

# Estimates of the range of State Pension outcomes September 2011

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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.

The State Pension is a regular payment received after reaching State Pension age. It is based on National Insurance contributions and how much a pensioner can get varies depending on their contribution record.

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 2012 the basic State Pension was 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

The amount of basic State Pension and Additional State Pension in payment at 30th September 2011<sup>1</sup> was extracted for all sample cases from a five per cent sample of the Department's administrative data.

These amounts were then ordered. The sample case representing the 1<sup>st</sup> percentile and 99<sup>th</sup> percentile were identified and the total amount of basic State Pension and Additional State Pension in payment for these cases was extracted.

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<sup>1</sup> Information from later dates is not yet available from 5% administrative data.

## Results

The 5% sample for September 2011 consisted of around 630,000 cases, which is 5% of the 12.7m pensioners estimated to be in receipt of a State Pension in September 2011.

The sample case representing the 1<sup>st</sup> percentile received £7 per week in total from basic State Pension and Additional State Pension.

The sample case representing the 99<sup>th</sup> percentile received £230 per week in total from basic State Pension and Additional State Pension.

Source: DWP calculations based on DWP 5% sample administrative data

Further breakdowns of State Pension Outcomes are available from the DWP Tabulation Tool:

<http://statistics.dwp.gov.uk/asd/index.php?page=tabtool>

Notes:

1. Figures relate to basic State Pension and Additional State Pension.
2. Figures refer to individuals resident in Great Britain or Overseas, 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 payments based on a persons own NI contributions and any inherited amounts of entitlement based on a deceased partner's NI contributions.

**Mike.Elkins@dwp.gsi.gov.uk**  
**Department for Work and Pensions**  
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