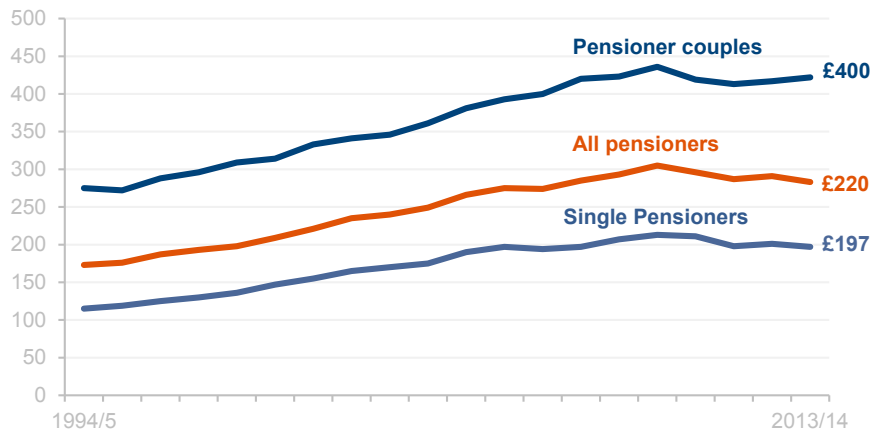
Recently retired pensioners are those who are within 5 years of the state pension age. This group have higher incomes than older pensioners. Pensioners where the head is under 75 have a higher income than those where the head is over 75. This difference in income has increased from £62 in 1998/9 to £80 in 2013/14

These differences are due to a number of reasons. Firstly, older pensioners are less likely to be in work, so have less income from earnings. Secondly, the rapid rise in occupational pensions in the 50s and 60s will have been beneficial to later groups of pensioners. Thirdly, the increase in real earnings over the past few decades (apart from since 2008) have led to an increase in disposable income that can be saved in private pensions or invested.

See **Online Tables 2.3 and 2.4** for full data.

## Pensioner couples' income was over twice that of single pensioners

Average weekly income of pensioners (AHC) in 2013/14 prices (£)



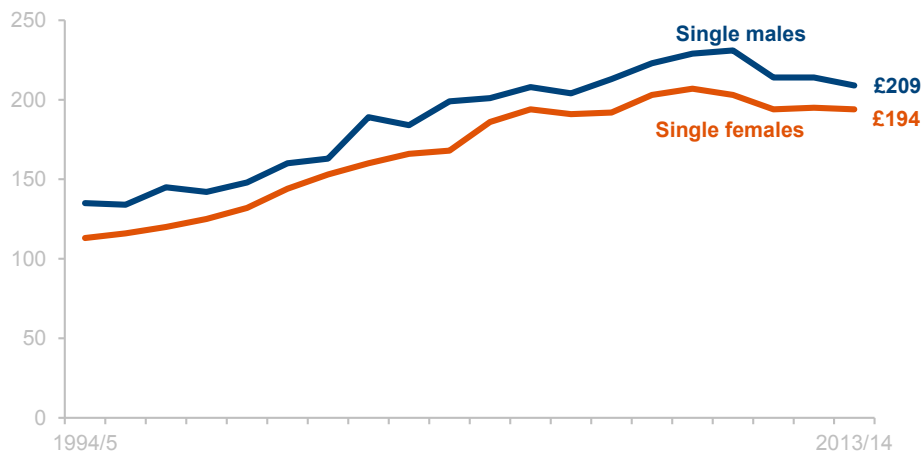
In 2013/14 the average (median) income was higher for pensioner couples. Their average (net) income has been, and continues to be, more than twice that of single pensioners. Pensioner couples have double the level of occupational pension income each week, and three times the amount of investment income.

Pensioner couples also have higher amounts of earnings income, £139 per week compared to £23. This is not surprising as one person in a couple may be under state pension age, and may still be in work. 65% of pensioner couples where one person is over state pension age and one person under have income from earnings, compared to 18% where both are over state pension age.

See **Tables 2.5 and 2.6** for full data.

## Single male pensioners have a slightly higher income than females

Average weekly income of pensioners (AHC) in 2013/14 prices (£)



Amongst single pensioners, single males have a slightly higher income than females, particularly when over the age of 75. At this age females have an income of £191 per week, compared to £214 for males.

These differences are largely explained by differences in occupational income. In 2013/14 single men received £97 per week from this income source, compared to £78 per week for single women. Single men also receive more investment income (£30 compared to £18) and personal pension income (£19 compare to £5). However, benefit income received is similar for both genders (£185 for men and £183 for women).

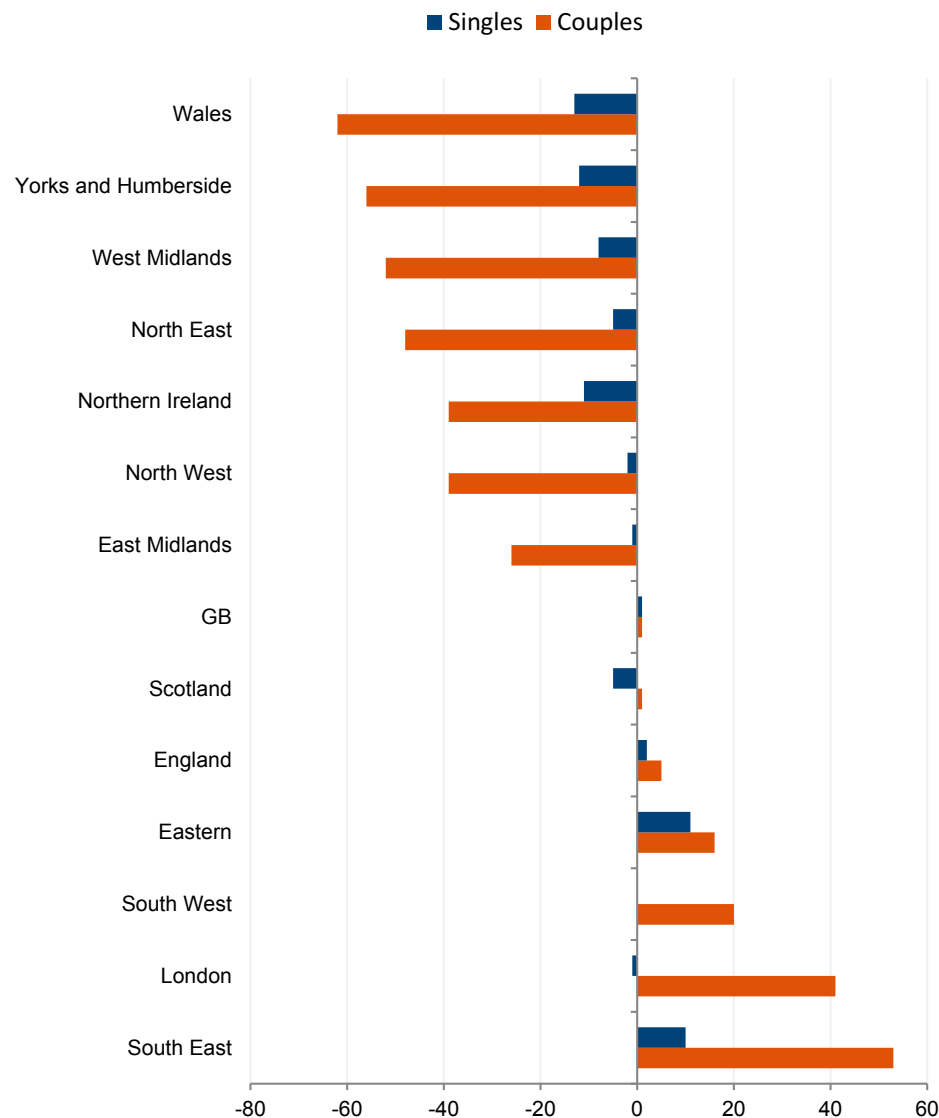
See **Online Table 2.6** for full data.

# Regional differences

## Pensioner incomes differ between different regions

Average weekly income (AHC) of single pensioners and pensioner couples by region, relative to the UK average for each group, 2011-2014

UK average income couples £522 UK average income singles £241



When looking at regional incomes we take the **mean** income for singles and couples for each region over a three year period. **All of the results discussed below are statistically significant.**

### What is going on and why?

In Wales, Yorkshire and the Humber, West Midlands and the North East couples had less income than pensioner couples in London, South East and the South West. Single pensioners in Wales and Yorkshire and the Humber also had less income on average than single pensioners in the South East.

These differences could be driven by a range of factors affecting London and the South East, including lower unemployment rates and higher average weekly earnings (which affect lifetime accumulation into a private pension).

Benefit income varies less across region. This is because benefit entitlements do not vary as much as other sources of income. Also, some benefits, such as state pension and winter fuel payments, are received by all pensioner units. However, pensioner couples in London and the South East on average had less benefit income per week than those in the North East, North West and the West Midlands. They also had less on average than Wales, Scotland and Northern Ireland.

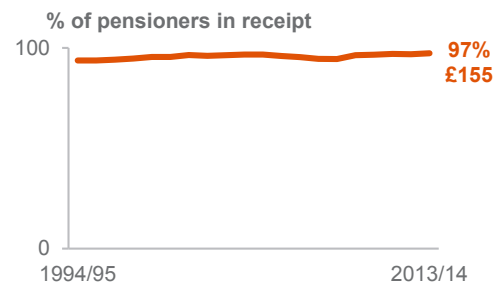
For single pensioners, those in the South East and the South West had less benefit income per week than the average for the UK, as well as the North East, North West and the West Midlands.

See **Table 2.4** for full data.

# Sources of pensioner incomes

Proportion of pensioners receiving each source of income, and the median amount for each in 2013/14

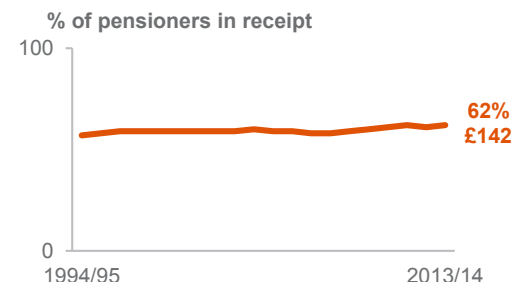
## State pension



Nearly all pensioners are in receipt of the State Pension. Income from the state pension has increased notably in real terms, particularly pensioner couples. This is due to improvements state pension outcomes for women.

See [Online Table 3.3](#) for full data.

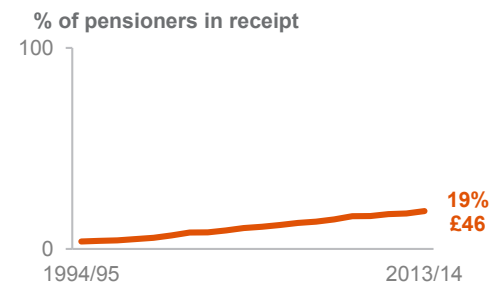
## Occupational Pension



There has been little change in the percentage of pensioners in receipt of occupational pensions. However, for those in receipt, income has increased by two thirds between 1996/97 and 2013/14.

See [Online Table 3.7](#) for full data.

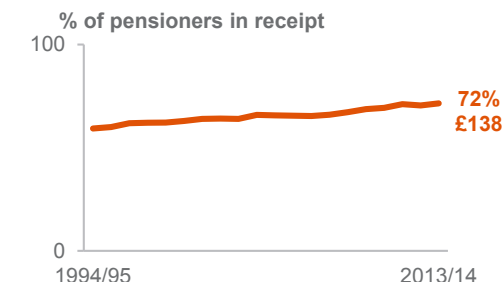
## Personal Pension



The percentage in receipt of a personal pension is rising steadily, up from 13.5% pre-recession to 19% in 2013/14. For those within 5 years of state pension age, more than 1 in 4 (27%) are in receipt.

See [Online Table 3.8](#) for full data.

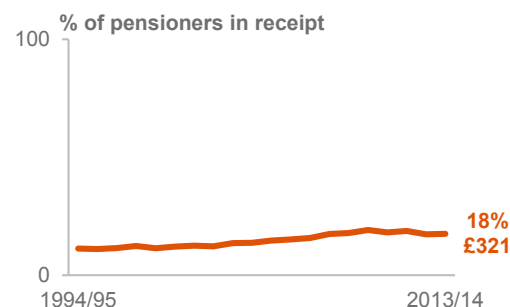
## Private Pension



In 2013/14 72% of pensioners were in receipt of private pensions, up from 66% pre-recession. During the same period, median weekly income has increased by 73% in real terms (from £80 to £138 per week).

See [Online Table 3.9](#) for full data.

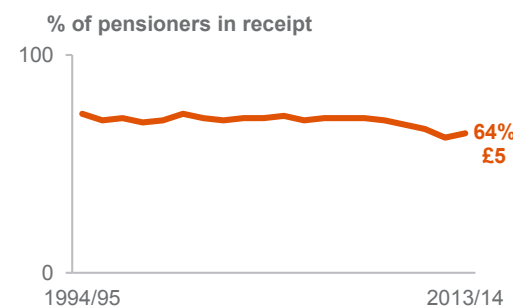
## Earnings



There has been a slight increase in recent years in the percentage of pensioners in receipt of earnings income. Unsurprisingly, those who are within 5 years of state pension age are more likely to be in receipt of earnings (32%).

See [Online Table 3.10](#) for full data.

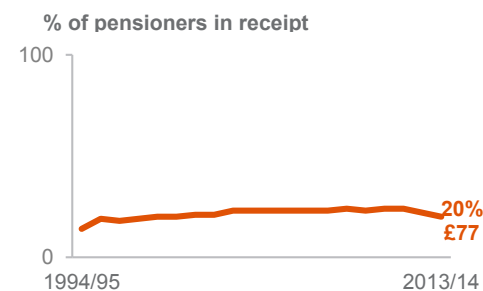
## Investments



Of the 64% who receive income from investments, three out of five of them receive less than £10 per week.

See [Online Table 3.6](#) for full data.

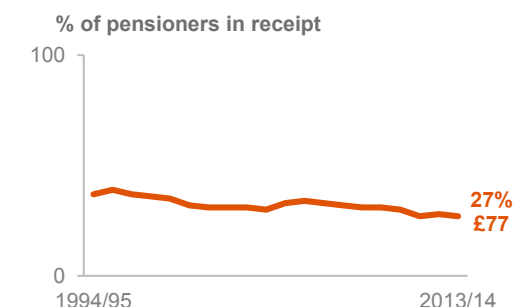
## Disability benefits



There has been a slight decrease in the percentage in receipt of disability benefits in the latest year (from 22% to 20%), however this is not statistically significant.

See [Online Table 3.5](#) for full data.

## Income-related benefits



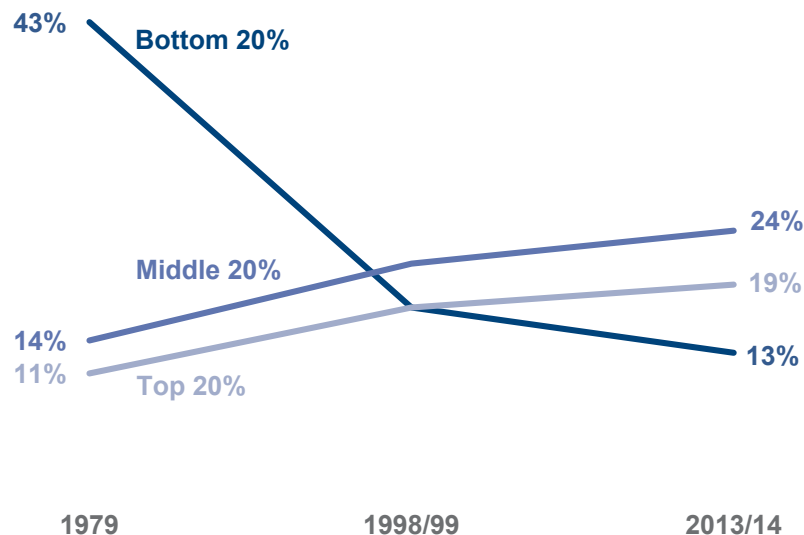
The percentage of pensioners receiving income-related benefits has remained consistent in recent years, but has reduced since the recession began.

See [Online Table 3.4](#) for full data.

# Income distribution

## The percentage of pensioners in the bottom fifth of the income distribution has reduced since 1979.

The proportion of pensioners in the bottom, middle and top 20% of the overall population income distribution (AHC)



To look at the position of individuals in pensioner families within the overall household income distribution i.e. including working-age households, we use equivalised income. This means that incomes are adjusted to take account of the size and composition of households. This is the approach used in the Households Below Average Income publication, which analyses the overall income distribution.

Since 1979, the percentage of pensioners in the bottom 20% of the entire UK population for overall net income has reduced by two thirds, from almost 45% of pensioners in 1979, to less than 15% of pensioners in 2013/14. There is a greater proportion of single pensioners in this group compared to pensioner couples (16% compared to 11%). The percentage of pensioners in the top fifth of the population for net income has almost doubled, from just over 1 in 10 to about 1 in 5 between 1979 and 2013/14.

It is worth noting however that much of these changes occurred pre-2000. It has continued in more recent years, but to a lesser extent.

See **Online Tables 4.6 and 4.7** for full data.

## What is going on and why?

Pensioners are moving up the income distribution scale, across the entire UK population. This is because working age net income has increased much more slowly than pensioners' income over the last two decades. For a few years, working age income was falling whilst pensioners' income continued to increase (**see chart on the front page of this report**).

Various factors could be at play, including the recession affecting working age incomes more than pensioner incomes, and increasing pensioner income from sources such as occupational pensions and the state pension.

# About these statistics

## How do we measure income?

Income estimates, apart from when looking at the income distribution, are based on unequivalised income, where income is not adjusted for the size of the pensioner unit. They do not reflect income from others in a household; therefore if a pensioner lives with their adult children, the children's income is not reflected in this analysis.

**Inflation:** All of our income estimates have been adjusted for inflation. Inflation is the speed at which prices of goods and services rise or fall. The use of different inflation measures has an effect on trends in average income measures in PI.

PI currently uses variants of RPI to adjust for inflation to look at how incomes are changing over time in real terms, i.e. if, for example, average incomes rise by 3% in cash terms but inflation is higher at 5%, then we will record a fall in average incomes as the real average purchasing power of incomes has fallen.

### Our measure of income ignores:

- income tax payments and National Insurance contributions;
- domestic rates/council tax
- contributions to occupation pension schemes
- all maintenance payments
- student loan repayments
- parental contributions to students living away from home

Income **After Housing Costs (AHC)** is derived by deducting a measure of housing costs from the overall income measure.

### Housing costs include:

- Rent (gross of housing benefit)
- Water rates, community water charges and council water charges
- Mortgage interest payments
- Structural insurance premiums
- Ground rent and service charges.

## Where to find out more

Further outputs and reference tables from PI analysis, alongside our PI Methodology Report, giving further detail on how we estimate the measures reported here are available via the following link:

<https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-201314>

Analysis of previous years Pensioners' Incomes Series data, as well as further guidance and information about the statistics, is available via the following link:

<https://www.gov.uk/government/collections/pensioners-incomes-series-statistics--3>

Details of other National and Official Statistics produced by the Department for Work and Pensions can be found on the DWP website at the following links:

- A schedule of statistical releases over the next 12 months and a list of the most recent releases: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics> ;
- In accordance with the Code of Practice for Official Statistics, all DWP National Statistics are also announced via the UK Statistics Authority publication hub at: [http://www.statistics.gov.uk/hub/statistics-producers/publications/index.html?newquery=\\*%26source-agency=Work+and+Pensions%26pagetype=release-landing-page](http://www.statistics.gov.uk/hub/statistics-producers/publications/index.html?newquery=*%26source-agency=Work+and+Pensions%26pagetype=release-landing-page)