



First Release

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Coverage:
United Kingdom

Theme:
Social and Welfare

The Pensioners' Incomes Series 2010-11

The Pensioners' Incomes Series 2010-11 is published today.

The series contains estimates of the levels, sources and the distribution of pensioners' incomes and examines the position of pensioners within the income distribution of the population as a whole.

The series includes information for gross income, net income Before Housing Costs and net income After Housing Costs. After Housing Costs estimates best reflect the income pensioners actually have to spend.

The publication is based on two household surveys. The **latest information**, for the financial years 1994-95 to 2010-11, comes from the Family Resources Survey (FRS).

All figures are given in 2010-11 prices and growth is described in real terms.

The main findings from the publication:

(Table 2.1)

In 2010-11 the **average net income for all pensioner units** (pensioner couples and single pensioners together) was £340 After Housing Costs (£369 per week Before Housing Costs).

(Table 2.2)

Between 1998-99 and 2010-11, average net income After Housing Costs increased by 40 per cent and Before Housing Costs the rise was 33 per cent in real terms. **Over the last twelve years, average pensioners' income has grown faster than average earnings**, which grew by 11 per cent in real terms during the same period. Growth in average pensioners' income since 1998-99 was driven mainly by increases in benefits, occupational pension income and earnings.

(Table B1.2)

However, **over the past year to 2010-11, average net income Before and After Housing Costs has fallen by around 5 per cent in real terms**. Economic factors including low average earnings growth in the whole economy and high inflation in this time period have limited the general scope for income growth.

Differences amongst pensioners:

Differences by status

(Tables 2.1-2)

Average net income After Housing Costs for pensioner couples in 2010-11 was over twice that of singles.

In 2010-11 the **average net income of pensioner couples** was £467 per week After Housing Costs are taken into account and £493 per week Before Housing Costs. Between 1998-99 and 2010-11 the net income of pensioner couples grew by 31 per cent After Housing Costs (26 per cent Before Housing Costs).

The **average net income of single pensioners** was £223 per week in 2010-11 After Housing Costs and £256 per week Before Housing Costs. Between 1998-99 and 2010-11 the net income of single pensioners grew by 41 per cent After Housing Costs (32 per cent Before Housing Costs).

DWP Department for
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Issued by:

Households Below Average
Income Team
Surveys Branch
Department for Work and
Pensions

Press Office:
020 3267 5144

DWP website:
www.dwp.gov.uk

Analyst:

Jenny Collins
Department for Work and
Pensions
2nd floor
Caxton House
6-12 Tothill Street
London SW1H 9NA

Telephone: 020 7449 7974
email:

Pensioners-Incomes@dwp.gsi.gov.uk

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Differences by gender

(Table 2.6)

The average net income of single female pensioners' per week was approximately 82 per cent of single male pensioners' net income per week After Housing Costs in 2010-11.

The **average net income of single male pensioners** was £257 per week in 2010-11 After Housing Costs and £291 per week Before Housing Costs.

The **average net income of single female pensioners** was £211 per week in 2010-11 After Housing Costs and £244 per week Before Housing Costs.

Differences by age

(Tables 2.3-6)

On average older pensioners had lower incomes than younger pensioners.

The **average net income of pensioner couples with the head aged under 75** was £495 per week in 2010-11 After Housing Costs, and £522 per week Before Housing Costs. Single pensioners under 75 had £238 After Housing Costs, and £274 Before Housing Costs.

The **average net income of pensioner couples with the head aged 75 or over** was £401 per week in 2010-11 After Housing Costs and £422 per week Before Housing Costs. This was £211 After Housing Costs and £241 Before Housing Costs for single pensioners aged 75 or over.

Differences by age and gender

The **average net income of single male pensioners under 75** was £271 per week After Housing Costs (£308 per week Before Housing Costs), single male pensioners 75 and over received £244 per week After Housing Costs (£275 Before Housing Costs).

The **average net income of single female pensioners under 75** was £226 per week After Housing Costs (£261 Before Housing Costs), single female pensioners 75 and over received £199 per week After Housing Costs (£229 Before Housing Costs).

Table (i): Differences amongst pensioners' net incomes

Family Resources Survey		2010-11 prices			
		Comparison over time		Latest year	
		per cent growth in net income After Housing Costs	per cent growth in net income Before Housing Costs	Average net income After Housing Costs (£ per week)	Average net income Before Housing Costs (£ per week)
		1998-99 -2010-11	1998-99 -2010-11	2010-11	2010-11
All pensioner units		40%	33%	340	369
<i>By status</i>					
Pensioner couples		31%	26%	467	493
Single pensioners		41%	32%	223	256
<i>By gender</i>					
Single male pensioners		43%	35%	257	291
Single female pensioners		38%	29%	211	244
<i>By age of head</i>					
Under 75	Pensioner couples	30%	26%	495	522
	Single pensioners	39%	32%	238	274
75 and over	Pensioner couples	36%	29%	401	422
	Single pensioners	43%	31%	211	241

Sources of income for pensioner units:

Estimates of income from different sources are dependent on survey respondents correctly identifying the different elements of their income, for example exactly which benefits they are receiving. Therefore results can be subject to a degree of misreporting. However, they do provide a useful picture of broad levels and trends. The results are presented as a percentage of gross income because deductions are made from the total income rather than from individual components.

(Table 2.1)

In 2010-11 **benefit income** (43 per cent) was the most substantial component of pensioner units' gross incomes, followed by **occupational pensions** (26 per cent), **earnings** (20 per cent), **investment income** (7 per cent) and **personal pension income** (4 per cent). However, not all pensioners receive income from all these sources.

Benefits

(Table 3.3)

Nearly all (97 per cent) pensioner units received some **income from the State Pension** (including widow's benefits) in 2010-11. The average amount received was £149 per week in 2010-11 (£124 for singles and £177 for couples).

(Table 3.4)

Nearly a third (30 per cent) of pensioner units received some **income from income-related benefits** in 2010-11. The average amount received by those units with some income-related benefits was £75 per week in 2010-11.

(Table 3.5)

Nearly one quarter (23 per cent) of pensioner units received some **income from disability benefits** in 2010-11. The average amount received by those with income from disability benefits was £70 per week in 2010-11.

(Table 3.1)

The majority of pensioner units received some form of **income in addition to state benefits** – 88 per cent received income from private sources in 2010-11.

(Table 3.2)

Almost two fifths (39 per cent) of pensioner units received more than half of their income from private sources in 2010-11.

Investment income

(Table 3.6)

The proportion of pensioner units with some **income from investments** was 68 per cent in 2010-11. The average amount received by those units with some investment income was £48 per week in 2010-11, although half of those in receipt received £4 per week or less.

Occupational pensions

(Table 3.7)

The proportion of pensioner units with some **income from occupational pensions** was 61 per cent in 2010-11. The average amount received by those units with some occupational pension was £189 per week in 2010-11.

Personal pensions

(Table 3.8)

The proportion of pensioner units with some **income from personal pensions** was 16 per cent in 2010-11. The average amount received by those units with some personal pension was £97 per week in 2010-11.

Earnings

(Table 3.10)

The proportion of pensioner units with some **income from earnings** was 18 per cent in 2010-11. The average amount received by those units with some earnings was £486 per week in 2010-11.

Regional incomes

(Table 2.7)

The **South East of England had the highest average net income** After Housing Costs for pensioner couples and single pensioners in 2008-11 at £551 and £252 per week respectively. The **lowest net income** After Housing Costs for pensioner couples was £413 in the **North East of England** and for single pensioners £201 in **Northern Ireland**.

Ethnic minority groups

(Table 5.6)

Net income After Housing Costs for **Asian/British Asian** (£288 per week), **Black/Black British** (£245) and **Chinese & other** (£295) pensioner units was less than that of **White** pensioner units (£346) in 2008-11. The proportion in receipt of State Pension was lower for Asian/British Asian (90%), Black (87%) and Chinese & other groups (84%) than for the White group (96%). The proportion in receipt of occupational pensions, personal pensions and investment income was also lower for these groups.

Notes to Editors

1. The Pensioner' Incomes Series 2010-11 is largely based on information contained in the Family Resources Survey (FRS) from the financial years 1994-95 to 2010-11, run by the Department for Work and Pensions (DWP), and covering the United Kingdom (Great Britain up to 1997-98). This release mainly uses historical comparisons to 1998-99 because it is the first fully consistent year of UK data. The Survey of Personal Incomes (administered by HM Revenue and Customs) is used to estimate the income of very high income cases, as occurs in the DWP's Households Below Average Income (HBAI) series.
2. Pensioners' Incomes Series (PI) results have also been produced for the calendar year 1979 to the financial year 1996-97 using data from the Family Expenditure Survey (FES), which is run by the Office for National Statistics and covers the United Kingdom.
3. Results from the FRS and FES should not be directly compared to one another. Thorough comparative analysis of results based on the two surveys can be found here: http://research.dwp.gov.uk/asd/index.php?page=hbai_arc#compare.
4. Neither the FRS nor the FES collects information on people living in institutions, e.g. nursing homes, barracks, or jails; and homeless people living rough or in bed and breakfast accommodation. Therefore the PI Series does not cover these people.
5. A pensioner unit is defined as a single (non-cohabiting) person over State Pension Age (SPa) or a couple (married or cohabiting) where one or more members is over SPa. In previous publications (up to 2009-10) SPa has been 65 years for men and 60 years for women. SPa for women is gradually increasing so that it becomes equal for men and women by November 2018. To achieve this SPa varies with birth date. Hence pensioners are determined in this report based on whether they have reached SPa, which itself is based on the respondents' birth date and interview date.
6. The PI Series includes estimates for single pensioners split by gender. Estimates for pensioner couples are not split by gender as the extent of income sharing within pensioner units is not known.
7. Two measures of net income are given. Net income Before Housing Costs (BHC) measures net income before housing costs are deducted. Net income After Housing Costs (AHC) measures net income After Housing Costs have been deducted.
8. Net income After Housing Costs estimates have been quoted first in this release. Net income After Housing Costs best reflects pensioners' disposable income and allows changes over time to be measured accurately. Nearly three quarters of pensioners own their own home outright, and so tend to have relatively low housing costs. Net income after deducting housing costs better reflects their living standards compared to other groups than net income Before Housing Costs.
9. Gross income in the PI series is separated into six components: benefit income; income from occupational pensions; income from personal pensions; income from earnings (including profit and loss from self-employment); income from investments and other income. Investment income includes income from stocks and shares, as well as savings accounts. Other income includes private benefits such as those from Friendly Societies, income of any dependent children, free TV licences for the over 75s, as well as other miscellaneous sources of income.
10. The PI series includes a further breakdown of benefit income into State Pension (Basic and Additional State Pension and widows' benefits), income-related benefits (Pension Credit, Housing Benefit, Council Tax Benefit and Social Fund grants) and disability benefits (including Disability Living Allowance and Attendance Allowance). This breakdown is based on survey respondents' identification of different elements of benefit income, and is therefore subject to misreporting.
11. Net income is net of income tax payments, NI contributions, contributions to occupational and personal pension schemes, local taxes, maintenance and child support payments, and parental contributions to children living away from home.

12. Housing costs are calculated by adding together the following components of the household's expenditure: rent; water rates, sewage rates and council water charges; structural insurance premiums (for owner occupiers); mortgage interest payments (net of tax relief); ground rent and service charges.
13. All reported amounts are given in £ per week in 2010-11 prices and are mean averages unless otherwise stated. Estimates are rounded to the nearest £1 or 1 per cent.
14. Measured growth in pensioners' incomes refers to income growth for pensioner units defined as either a single pensioner unit or a pensioner couple unit.
15. Tables in the main report with breakdowns for region (Table 2.7), income levels by income quintile (selected tables in Chapter 4), Ethnic Minority group (Table 5.6) and Cohabiting/Marital status for couples (Table 5.7) are presented as the average of three years because of relatively small sample sizes. Hence 2008-11 means the average of the three survey years 2008-09, 2009-10 and 2010-11.
16. The Pensioner' Incomes Series 2010-11 is a National Statistics publication and is produced to the high professional standards outlined in the National Statistics Code of Practice. National Statistics publications undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

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Press Enquiries: 020 3267 5144

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