

# Freedom of Information request 165/2013

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## Information request and DWP response

You asked six questions which I have answered in turn below:

Based on the Department's forecasting models, we estimate that around 350,000 men and 150,000 women will have 30 or more qualifying years and start to receive State Pension between April 2012 and March 2013, and 300,000 men and 130,000 women will have 30 or more qualifying years and start to receive State Pension between April 2015 and March 2016.

### **1. The average state pension for people reaching state pension age with at least 30 qualifying years in 2012/13.**

We estimate that the average net State Pension (i.e. basic State Pension plus net Additional Pension) for people reaching State Pension age with at least 30 qualifying years in 2012/13 will be around £134 per week. This value excludes rights in lieu of Additional Pension accrued in private pension schemes during periods of contracting out.

### **2. The average state pension and contracted out pension added together becoming payable 2012/13, for those with at least 30 qualifying years.**

We estimate that the average gross State Pension (including contracted out pension in lieu of Additional Pension) for individuals reaching State Pension age with at least 30 qualifying years in 2012/13 is around £177 per week.

### **3. The average state pension becoming due 2015/16 for those who will have at least 30 qualifying years.**

We estimate that the average net State Pension for individuals reaching State Pension age with at least 30 qualifying years in 2015/16 will be around £135 per week (in 2012/13 earnings terms).

### **4. The average state pension and contracted out pension added together becoming due 2015/16 for those who will have at least 30 qualifying years.**

We estimate that the average gross State Pension for individuals reaching State Pension age with at least 30 qualifying years in 2015/16 is around £176 per week (in 2012/13 earnings terms).

**5. The percentage of people reaching state pension age 2012/13 who have at least 30 qualifying years and a combined state and contracted out pension less than £140 per week.**

We estimate that around 20% of men reaching State Pension age with at least 30 qualifying years in 2012/13 and 2015/16 will receive a gross State Pension of less than £140 per week. For women the equivalent proportions are estimated to be around 40%.

**6. The percentage of people reaching state pension age 2015/16, who will have at least 30 qualifying years and a combined state and contracted out pension less than £140 per week.**

See answer to 5.

The information at 5 above has been split by gender – the overall percentage across both genders is skewed by the difference in numbers of men and women reaching State Pension age given that women's State Pension age is rising during the years in question.

Figures have been rounded to the nearest 10,000, 5% or £1.

The answers provided are based on people reaching State Pension age in Great Britain only.

For the questions asked about individuals reaching State Pension age in 2012/13 and 2015/16 we only have full administrative data up to September 2011 so we have based the answers above on the Department's PENSIM2 model which are broadly in line with administrative data.

Estimates were derived from the Department's Pensim2 model. This is a dynamic micro-simulation model designed to project pensioners' incomes to 2100. As such, the model is best suited to comparing long-term trends and differences between groups rather than to providing short range estimates. The figures above should only be used as an indication. Please also note that the Pensim2 model is based on a sample of the population so the estimates given above are subject to sampling uncertainty.

The cohorts used for this analysis are men and women who will reach State Pension age between April 2012 and March 2013 and men and women who will reach State Pension age between April 2015 and March 2016. The cohorts of women asked about are affected by State Pension age

equalisation. This is why there are significantly fewer women than men reaching State Pension age in this period.

The questions asked about both gross and net State Pension estimates. Some people will not receive all of their State Pension directly from the state as they will have contracted out of Additional Pension. Gross State Pension amounts include Additional Pension rights accrued in private pension schemes during periods of contracting out. Estimates of gross State Pension also include inherited and derived rights. These estimates do not include income from means tested benefits.

State Pension forecasts are presented by financial year rather than calendar year.

Source:

**DWP Forecasting Division: Budget 2012**

**DWP PENSIM2 model**

Further benefit caseload forecast information is published at:

<http://research.dwp.gov.uk/asd/asd4/index.php?page=expenditure>