

DATE: 11<sup>th</sup> July 2013

Coverage: United Kingdom  
Theme: Economy

## The Pensioners' Incomes Series 2011/12

The Pensioners' Incomes Series is published today.

The series contains estimates of the levels, sources and distribution of pensioners' incomes and also examines the position of pensioners within the income distribution of the population as a whole.

The series includes information for gross and net income, both Before Housing Costs and After Housing Costs. After Housing Costs estimates better reflect the income pensioners actually have to spend.

The publication is based on two household surveys – the Family Expenditure Survey (FES) and the Family Resources Survey (FRS). The latest information for the financial years 1994/95 to 2011/12 comes from the FRS.

All monetary estimates are given in 2011/12 prices and growth is described in real terms.

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### Next Publication:

June/July 2014

## The main findings from the publication:

*(Table 2.1)*

In 2011/12, the average (mean) net income for all pensioner units (pensioner couples and pensioner singles together) was £348 After Housing Costs (£379 per week Before Housing Costs)

*(Table 2.2)*

Between 1998/99 and 2011/12, average net income After Housing Costs increased by 35 per cent and Before Housing Costs the rise was over 30 per cent in real terms.

**Over the last thirteen years, average pensioners' income has grown faster than average earnings**, which for the overall population grew by 12 per cent in real terms during the same period. Growth in average pensioners incomes since 1998/99 was driven mainly by increases in benefits, occupational pension income and earnings.

*(Table B1.2)*

However, **between 2010/11 and 2011/12, average net income Before and After Housing Costs has decreased in real terms by around 3 per cent**. This is the second consecutive year in which incomes have fallen, though reductions are not as large as those seen in 2010/11. Economic factors including low average earnings growth in the whole economy coupled with high inflation have limited the general scope for income growth.

## Differences amongst pensioners

### *Differences by status*

*(Tables 2.1-2)*

Average (mean) net income After Housing Costs for pensioner couples in 2011/12 was over twice that of singles.

In 2011/12 the **average net income of pensioner couples** was £483 per week After Housing Costs are taken into account and £510 per week Before Housing Costs. Between 1998/99 and 2011/12 the net income of pensioner couples grew by 28 per cent After Housing Costs (24 per cent Before Housing Costs).

The **average net income of single pensioners** was £224 per week in 2011/12 After Housing Costs and £258 per week Before Housing Costs. Between 1998/99 and 2011/12 the net income of single pensioners grew by 33 per cent After Housing Costs (26 per cent Before Housing Costs).

### *Differences by gender*

*(Table 2.6)*

The average weekly net income of single female pensioners was around 83 per cent that of single male pensioners' weekly net income After Housing Costs in 2011/12.

The **average net income of single male pensioners** was £256 per week in 2011/12 After Housing Costs and £292 per week Before Housing Costs.

The **average net income of single female pensioners** was £212 per week in 2011/12 After Housing Costs and £246 per week Before Housing Costs.

### *Differences by age*

*(Tables 2.3-6)*

On average older pensioners had lower incomes than younger pensioners.

The **average net income of pensioner couples with the head aged under 75** was £502 per week in 2011/12 After Housing Costs, and £531 per week Before Housing Costs. Single pensioners under 75 had £231 After Housing Costs, and £269 Before Housing Costs.

The **average net income of pensioner couples with the head aged 75 or over** was £439 per week in 2011/12 After Housing Costs and £462 per week Before Housing Costs. This was £218 After Housing Costs and £249 Before Housing Costs for single pensioners aged 75 or over.

### *Differences by age and gender*

The **average net income of single male pensioners under 75** was £253 per week After Housing Costs (£295 per week Before Housing Costs), single male pensioners 75 and over received £258 per week After Housing Costs (£288 Before Housing Costs).

The **average net income of single female pensioners under 75** was £222 per week After Housing Costs (£259 Before Housing Costs), single female pensioners 75 and over received £203 per week After Housing Costs (£235 Before Housing Costs).

Table (i): *Differences amongst pensioners' net incomes*

Family Resources Survey				2011/12 prices	
		Comparison over time		Latest Year	
		per cent growth in net income After Housing Costs	per cent growth in net income Before Housing Costs	Average (mean) net income After Housing Costs (£ per week)	Average (mean) net income Before Housing Costs (£ per week)
		1998/99 to 2011/12	1998/99 to 2011/12	2011/12	2011/12
All pensioner units		35%	30%	348	379
<i>By status</i>					
Pensioner couples		28%	24%	483	510
Single pensioners		33%	26%	224	258
<i>By gender</i>					
Single male pensioners		35%	28%	256	292
Single female pensioners		31%	24%	212	246
<i>By age of head</i>					
Under 75	Pensioner couples	25%	22%	502	531
	Single pensioners	27%	23%	231	269
75 and over	Pensioner couples	41%	34%	439	462
	Single pensioners	39%	29%	218	249

## Sources of Income for pensioner units:

Estimates of income from different sources are dependent on survey respondents correctly identifying these different elements of their income, for example exactly which benefits they are receiving and the levels of these benefits. Results can therefore be subject to a degree of misreporting, but do provide a useful picture of broad levels and trends. The results are presented as a percentage of gross income because deductions are made from the total income rather than from individual components.

(Table 2.1)

In 2011/12 benefit income (**43 per cent**) was the most substantial component of pensioner units' gross incomes, followed by occupational pensions (**27 per cent**), earnings (**18 per cent**), investment income (**7 per cent**) and personal pension income (**4 per cent**). However, not all pensioners receive income from all these sources.

## **Benefits**

*(Table 3.3)*

Nearly all (97 per cent) pensioner units received some **income from the State Pension** (including widow's benefits) in 2011/12. The average (mean) amount received was £154 per week in 2011/12 (£127 for singles and £184 for couples).

*(Table 3.4)*

More than a quarter (27 per cent) of pensioner units received some **income from income-related benefits** in 2011/12. The average amount received by those units with some income-related benefits was £80 per week in 2011/12.

*(Table 3.5)*

Nearly one quarter (23 per cent) of pensioner units received some **income from disability benefits** in 2011/12. The average amount received by those with income from disability benefits was £72 per week in 2011/12.

*(Table 3.1)*

The majority of pensioner units received some form of **income in addition to state benefits** – 88 per cent received income from private sources in 2011/12.

*(Table 3.2)*

Around two fifths (41 per cent) of pensioner units received more than half of their income from private sources in 2011/12.

## **Investment income**

*(Table 3.6)*

The proportion of pensioner units with some **income from investments** was 66 per cent in 2011/12. The average (mean) amount received by those units with some investment income was £50 per week in 2011/12, although half of those in receipt received £4 per week or less.

## **Occupational pensions**

*(Table 3.7)*

The proportion of pensioner units with some **income from occupational pensions** was 62 per cent in 2011/12. The average (mean) amount received by those units with some occupational pension was £201 per week in 2011/12.

## **Personal pensions**

*(Table 3.8)*

The proportion of pensioner units with some **income from personal pensions** was 17 per cent in 2011/12. The average (mean) amount received by those units with some personal pension was £98 per week in 2011/12.

## **Earnings**

*(Table 3.10)*

The proportion of pensioner units with some **income from earnings** was 18 per cent in 2011/12. The average (mean) amount received by those units with some earnings was £447 per week in 2011/12.

## Regional incomes

(Table 2.7)

The **South East of England** had the highest average (mean) net income After Housing Costs for pensioner couples and single pensioners in 2009-12 at £578 and £258 per week respectively. The **lowest net income** After Housing Costs for pensioner couples was £441 in the **Northern Ireland** and for single pensioners £211 in **Yorkshire and the Humber**.

## Ethnic minority groups

(Table 5.6)

Mean net income After Housing Costs for 'Asian' (£306 per week) 'Black' (£264) and 'Other' groups (£321) pensioner units was less than that of 'White' pensioner units (£363) in 2009-12. The proportion in receipt of State Pension was lower for 'Asian' (90%), 'Black' (91%) and 'Other' groups (90%) than for the 'White' group (97%). The proportion in receipt of occupational pensions and investment income was also lower for the ethnic minority groups.

## Notes to Editors

1. The Pensioner' Incomes Series 2011/12 is largely based on information contained in the Family Resources Survey (FRS) from the financial years 1994/95 to 2011/12, run by the Department for Work and Pensions (DWP), and covering the United Kingdom (Great Britain up to 1997/98). This release mainly uses historical comparisons to 1998/99 because it is the first fully consistent year of UK data. The Survey of Personal Incomes (administered by HM Revenue and Customs) is used to estimate the income of very high income pensioner units. This adjustment is also made in the DWP's Households Below Average Income (HBAI) series as such cases are known to be under-represented in the raw FRS survey data.
2. Pensioners' Incomes Series (PI) results have also been produced for the calendar year 1979 to the financial year 1996/97 using data from the Family Expenditure Survey (FES), which is run by the Office for National Statistics and covers the United Kingdom.
3. Results from the FRS and FES should not be directly compared to one another.

The GOV.UK website holds analysis comparing FRS and FES data for the three years (1994/95 to 1996/97) of survey overlap at:

[http://webarchive.nationalarchives.gov.uk/20130513214236/http://statistics.dwp.gov.uk/asd/index.php?page=hbai\\_arc#compare](http://webarchive.nationalarchives.gov.uk/20130513214236/http://statistics.dwp.gov.uk/asd/index.php?page=hbai_arc#compare).

A more detailed comparative ONS Methodological Series (report number 18) paper is at:

<http://webarchive.nationalarchives.gov.uk/20130513214236/http://statistics.dwp.gov.uk/asd/hbai/qs/sms18.pdf>.

4. Neither the FRS nor the FES collects information on people living in institutions, e.g. nursing homes, barracks, jails, or on homeless people living rough or in bed and breakfast accommodation. Therefore the PI Series does not cover these people.
5. A pensioner unit is defined as a single (non-cohabiting) person over State Pension Age (SPa) or a couple (married or cohabiting) where one or more members is over SPa. In publications up to 2009/10, SPa has been 65 years for men and 60 years for women. SPa for women is gradually increasing so that it becomes equal for men and women by November 2018. Other changes are planned or have been announced from December 2018 when the State Pension age for both men and women will start to increase to reach 66 in October 2020. Further increases to bring the SPa to 67 are proposed to be phased in between 2026 and 2028. To achieve changes already underway, SPa in this publication varies with birth date and date of FRS interview. Hence pensioners are determined based on whether they have reached SPa.

6. The PI Series includes estimates for single pensioners split by gender. Estimates for pensioner couples are not split by gender as the extent of income sharing within pensioner units is not assumed.
7. Two measures of net income are given. Net income Before Housing Costs (BHC) measures net income before housing costs are deducted. Net income After Housing Costs (AHC) measures net income After Housing Costs have been deducted.
8. Mean net income After Housing Costs estimates have been quoted first in this release. Net income After Housing Costs best reflects pensioners' disposable income and allows changes over time to be measured accurately. Around three quarters of pensioners own their own home outright, and so tend to have relatively low housing costs. Net income after deducting housing costs better reflects their living standards compared to other groups than net income Before Housing Costs.
9. Gross income in the PI series is separated into six components: benefit income; income from occupational pensions; income from personal pensions; income from earnings (including profit and loss from self-employment); income from investments and other income. Investment income includes income from stocks and shares, as well as savings accounts. Other income includes private benefits such as those from Friendly Societies, income of any dependent children, free TV licences for the over 75s, as well as any other miscellaneous sources of income reported to the survey.
10. The PI series includes a further breakdown of benefit income into State Pension (Basic and Additional State Pension and widows' benefits), income-related benefits (Pension Credit, Housing Benefit, Council Tax Benefit and Social Fund grants) and disability benefits (including Disability Living Allowance and Attendance Allowance). This breakdown is based on survey respondents' identification of different elements of benefit income, and is therefore subject to misreporting.
11. Net income is net of income tax payments, NI contributions, contributions to occupational and personal pension schemes, local taxes, maintenance and child support payments, and parental contributions to children living away from home.
12. Housing costs are calculated by adding together the following components of the household's expenditure: rent, water rates, sewage rates and council water charges, structural insurance premiums (for owner occupiers), mortgage interest payments (net of tax relief), ground rent and service charges.
13. All reported monetary amounts are given in £s per week in 2011/12 prices and are mean averages unless otherwise stated. Estimates are rounded to the nearest £1 or 1 per cent.
14. Measured growth in pensioners' incomes refers to income growth for pensioner units defined as either a single pensioner unit or a pensioner couple unit.
15. Tables in the main report with breakdowns for region (Table 2.7), income levels by income quintile (selected tables in Chapter 4), Ethnic Minority group (Table 5.6) and Cohabiting/Marital status for couples (Table 5.7) are presented as three-year averages because of relatively small sample sizes. Hence 2009-12 means the average of the three survey years 2009/10, 2010/11 and 2011/12.
16. In response to an announcement in January 2013 from the National Statistician regarding the limitations of the Retail Prices Index (RPI), DWP issued a statistical notice on June 13<sup>th</sup>. This notice outlined DWP plans to engage with users on our future approach for adjusting for inflation in the Pensioners' Incomes Series, the Family Resources Survey, and the Households Below Average Income.

17. The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods; and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

“The Pensioners' Incomes Series 2011/12”

ISBN 978-1-78153-559-2

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A “pdf” version of the publication can be downloaded from:

<https://www.gov.uk/government/publications/pensioners-incomes-series-201112>