



Department
for Work &
Pensions

Statistical Analysis to support the review of the Pensions Act 2007

January 2015

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Summary

The analysis published here informs the findings in the post-legislative review of the Pensions Act 2007, which is being published simultaneously.

Measures included in the Act that are addressed in this analysis are:

Relaxation of National Insurance contribution conditions

- The number of qualifying years needed to attain the full basic State Pension was reduced to 30. This replaced the previous qualifying condition which required contributions or credits for around 90% of a person's working life. In practice, this meant 44 years for men and 39 years for women.
- The requirement that someone's basic State Pension needed to amount to, at least, 25% of the full basic State Pension was removed.

National Insurance credits for parents and carers – basic and additional State Pension

- The system for awarding National Insurance credits for State Pension purposes was extended to include certain people caring for 20 hours or more per week.
- The qualifying ages of a person's youngest child for the purposes of National Insurance credits for people in receipt of Child Benefit were changed.

Abolition of Adult Dependency Increases

- Adult Dependency Increases of State Pension were to be withdrawn from April 2010 with transitional protection for existing entitlements until 2020 or, in the case of an increase paid in respect of a wife, if earlier, until she reached State Pension age.

Relaxation of National Insurance contributions conditions

Women receiving full basic State Pension

The percentage of women resident in Great Britain receiving the full basic State Pension increased from around 40% in 2009/10 to around 80% in 2013/14.

Women receiving less than 25% of full basic State Pension

The percentage of women resident in Great Britain aged 60 to 65 years receiving less than 25% of the full basic State Pension is around 1% and this has not changed significantly following the changes in the Act.

National Insurance credits for parents and carers

Carer's credits

Between April 2010 and mid-January 2015 there have been approximately 7,500 successful applications for credits from people caring for one or more severely disabled persons for at least 20 hours a week.

Parent's credits

Since April 2010, around 1.3 million fewer people whose youngest child is aged between 12 and 16 years are potentially being credited for basic State Pension purposes whilst around 2 million more people whose youngest child is aged between 6 and 11 years are potentially being credited for additional pension purposes.

Abolition of Adult Dependency Increases

By April 2020, when Adult Dependency Increases will cease, around 14,000 women in receipt of them in 2014 will still be under State Pension age.

Detailed results

Relaxation of National Insurance contributions conditions

Table 1 - numbers and percentages of women resident in Great Britain in receipt of State Pension, by year of reaching State Pension age

Year of reaching State Pension age	Number of women with any State Pension	Number of women with full basic State Pension	Number of women with less than 25% of full basic State Pension	Percentage of women with full basic State Pension	Percentage of women with less than 25% of full basic State Pension
2009/10	329,400	141,100	3,100	43%	1%
2010/11	162,300	124,300	1,600	77%	1%
2011/12	160,000	128,400	1,400	80%	1%
2012/13	156,900	127,400	1,500	81%	1%
2013/14	142,900	119,900	1,500	84%	1%

Source: Quarterly Statistical Extract - 5% sample of Work and Pensions Longitudinal Study¹

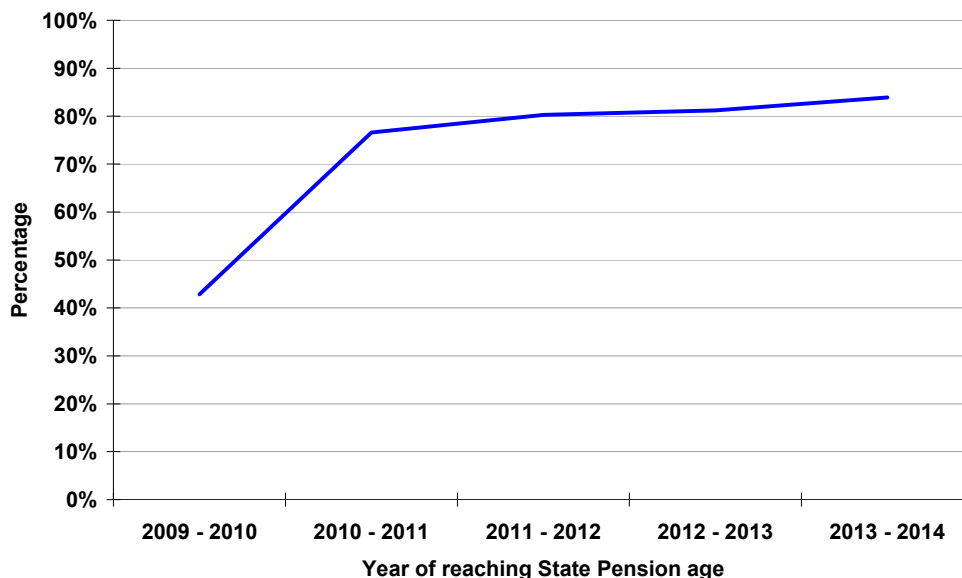
Note figures for 2013/14 are to end March 2014 only.

Numbers are rounded to the nearest hundred.

- The number of women reaching State Pension age after 2009/10 is lower than for earlier years due to the increases to their State Pension age, as determined by the Pensions Act 1995, taking effect.

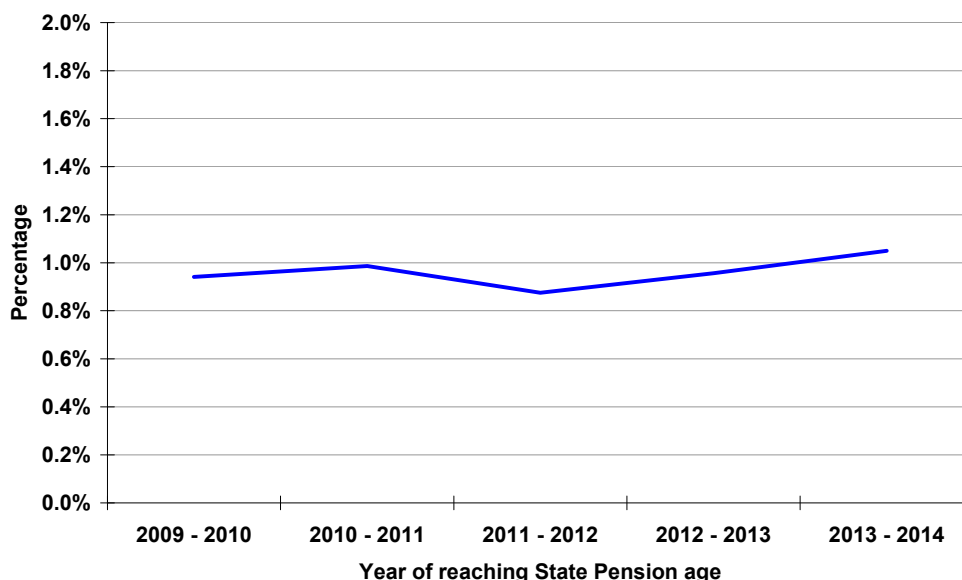
¹ The Quarterly Statistical Sample (QSE) is used for this analysis rather than the full Work and Pensions Longitudinal Study (WPLS) because the latter does not hold the necessary variables.

Chart 1 - percentages of women resident in Great Britain in receipt of full basic State Pension, by year of reaching State Pension age



- Following the reforms to the National Insurance contribution conditions, which took effect in 2010/11, the percentage of women receiving a full basic State Pension increased from around 40% to around 80%.

Chart 2 - percentages of women resident in Great Britain in receipt of less than 25% of the full basic State Pension, by year of reaching State Pension age



- Approximately 1% of women resident in Great Britain reaching State Pension age each year since 2009/10 receive less than 25% of the full basic State Pension.
- This percentage has not changed significantly following the reforms in the Pensions Act 2007.

National Insurance credits for parents and carers

Table 2 - claims and acceptances for Carer's credits

Year	Claims Received	Certified by Health or Social Care Professional	In Receipt of a Qualifying Benefit	Male (Live Load)	Female (Live Load)	Total (Live Load)
2010/11	1,360	270	1,380	250	670	930
2011/12	1,660	250	1,660	350	770	1,120
2012/13	2,230	360	2,080	480	1,030	1,500
2013/14	2,850	420	2,500	650	1,550	2,210
2014/15	2,030	220	1,690	530	1,240	1,770
Totals	10,130	1,520	9,310	2,260	5,260	7,520

Source: DWP administrative data

Note figures for 2014/15 are to end 15th January 2015 only.

Numbers are rounded to the nearest ten.

- The total numbers of Health or Social Care Professional Certified and Qualifying Benefit cases add up to more than the actual number of claims received because a claim may be made in respect of more than one person.
- Out of over 10,000 claims received since the reforms in the Act, around 7,500 had been accepted (around 75%) and were live at the date of the scan.

Table 3 - Child Benefit recipients by age of youngest child

Age of Youngest Child (in years)	Number of recipients per group	Pre-2010 rules		Post-2010 rules	
		Basic Pension	Additional Pension	Basic Pension	Additional Pension
Under 6	3,400,000	YES	YES	YES	YES
6 to under 12	2,000,000	YES	NO	YES	YES
12 to under 16	1,300,000	YES	NO	NO	NO
Total (to under 16)	6,700,000	6,700,000	3,400,000	5,400,000	5,400,000

Source: HMRC data 31st August 2013

Numbers are rounded to the nearest one hundred thousand.

Following the changes in the Act:

- The number of Child Benefit recipients with their youngest child aged between 6 and 11 years who will now be able to receive a National Insurance credit for additional pension is around 2 million.
- The number with their youngest child aged between 12 and 15 years who will now not be able to receive a National Insurance credit for basic State Pension is around 1.3 million.
- The number in total who may be able to receive a National Insurance credit is around 5.4 million.

Abolition of Adult Dependency Increases

Table 4 - numbers of Adult Dependency Increases by gender and location

Gender of recipient	Location	Number with ADI May 2002	Number with ADI February 2010	Number with ADI May 2014	Number with ADI who will reach State Pension age on or after 6th April 2020
Female	GB	0	0	0	0
Female	Overseas	0	0	0	0
Male	GB	72,000	29,000	15,000	9,000
Male	Overseas	12,000	10,000	7,000	5,000
Total		85,000	39,000	22,000	14,000

Sources: Work and Pensions Longitudinal Study and General Matching Service scan dated 8th May 2014²

Numbers are rounded to the nearest thousand.

- It is projected that by April 2020, when transitional protection is due to be removed, in the region of a quarter of the ADIs in 2010 will still be in payment. This estimate takes into account ADI payments which will have terminated on the death of the recipient and cases where the dependant draws another benefit in their own right or receives, or becomes entitled to, an occupational or personal pension over the limit for entitlement to an increase. This figure is in line with the original projections at Annex B of the White Paper *Security in retirement: towards a new pensions system*, Cm 6841, published in May 2006.³

² General Matching Service (GMS) data has been used because it contains details about benefit recipients' dependants.

³ <http://webarchive.nationalarchives.gov.uk/20121125084459/http://www.dwp.gov.uk/docs/white-paper-complete.pdf>

Background

In December 2002 the Pensions Commission was established to review the UK's system of pension provision and to give advice on whether the existing system of voluntary private pensions would deliver adequate results. The Pensions Act 2007 was the first piece of the statutory framework for the UK pensions' landscape, created by successive administrations, following on from the Commission's reports in 2004 and 2005.

The Act included the requirement for a statutory review of the effects of the measures enacted in it. This analysis informs the findings of that review. It is being published as an Ad Hoc Statistical Release because these findings are not available elsewhere and will not need to be published again.

Measures included in the Act that are addressed in this analysis are:

Relaxation of National Insurance contribution conditions

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National Insurance credits for parents and carers – basic and additional State Pension

- The system for awarding National Insurance credits for State Pension purposes was extended to include certain people caring for 20 hours or more per week.
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Abolition of Adult Dependency Increases

- Adult Dependency Increases of State Pension were to be withdrawn from April 2010 with transitional protection for existing entitlements until 2020 or, in the case of an increase paid in respect of a wife, if earlier, until she reached State Pension age.

Methodology

Relaxation of National Insurance contribution conditions

The results in this section have been produced using the 5% sample of the Department's Work and Pensions Longitudinal Study, known as the Quarterly Statistical Extract (QSE). WPLS is administrative data covering all GB benefit recipients. Some summaries of the data in both the QSE and the WPLS are available using the DWP's Tabulation Tools⁴ but the summaries needed for this analysis cannot be produced there.

The dataset was summarised to show, for women only, the numbers receiving:

- any State Pension
- any Category A (basic) State Pension
- the full value of Category A (basic) State Pension
- less than 25% of the full value of Category A (basic) State Pension

The results have been calculated for women resident in Great Britain.

All results have been scaled and weighted to allow for the sample size.

All results have been calculated according to the year of reaching State Pension age. The relevant dates are those determined by the Pensions Act 1995. Subsequent changes to the State Pension age for women in the Pensions Acts of 2007, 2011 and 2014 do not affect the cohorts described in these results.

National Insurance credits for parents and carers

The results in this section relating to carers are from departmental management information data up to 15th January 2015. No additional processing of these data has been undertaken.

The results in this section relating to parents are from data supplied to the Department by HMRC which records details about Child Benefit claims. The most recently published HMRC data for Child Benefit is dated 31st August 2013⁵. The

⁴ <http://tabulation-tool.dwp.gov.uk/100pc/tabtool.html> and <http://tabulation-tool.dwp.gov.uk/5pc/tabtool.html>

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/286670/Child_Benefit_statistics_geographical_analysis_August_2013.xls

results here have been aligned with this publication to show figures for people in receipt of Child Benefit on that date.

The published Child Benefit statistics show numbers of children by age and in age groups. New data in this publication are based upon the age of the youngest child for whom Child Benefit is in payment.

Abolition of Adult Dependency Increases

The results in this section have been produced using the Department's Work and Pensions Longitudinal Study (WPLS) and General Matching Service (GMS) non-customer datasets. The GMS datasets are produced from scans of administrative systems to show cases that are in payment on the date of the scan.

The WPLS dataset for May 2014 has been used. This records whether an Adult Dependency Increase (ADI) is in payment.

The GMS dataset from the scan on 8th May 2014 has been used to determine details about the benefit recipients' dependants. The GMS dataset has been used because it is the only one to include details about these people. The scan for this date is the one closest to the date of the WPLS dataset.

The results have been calculated for benefit recipients resident in Great Britain and resident overseas.

The results have been scaled to take into account the fact that the number of people identified as receiving an ADI in the WPLS dataset is slightly higher than the number of matching records in the GMS dataset.

Those women currently dependant on someone in receipt of an ADI who will be under State Pension age in April 2020, when payments are ceased, have been determined using the State Pension age rules that will be in place at that time.

Contact details

Queries about the content of this document

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