

Average State Pension estimates for 2011/12 and 2012/13

April 2012

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Background

The State Pension comprises two main parts - basic State Pension and Additional State Pension. Additional State Pension includes entitlement built up under the State Earnings-Related Pension Scheme (SERPs) and the State Second Pension.

Further information on the State Pension can be found at:

<http://www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/index.htm>

The Government has given a 'triple guarantee' to increase the basic State Pension by the highest of the growth in earnings, prices or 2.5 per cent. The growth in average earnings is measured by the Average Weekly Earnings statistic. In April 2011 the basic State Pension was increased by the Retail Prices Index (RPI). In April 2012 the basic State Pension will be increased in line with the Consumer Prices Index (CPI).

Since April 2011, gross Additional State Pension is increased each year with reference to the CPI, rather than the RPI.

Methodology

Average (mean) amounts of basic State Pension and Additional State Pension in payment at 31st March 2011¹ were extracted from a five per cent sample of the Department's administrative data.

Each average amount was increased in line with the relevant index to estimate the average basic State Pension and the average Additional State Pension in each of the financial years 2011/12 and 2012/13:

- In April 2011, the basic State Pension was increased by 4.6% (RPI in September 2010).
- In April 2011, the Additional State Pension was increased by 3.1% (CPI in September 2010).
- In April 2012, the basic State Pension and the Additional State Pension will each be increased by 5.2% (CPI in September 2011).

The relevant price indices for September 2010 and September 2011 can be seen at http://www.ons.gov.uk/ons/dcp171778_238747.pdf, page 11.

The estimates of average basic State Pension and average Additional State Pension in each financial year were then added together to produce an estimate of the total State Pension in each financial year. Income-related benefits are not included. The means were calculated over individuals receiving some State Pension.

¹ Information from later dates is not yet available from 5% administrative data.

Results

The average State Pension payment for 2011/12 is estimated to be £118 per week.

The average State Pension payment for 2012/13 is estimated to be £124 per week.

Source: DWP calculations based on DWP 5% sample administrative data and ONS price indices statistics.

Notes:

1. Figures relate to basic State Pension and Additional State Pension.
2. Figures refer to individuals resident in Great Britain, in receipt of some State Pension.
3. Figures are rounded to the nearest £1.
4. The figures exclude additional amounts paid to individuals who deferred claiming their State Pension.
5. The figures include own and inherited amounts.

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