

Freedom of Information request 4994/2012

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Information request and DWP response

Based on the Department's forecasting models, we estimate that around 370,000 men and 190,000 women will start to receive State Pension between April 2012 and March 2013, and 310,000 men and 170,000 women will start to receive State Pension between April 2015 and March 2016.

1. The average state pension for people reaching state pension age 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 in 2012/13 will be around £130 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

We estimate that the average gross State Pension (including contracted out pension in lieu of Additional Pension) for individuals reaching State Pension age in 2012/13 is around £168 per week.

3. The average state pension becoming due 2015/16

We estimate that the average net State Pension for individuals reaching State Pension age in 2015/16 will be around £130 per week (in 2012/13 earnings terms).

4. The average state pension and contracted out pension added together becoming due 2015/16

We estimate that the average gross State Pension for individuals reaching State Pension age in 2015/16 is around £167 per week (in 2012/13 earnings terms).

5. The percentage of people reaching state pension age 2012/13 that

have a combined state and contracted out pension less than £140 per week

We estimate that around 25% of men reaching State Pension age 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 50%.

6. The percentage of people reaching state pension age 2015/6 that will have 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.

The median value is used for averages as the mean value can be skewed by a low proportion of high or low values.

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 of the numbers of individuals who are projected to receive a gross State Pension above £140 per week 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 of the number of individuals who would have a gross State Pension above £140 per week. 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>