

This report examines how much money pensioners get each week, and where they get that money from. It looks at how their incomes have changed over time, and variations in income between different types of pensioners. Changes in the economy and to the benefit system have meant that pensioners' average weekly incomes have changed a lot over the past decade. These statistics look at these changes.

Main Stories

Recently retired pensioners' incomes have increased

Recently retired
2015/16

Weekly income, AHC, 2015/16 prices



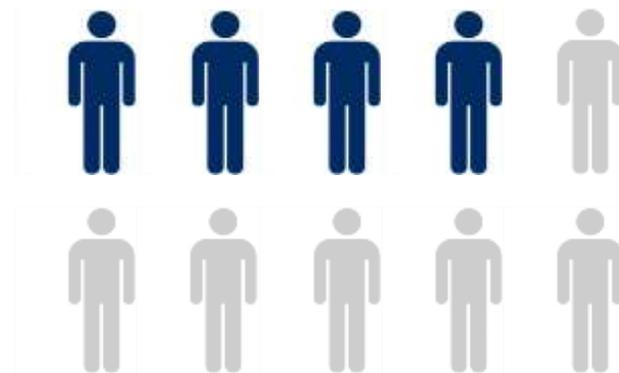
Recently retired
2005/06

Weekly income, AHC, 2015/16 prices



Pensioners where the head was 'recently retired' (within 5 years of State Pension age at time of interview) in 2015/16 have higher (statistically significant) average (median) incomes than those 'recently retired' in 2005/06, £357 compared to £314.

Four in ten pensioners receive over half their income from private sources



In 2015/16, 41 per cent of pensioners received more than 50 per cent of their gross income from private sources.

More pensioners at the top of the income distribution than the bottom

Pensioners in the top and bottom fifths of the overall population income distribution



The percentage of pensioners in the top fifth of the overall population income distribution (AHC) in 2015/16 is 19 per cent and the percentage of pensioners in the bottom fifth is 14 per cent (based on equivalised data).

What you need to know

The Pensioners' Incomes (PI) 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. The statistics are used by government departments, local authorities, academics, journalists and the voluntary sector.

Income measures

In this report we measure income for pensioners. **Pensioners** consist of single pensioners and pensioner couples. A pensioner couple means at least one person in the couple 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 included in this analysis. Pensioners that are '**recently retired**' have a head within 5 years of State Pension age at time of interview.

We generally use the unequivalised income of a pensioner unit, estimated both before and after housing costs (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 often biased upwards by extreme values.

All of our income estimates have been adjusted for **inflation**. PI uses variants of the Consumer Price Index (CPI) to adjust for inflation to look at how incomes are changing over time in real terms; if, for example, average incomes rise by 3 per cent in cash terms but inflation is higher at 5 per cent, then we will record a fall in average incomes as the real average purchasing power of incomes has fallen.

Survey data

Pensioners' Incomes estimates are based on a sample of around 7,000 pensioners in the UK, taken from the [Family Resources Survey](#). Use of survey data means that results in this report are subject to 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.

Data is for the UK from 2002/03 onwards. Data from earlier years is for Great Britain only.

Additional tables and data

A comprehensive set of reference tables breaking down headline results presented in this report are available online [here](#). These tables are referenced throughout this report.

The PI dataset is available to download via the [UK Data Archive](#).

Statistical significance

Statistical significance is a technical concept that says whether an estimated value is likely to have arisen only from variations in the survey's sampling. It is most often used when talking about a change or a difference: a *significant change or difference* is one that is not likely to be due only to the sampling, and therefore likely to be a real change/difference. Plotting estimates and their confidence intervals (a measure of the uncertainty of an estimate) gives an indication of whether or not a difference is significant. In general, if the confidence intervals of two estimates do not overlap, the estimates are significantly different.

Key results have been tested for statistical significance using bootstrapping methods (see Background and Methodology report). Statistically significant differences are clearly stated. Other differences have not been tested.



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Comments? Feedback is welcome

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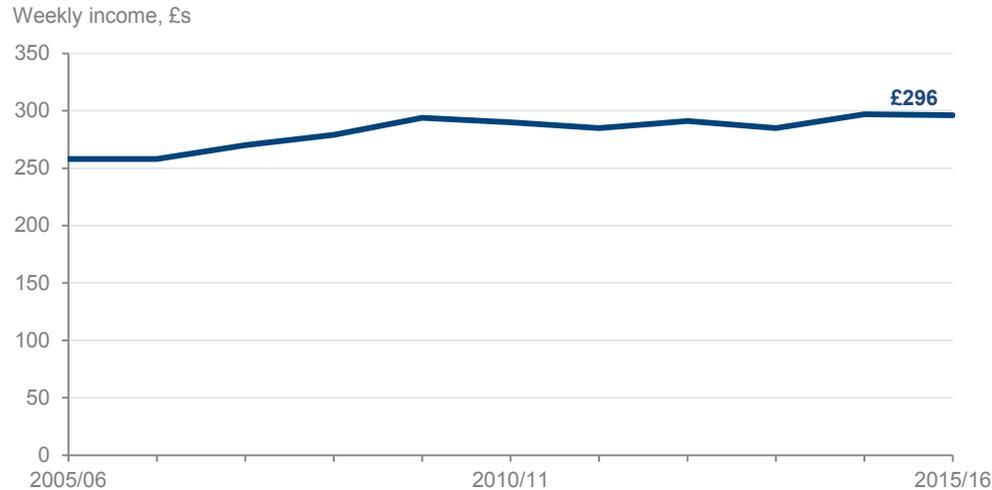
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Overall income trends

Pensioners have seen an increase in their average (median) weekly incomes over the past decade

Average (median) weekly income of pensioners (AHC) in 2015/16 prices (£)

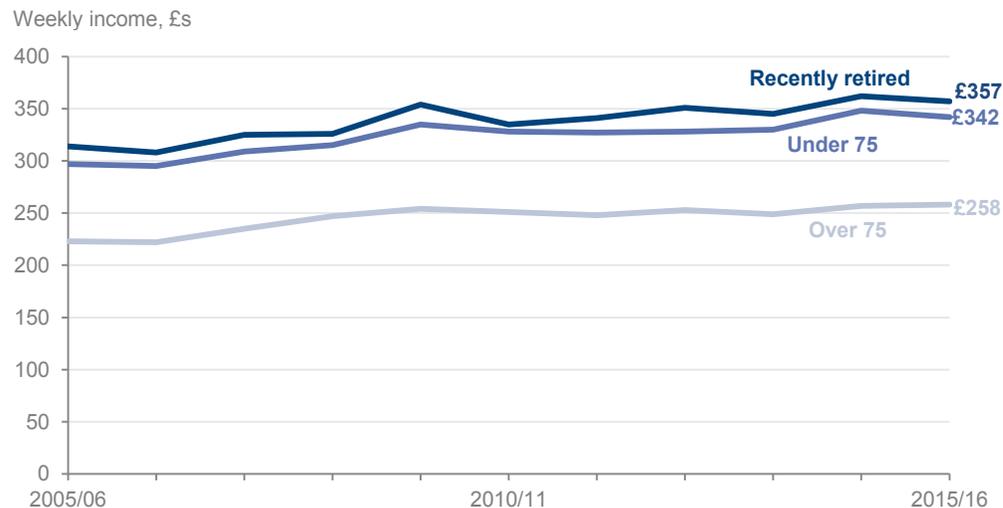


After the deduction of direct taxes, other payments such as pension contributions and housing costs, the average (median) income of all pensioners in 2015/16 was £296 per week. This is a statistically significant increase from 2005/06 when it was £258. This change reflects increases in occupational pension, earnings and benefits.

See **Table 2.1** for full data.

Older pensioners had lower incomes than younger pensioners

Average (median) weekly income of pensioners (AHC) in 2015/16 prices (£)



Both recently retired pensioners and pensioners where the head was under 75, had higher average (median) incomes than those where the head was 75 or over. This difference was statistically significant. In both 2005/06 and 2015/16 the weekly average (median) income of pensioners who were 75 or over was 75 per cent of that of under 75s. The ratio of older to younger pensioner incomes has remained constant.

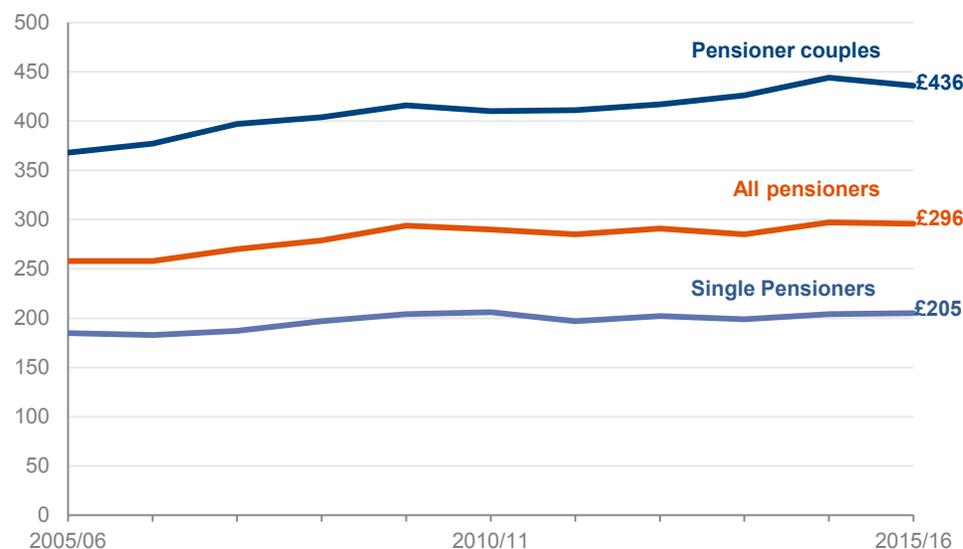
The income difference between these age groups is not surprising. Firstly, younger pensioners were more likely to be in work, reflecting mean gross income from earnings of £134 per week where the head is under 75. Secondly, younger pensioners were more likely to have benefited from the peak of occupational scheme savings in the late 1960s.

See **Table 2.7** for full data.

Pensioner couples' incomes were over twice that of single pensioners

Average (median) weekly income of pensioners (AHC) in 2015/16 prices (£)

Weekly income, £s



In 2015/16 the average (median) income for pensioner couples was more than twice that of single pensioners. This result is statistically significant. This difference has increased slightly over the past decade. In 2005/06 pensioner couples' average (median) income was £183 more than the average (median) single pensioner's income, in 2015/16 it was £231 more.

The difference between pensioner couples' and single pensioners' average (median) incomes reflects differences in the kinds of income they received. For example, pensioner couples were more likely to be in receipt of private pension income (81 per cent compared to 61 per cent). Of those in receipt of a private pension, the average (median) amount received by pensioner couples was double that received by a single pensioner; £206 per week compared to £103 per week.

Pensioner couples were also more likely to be in receipt of earnings (27 per cent of pensioner couples compared to 7 per cent of single pensioners); this is because a pensioner couple can sometimes include one adult below State Pension age who is likely to be working.

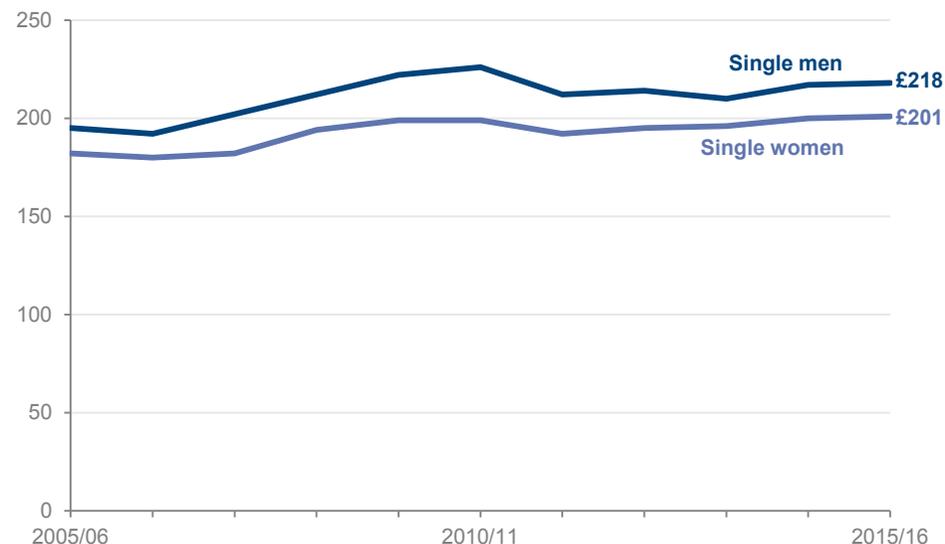
Sixty-one per cent of pensioner couples where one is over State Pension age and one is under were in receipt of earnings. This compares to 17 per cent of pensioner couples where they were both over State Pension age.

See **Tables 2.1, 3.10, 3.11 and 5.2** for full data.

Single men had a higher income than single women

Average (median) weekly income of pensioners (AHC) in 2015/16 prices (£)

Weekly income, £s



Single male pensioners had higher average (median) incomes than single female pensioners. This difference was greatest among pensioners aged under 75. Single men in this age group had an average (median) weekly income of £224 per week compared to women who had an average (median) weekly income of £203 per week. It is worth noting that a single status now may not have always been the case at other life stages.

The difference reflects higher occupational pension income among single men. Single men had a gross mean occupational pension income of £104 per week, compared to £78 per week for women. This difference is statistically significant. However, over recent decades, more women have participated in occupational pension schemes.

On average single men had higher gross mean personal pension income than single women and this difference is statistically significant; £17 compared to £6. Single men also have higher gross mean earnings income and gross mean investment income than single women, although these differences are not statistically significant. £32 and £28 respectively for men compared to £18 and £14 for women.

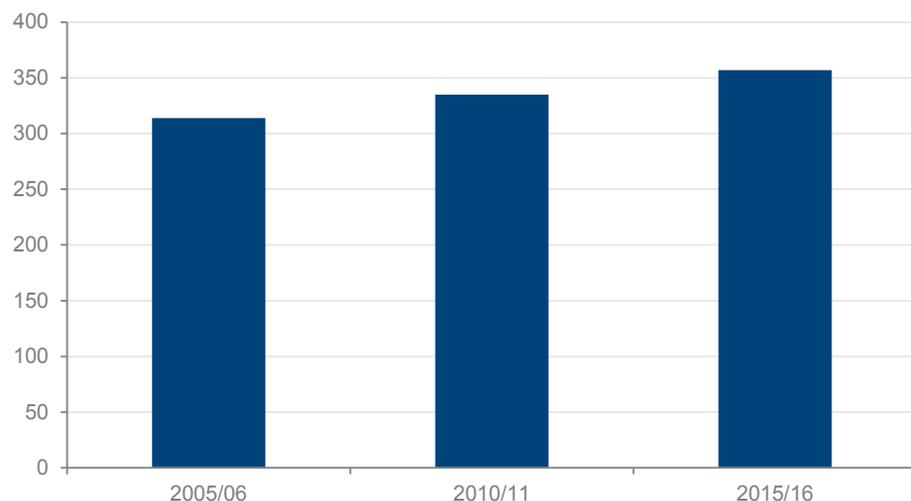
Average gross mean benefit income was the same for both sexes (£188 per week).

See **Table 2.8** for full data.

Successive groups of recently retired pensioners have also seen increases in income since 2005/06

Average (median) weekly income of recently retired pensioners (AHC) in 2015/16 prices (£)

Weekly income, £s



In 2015/16, recently retired pensioners had an average (median) weekly income (AHC) of £357, whereas in 2005/06, it was £314. This increase is statistically significant.

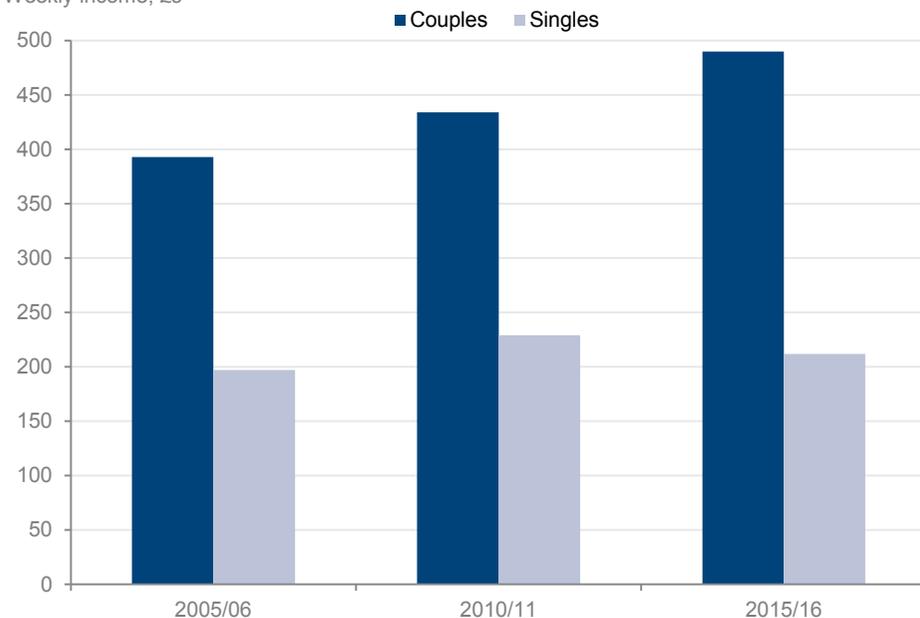
The reasons for the overall growth in average income for successive groups of recently retired pensioners can be explained mainly by the growth in average pension incomes (State and private) combined with earnings growth. In particular, both the percentage of pensioners receiving earnings and the amount of income from earnings grew for successive groups.

See **Table 2.7** for full data.

Recently retired pensioner couples have higher incomes than recently retired single pensioners

Average (median) weekly income of recently retired pensioners (AHC) in 2015/16 prices (£)

Weekly income, £s



The average (median) income of recently retired couples in 2005/06 was £393 per week, while the average (median) income in 2015/16 was £490 per week. For recently retired couples in 2015/16, the main sources of income were from benefits, including State Pension (95 per cent in receipt), occupational pension (68 per cent in receipt) and earnings (37 per cent in receipt). For all couples, the equivalent percentages in receipt in 2015/16 were 97 per cent, 69 per cent and 27 per cent respectively. The percentage of recently retired couples in receipt of earnings grew steadily from 2000 onwards, reaching 40 per cent by 2009/10 but has fallen back more recently. This is, perhaps, in part as a result of the changes to women's State Pension age, which mean that some women in couples with income from earnings who would have been classed as 'pensioners' prior to the changes are now below State Pension age and not therefore classed as such.

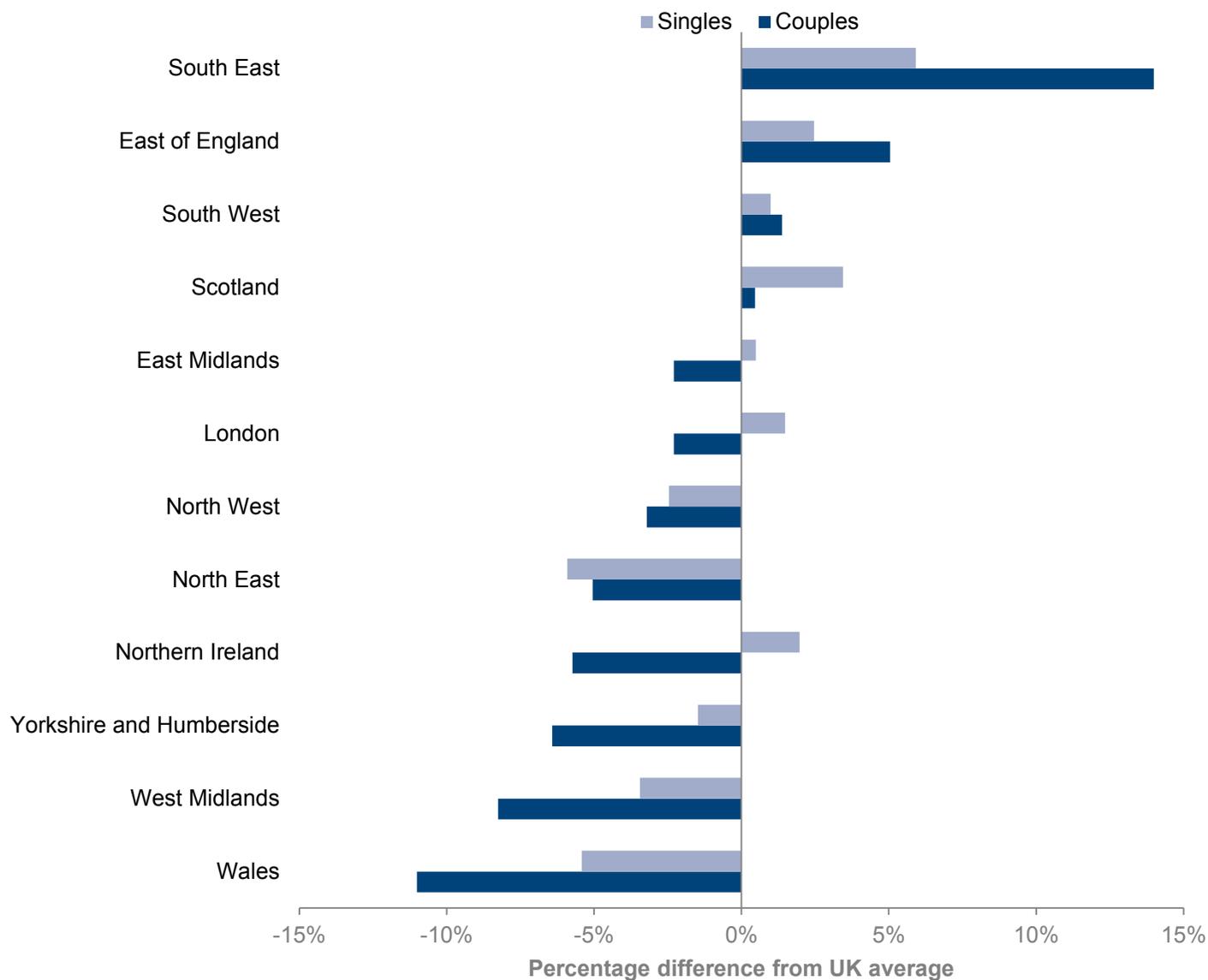
The average (median) income of recently retired single pensioners in 2005/06 was £197 per week, while the average (median) in 2015/16 was £212 per week. Single pensioners were less likely to have earnings as a source of income – only 20 per cent of recently retired single pensioners were in receipt in 2015/16, compared to 37 per cent for recently retired couples. For those in receipt of earnings, recently retired single pensioners received an average (mean) of £278 per week against an average (mean) of £341 per week for recently retired couples. Almost four in ten recently retired single pensioners (36 per cent) were in receipt of income-related benefits; this compares with one in ten recently retired pensioner couples (10 per cent).

See **Tables 2.5, 2.6, 3.4, 3.5, 3.8 and 3.11** for full data.

Regional differences

Pensioner incomes differed between countries and regions

Average (median) weekly income (AHC) of single pensioners and pensioner couples by region, relative to the UK average for each group, 2013/14-2015/16



When looking at regional incomes we take the average (median) weekly income (AHC) for each region over a three year period, adjusted to 2015/16 prices.

Relative to the UK average, pensioner couple incomes were lowest in Wales and the West Midlands. In comparison, pensioner couples in the South East had the highest average (median) incomes. This difference is statistically significant. Single pensioners in the North East and Wales had the lowest levels of average (median) income relative to the UK average, while single pensioners in Scotland and the South East had the highest average (median) incomes.

Average benefit income varied less across regions than some other sources of income. The largest component of pensioner benefit income is the State Pension, which has both basic and additional components. Payments are made at specific rates depending on eligibility. Some benefits, such as Winter Fuel Payments, are paid at a flat rate to nearly all pensioners.

The highest average earnings were reported in London for couples and singles. London also reported the highest levels of average private pension income. This was true for both couples and singles.

Differences across regions are likely to be associated with demographic and economic variations between regions.

See **Table 2.4** for full data.

Sources of pensioner incomes

Receipt of income sources varies by income source

Percentage of pensioners receiving each source of income, 2005/06, 2010/11 and 2015/16



Nearly all pensioners (97 per cent) were in receipt of the State Pension in 2015/16.

Income-related benefits were received by a quarter of all pensioners in 2015/16. The percentage of pensioners in receipt of income-related benefits has decreased from 34 per cent in 2005/06 to 25 per cent in 2015/16. This has been influenced by the increase in the State Pension and the targeting of Pension Credit on the pensioners on lowest incomes.

There has been little change in the percentage of pensioners with income from disability benefits. This income category covers a range of benefits paid to individuals as a result of their disability status.

There has been an increase of three percentage points in the percentage of pensioners with income from occupational pensions – from 59 per cent in 2005/06 to 62 per cent in 2015/16.

Personal pensions provide income to a smaller group of pensioners than occupational pensions. The percentage of pensioners in receipt has increased over a 10 year period. In 2015/16, 18 per cent of pensioners were in receipt of income from personal pensions, compared with 12 per cent in 2005/06. Recently retired pensioners were more likely to be in receipt than older pensioners, which reflects the relatively recent expansion in the numbers contributing to personal pensions. Personal pensions in their current form were introduced in 1988.

Private pension income includes all non-State Pension income. Over the past 10 years, there has been an increase of four percentage points in the percentage of pensioners receiving income from private pensions – from 66 per cent to 70 per cent.

Investment income was the third most common source of income, received by 63 per cent of all pensioners in 2015/16 although the percentage of pensioners in receipt of investment income has decreased from 70 per cent over the past 10 years.

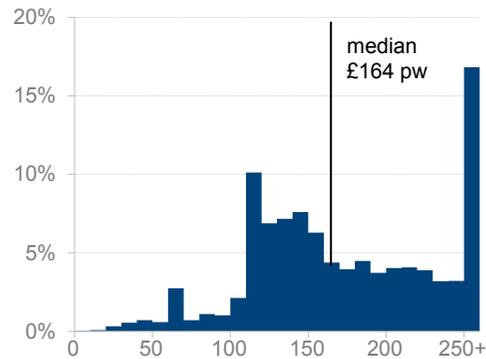
Overall 17 per cent of pensioners were in receipt of earnings. Some of the results for pensioner couples include earnings from one person being under State Pension age.

More information about the distribution of certain income components in 2015/16 can be found on the next page.

See **Tables 3.4 – 3.11** for full data.

Distribution of income from selected income sources for all pensioners in receipt, 2015/16 (£s per week)

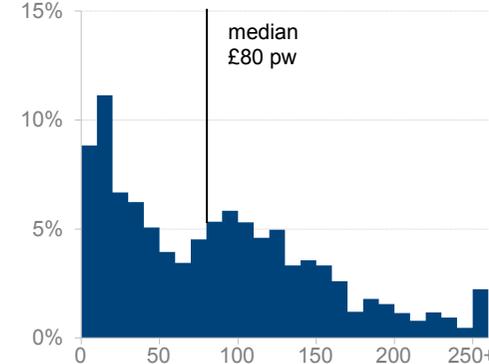
State Pension



Almost all pensioners (97 per cent) received income from State Pension, with an average (median) income of £164.

See **Table 6.1** for full data.

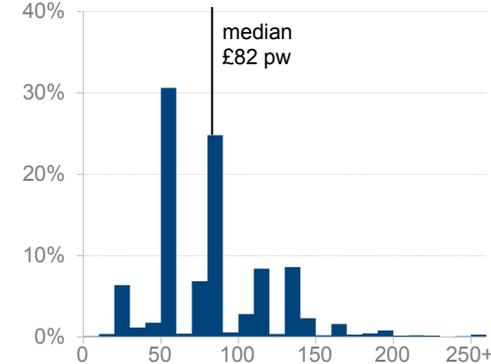
Income-related benefits



Twenty-five per cent of pensioners were in receipt of income-related benefits. Of those in receipt the average (median) income was £80.

See **Table 6.2** for full data.

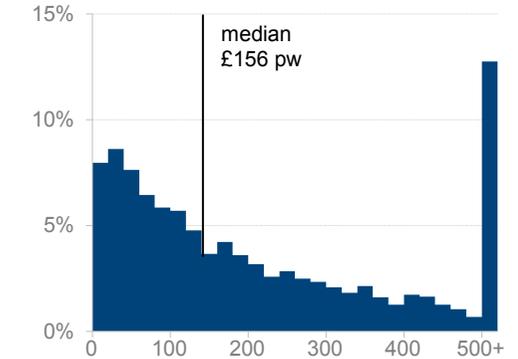
Disability benefits



Twenty per cent of pensioners were in receipt of disability benefits and the average (median) weekly income was £82.

See **Table 6.3** for full data.

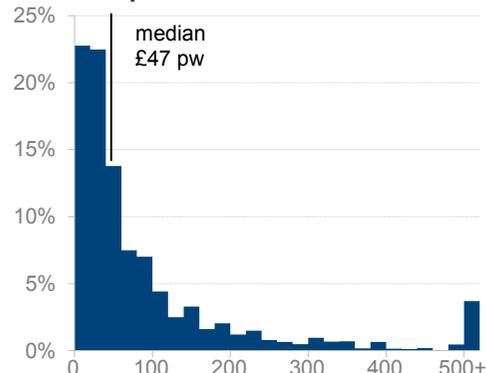
Occupational pension



Over half of all pensioners (62 per cent) were in receipt of an occupational pension and the average (median) amount was £156. Thirteen per cent of those in receipt had an occupational pension income of over £500.

See **Table 6.4** for full data.

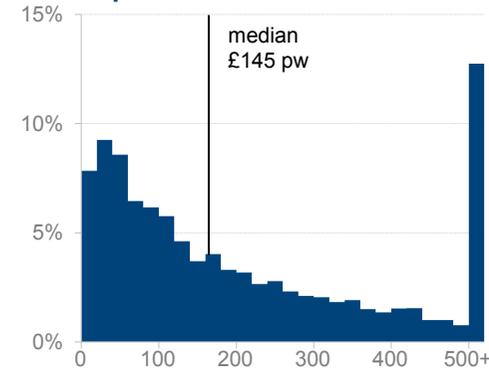
Personal pension



Eighteen per cent of pensioners had income from a personal pension with an average (median) of £47. Four per cent of pensioners in receipt had a personal pension income of more than £500 per week.

See **Table 6.5** for full data.

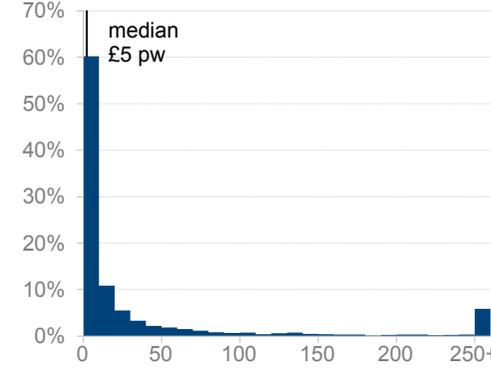
Private pension



Seventy per cent of pensioners received income from a private pension with an average (median) amount of £145. Thirteen per cent of those in receipt had an income of over £500 per week.

See **Table 6.6** for full data.

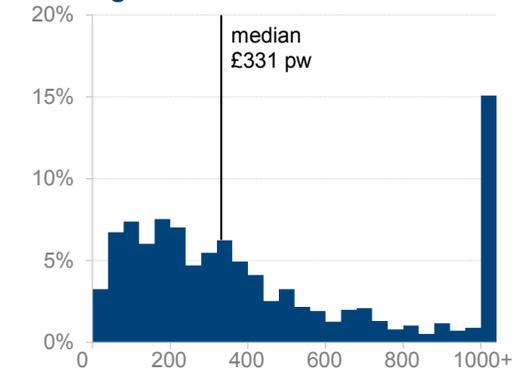
Investments



Sixty-three per cent of pensioners were in receipt of investment income with an average (median) weekly income of £5. Six per cent of pensioners had a weekly income of over £250.

See **Table 6.7** for full data.

Earnings



Seventeen per cent of pensioners were in receipt of earnings with an average (median) weekly income of £331. Fifteen per cent of pensioners had an income of over £1000 per week.

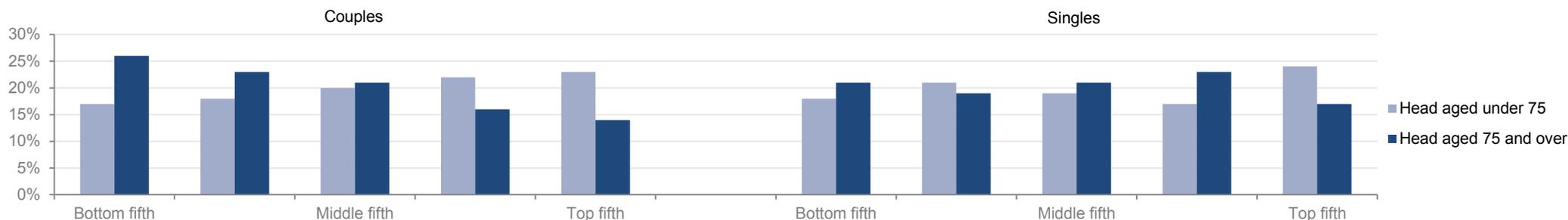
See **Table 6.8** for full data.

Distribution of pensioners' incomes

Pensioners' position within the pensioner income distribution was affected by their age

These charts look at the distribution of pensioners' incomes, and where different groups of pensioners sit within it. To do this, pensioners' incomes were ranked in order, and then the ranked population was divided into five equal groups of 20 per cent. The top fifth have the highest incomes, the bottom fifth have the lowest.

The percentage of pensioners, by age of household head, in each fifth of the net income (AHC) distribution, for couples and singles, 2015/16

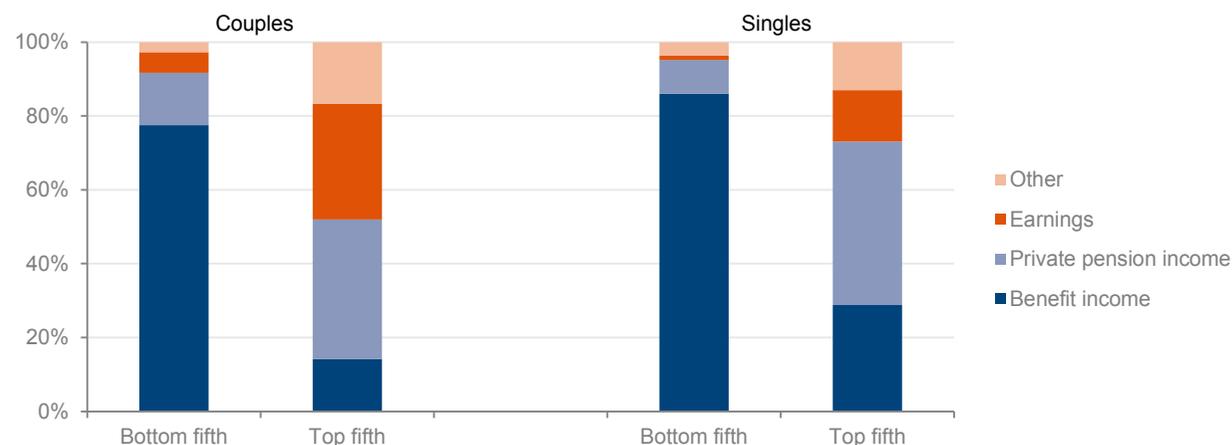


Older pensioners in couples were more likely to be in the bottom fifth of the pensioner couples income distribution than younger pensioners. Younger single pensioners were more likely to be in the top quintile than those who had been retired for some time. Single female pensioners were more likely to be in the bottom fifth of the single pensioners income distribution than single male pensioners. These differences due to age are not surprising for the reasons discussed on page 3. Differences by gender reflect the differences in income discussed on page 4.

See **Table 4.2** for full data.

The sources of pensioners' incomes differed depending on their position in the income distribution

Percentage of gross income from different sources for couples and singles in the top and bottom fifths of the net income distribution, 2013/14 – 2015/16



Benefit income, including State Pension income, was the largest source of income for both single pensioners and couples in the bottom fifth of the income distribution. For pensioner couples in this group benefit income accounted for 78 per cent of their income, while for single pensioners this was 86 per cent. Benefit income made up more than half of all income for all but the top fifth of single pensioners.

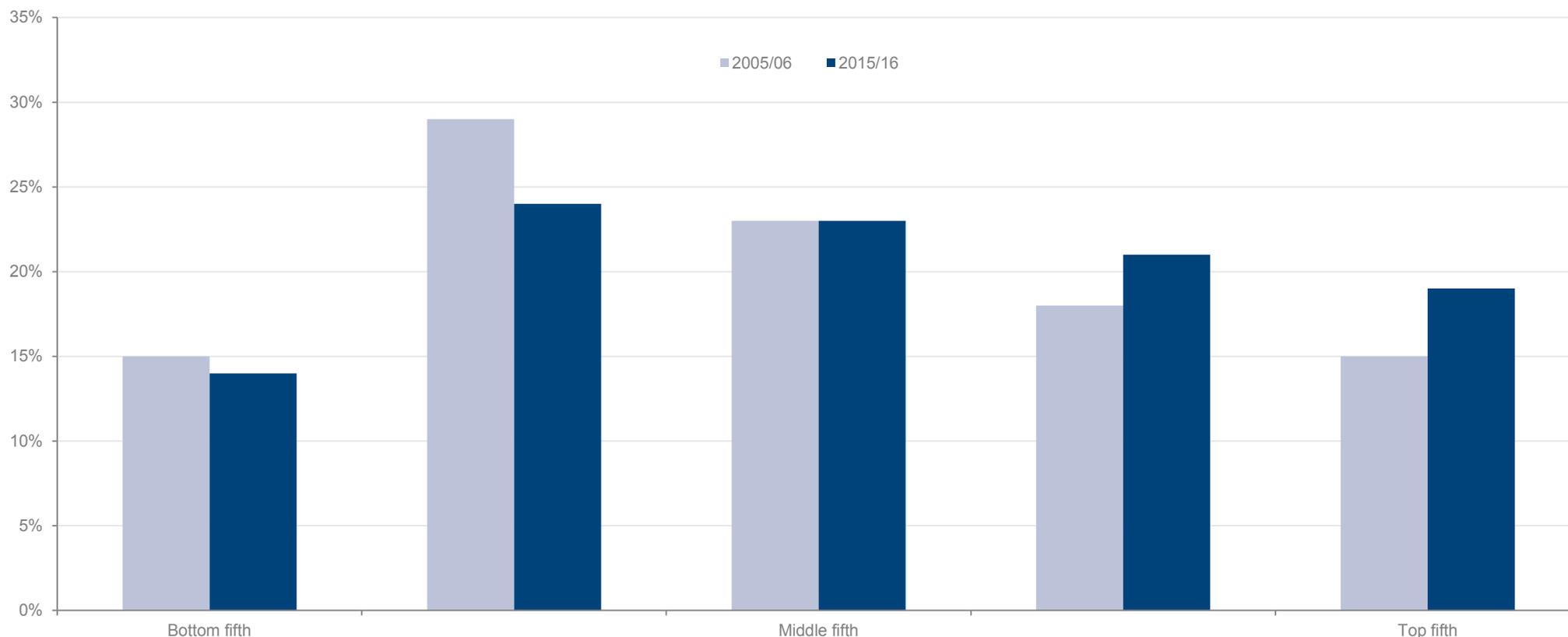
For the top fifth of both couples and singles, the largest source of income was from private pension income (38 per cent for couples and 44 per cent for singles). For couples the proportion of income from earnings was highest in the top fifth of the income distribution.

See **Tables 4.2** and **4.4** for full data.

Pensioners' incomes within the overall distribution of incomes

The percentage of pensioners in the top fifth of the overall population income distribution has increased

The percentage of pensioner families in each fifth of the overall population income distribution (AHC), using equivalised income



When looking at the position of individuals in pensioner families within the overall population 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 report](#), which analyses the overall household income distribution.

The percentage of pensioners in each fifth of the overall population income distribution has changed over time. Since 2005/06, the percentage of pensioners in the bottom two fifths of the overall population has reduced, with the percentage in the second fifth reducing by five percentage points from 29 per cent in 2005/06 to 24 per cent in 2015/16.

In comparison the percentage of pensioners in the top two fifths of the overall population income distribution has increased. In the top fifth, the percentage of pensioners has increased from 15 per cent in 2005/06 to 19 per cent in 2015/16.

See **Table 4.6** for full data.

About these statistics

How do we measure income?

The income measure used in PI is weekly net disposable unequivalised income, calculated for both **Before Housing Costs (BHC)** and **After Housing Costs (AHC)**. Estimates should therefore only be regarded as broadly indicative of pensioners' overall living standards. BHC income comprises total income from all sources for all members of the pensioner unit.

Income is net of:

- income tax payments and National Insurance contributions;
- domestic rates/council tax
- contributions to 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.

When looking at the individual income components, figures are calculated from the gross income.

National Statistics

National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and public value.

All official statistics should comply with all aspects of the *Code of Practice for Official Statistics*. They are awarded National Statistics status following an assessment by the Office for Statistics Regulation. The Office for Statistics Regulation considers whether the statistics meet the highest standards of Code compliance, including the value they add to public decisions and debate.

It is DWP's responsibility to maintain compliance with the standards expected of National Statistics. If we become concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Office for Statistics Regulation. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored. Further information about national statistics can be found at:

<https://www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/>

All official statistics from the Pensioners' Incomes Series for the UK and constituent countries in this publication are considered by DWP as "Fully Comparable at level A*" of the UK Countries Comparability Scale across countries.

Where to find out more

Further outputs and reference tables from PI analysis, alongside our PI Background information and 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-201516>

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 at: <https://www.gov.uk/government/statistics/announcements>