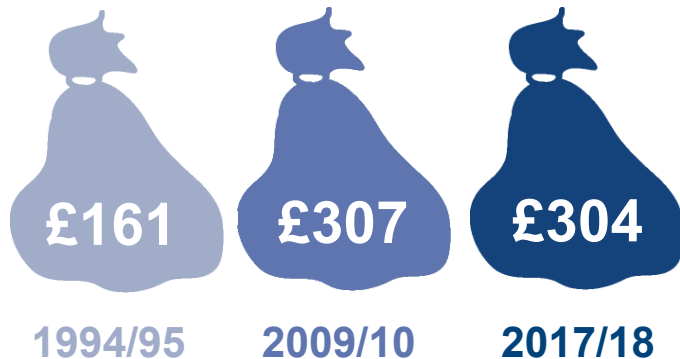


This report examines how much income pensioners get each week and where they get that income from. It looks at how their incomes have changed over time and variations in income between different types of pensioners. The population age distribution has changed a lot since the start of this series in 1994/95 and pensioners now make up a bigger proportion of the overall population. Changes in the economy and to the benefit system mean that the amount and components of pensioners' average weekly incomes have changed over time. These statistics look at these changes.

Main Stories

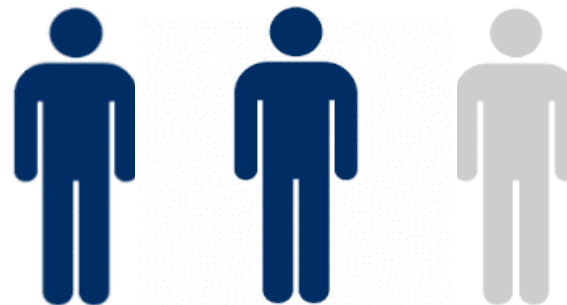
Pensioners' incomes higher than in the past



Average weekly income after housing costs (AHC) in 2017/18 prices

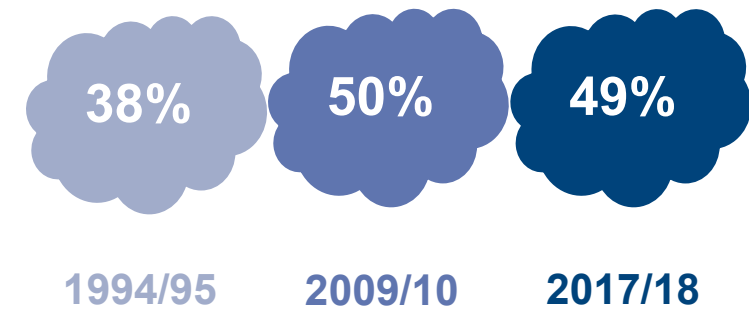
In 2017/18, pensioners had higher average incomes than when the series began in 1994/95. This difference is statistically significant. The average income increased between 1994/95 and 2009/10 and was stable between 2009/10 and 2017/18.

Two in three pensioners received income from private pensions



In 2017/18, 67 per cent of pensioners received income from private pensions. In 1994/95, this was 59 per cent. This difference is statistically significant. Private pension income includes income from occupational pensions and personal pensions.

Half of pensioners in the top half of the overall income distribution



The percentage of pensioners in the top half of the overall population income distribution (AHC) in 2017/18 was 49 per cent (based on equivalised data). In 1994/95 this was 38 per cent. This difference is statistically significant. The increase occurred between 1994/95 and 2009/10.

At a glance

Page

[Overall income trends](#)

[3](#)

[Regional differences](#)

[6](#)

[Sources of pensioner incomes](#)

[7](#)

[Distribution of pensioners' incomes](#)

[9](#)

[Pensioners' incomes within the overall income distribution](#)

[10](#)

[About these statistics](#)

[11](#)

What you need to know

The Pensioners' Incomes (PI) Series contains estimates of the levels, sources and distribution of pensioners' incomes. It also examines the position of pensioners within the income distribution of the population as a whole. The statistics are used by government departments, local authorities, academics, journalists and the voluntary sector.

In this report we measure income for pensioners. **Pensioners** consist of single pensioners and pensioner couples. A pensioner couple means at least one person in the couple is over State Pension age. Estimates do not reflect income from others in a household, but do include income from working-age partners who are part of a pensioner couple. Therefore, if a pensioner lives with their adult children, the children's income is not included in this analysis. The **Head** of a pensioner unit is the member of the household with the highest income if that person is part of the pensioner unit. Otherwise, the head is the first person named in the survey who is part of the pensioner unit. Pensioners that are '**recently retired**' have a head within 5 years of State Pension age at time of interview.

Income measures

Except where stated otherwise, we use the unequivalised income of pensioners, estimated both before and after housing costs (BHC and AHC). **Unequivalised** means that incomes are not adjusted to take account of the size and composition of households. Income **AHC** is derived by subtracting rent, water rates and charges, structural insurance premiums, mortgage interest payments and ground rent, and service charges from income **BHC**. Unless stated otherwise, we use **median** income as our measure of average income, as the mean is often biased upwards by extremely high values. We use income AHC to allow a fairer comparison of income that is available to spend, especially compared to the working-age population.

All income estimates have been adjusted for **inflation**. PI uses variants of the Consumer Prices Index (CPI) to adjust for inflation to look at how incomes change over time in real terms. For example, if average incomes rose by 3 per cent in cash terms but inflation was higher at 5 per cent, we would record a fall in average incomes as the real purchasing power of incomes would have fallen.

Survey data

Pensioners' Incomes estimates are based on a sample of around 7,000 pensioners in private households in the UK, taken from the [Family Resources Survey](#). The use of survey data means that the results in this report are subject to sampling variation. This affects how changes should be interpreted, especially over short time periods. Latest estimates should be considered alongside medium and long-term patterns rather than year-on-year changes. As shown in Table M1.2 of the [Background Information & Methodology](#), comparisons over a single year are rarely statistically significant.

Data is for the UK from 2002/03 onwards. Data from earlier years is for Great Britain only.

Statistical significance is a technical concept that says whether a reported change is likely to have arisen only by chance due to variations in the sampling. We calculate 95 per cent **confidence intervals** around estimates in PI. This sets a standard that, where any change is reported as statistically significant, there is less than a one in 20 chance that the reported difference is due to sampling variation and there is no real underlying change. Statistically significant differences are clearly stated in the text. Other differences are not significant or have not been tested.

Additional tables and data

A comprehensive set of reference tables breaking down headline results presented in this report are available online [here](#). These tables are referenced throughout this report and show results for various demographic characteristics across the twenty-four years of the time series.

The PI dataset is available to download via the [UK Data Archive](#).

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Comments? Feedback is welcome

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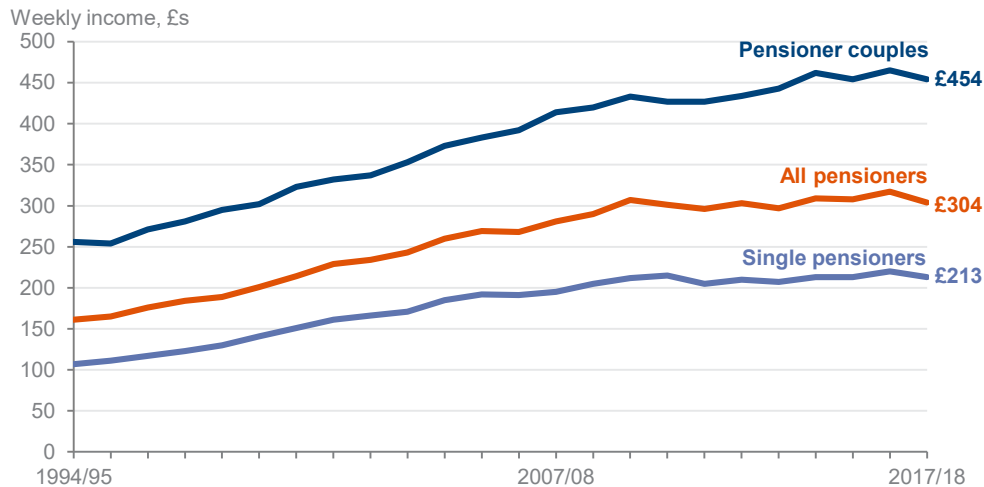
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Overall income trends

Average pensioner incomes stable between 2009/10 and 2017/18

Average weekly income of pensioners (AHC) in 2017/18 prices (£)



After the deduction of direct taxes, other payments such as pension contributions, and housing costs, the average income of all pensioners in 2017/18 was £304 per week. This was a statistically significant increase from 1994/95, when it was £161 per week. This change reflected growth in income from benefits, including the State Pension, as well as increased income from occupational pensions. The average income of pensioners was stable between 2009/10, when it was £307 per week, and 2017/18.

In 2017/18, the average income for pensioner couples was £454 per week. This was more than twice that of single pensioners, who had an average income of £213 per week. This difference is statistically significant.

See **Table 2.1** for full data.

More than one fifth of pensioner couples' income was from earnings

Percentage of gross mean income from different sources, 2017/18



Pensioners receive income from a range of different sources. Changes in the composition of pensioners' incomes reflect underlying economic factors.

In 2017/18, benefit income was the largest component of total gross income for both pensioner couples and single pensioners. This was 59 per cent for single pensioners, while for pensioner couples it was 35 per cent.

Income from occupational pensions was 29 per cent of total gross income for pensioner couples and 25 per cent for single pensioners.

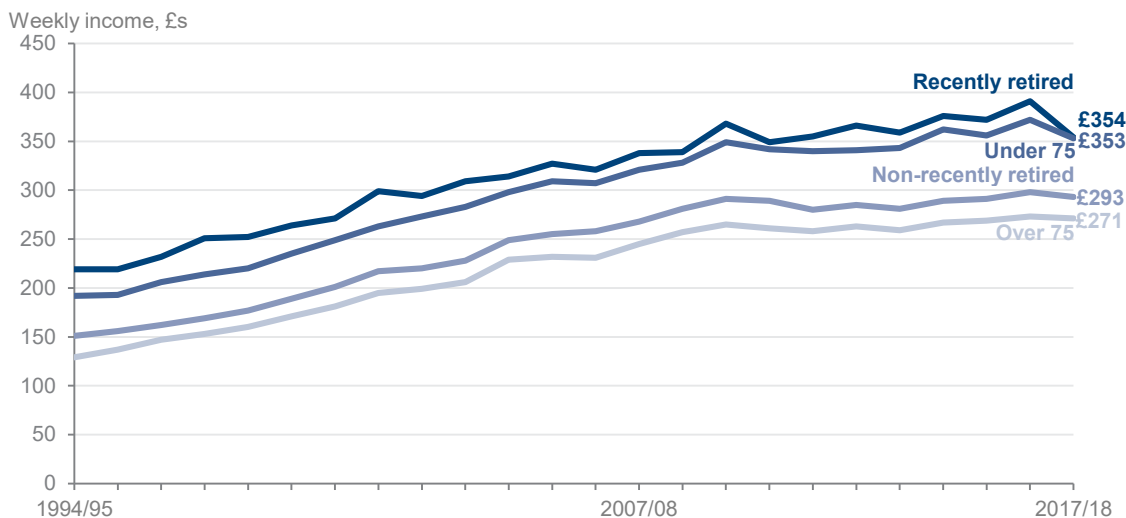
Income from earnings made up seven per cent of total income for single pensioners. For pensioner couples, 22 per cent of total income was from earnings. Twenty-four per cent of pensioner couples contained one adult below State Pension Age. For some of these couples, the adult below State Pension age contributed to the earnings income.

Pensioner couples where one partner was over State Pension age and one was under had a weekly mean gross income from earnings of £441. Mean gross earnings income for pensioner couples was £79 per week where both partners were over State Pension age. This average is for all pensioner couples in each category, not just those in receipt of earnings, so is reduced by couples with no earnings.

See **Tables 2.1, 5.1 and 5.3** for full data.

Older pensioners had lower incomes than younger pensioners

Average weekly income of pensioners (AHC) in 2017/18 prices (£)



In 2017/18, pensioners where the head was under 75 had higher average incomes than those where the head was 75 or over. Their average incomes were £353 and £271 per week, respectively. This difference is statistically significant.

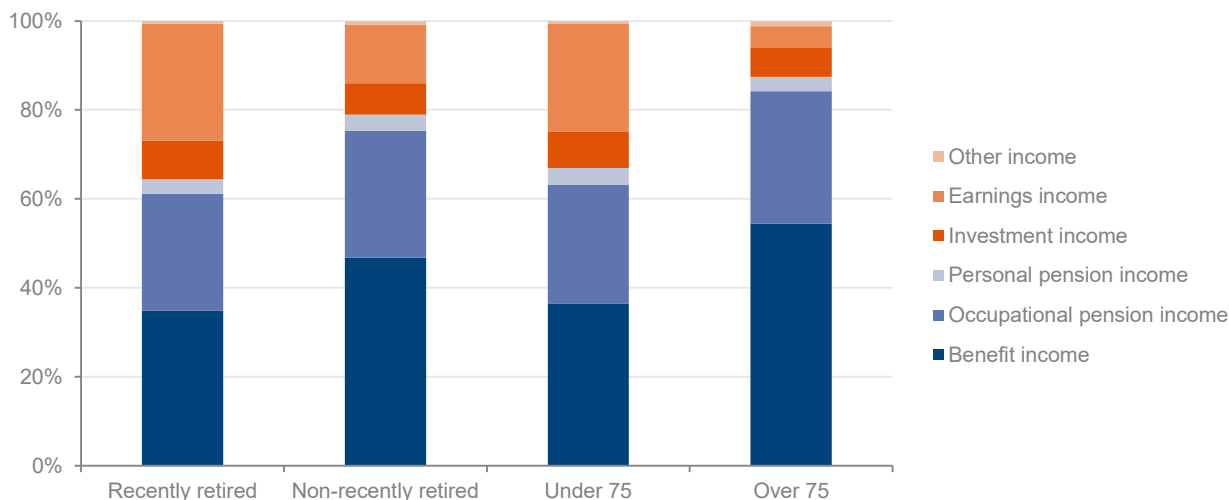
Pensioners where the head was within 5 years of the State Pension age (classified as 'recently retired') had higher incomes than other pensioners. The average income for pensioners in the recently retired category was £354, compared to £293 for those not in this category. This difference is statistically significant. Recently retired pensioners are also included in the 'Under 75' age group.

In 2017/18, 64 per cent of pensioners where the head was 75 or over were single pensioners. On average, single pensioners had lower incomes. The average income for single pensioners aged under 75 was £214 per week. This was similar to the average income for single pensioners aged 75 or over, which was £213 per week. More information about single pensioners' incomes can be found on the next page.

See **Tables 1.2, 2.6, 2.7 and 2.12** for full data.

More than half of older pensioners' income was benefit income

Percentage of gross mean income from different sources, 2017/18



Benefit income made up more than half of total gross income for pensioners where the head was aged 75 or over and 47 per cent of total gross income for pensioners not in the recently retired category. For recently retired pensioners and pensioners where the head was under 75, this was 35 per cent and 37 per cent respectively.

Occupational pension income was 26 per cent of total gross income for recently retired pensioners and 27 per cent pensioners where the head was under 75. This was 29 per cent for pensioners not in the recently retired category and 30 per cent for pensioners where the head was aged 75 or over. Mean occupational pension income was higher for the younger age groups, however these groups also have higher overall incomes, resulting in the percentage contribution of their occupational pension income being smaller.

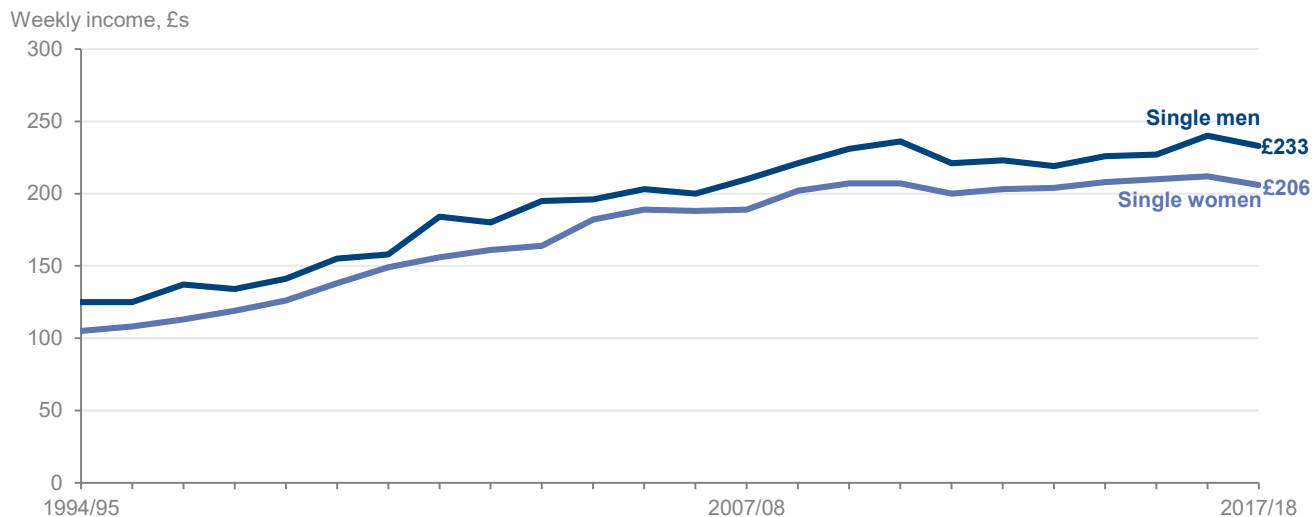
Earnings income accounted for 26 per cent of total gross income for recently retired pensioners and 24 per cent for pensioners where the head was under 75. For pensioners not in the recently retired category, this was 13 per cent, and where the head was aged 75 or over, it was five per cent. Because older pensioners are less likely to be in work, on average they receive a smaller amount from earnings.

Incomes from personal pension and investments were similar percentages of total gross income for all groups.

See **Tables 2.7 and 2.12** for full data.

Single men had higher incomes than single women

Average weekly income of pensioners (AHC) in 2017/18 prices (£)



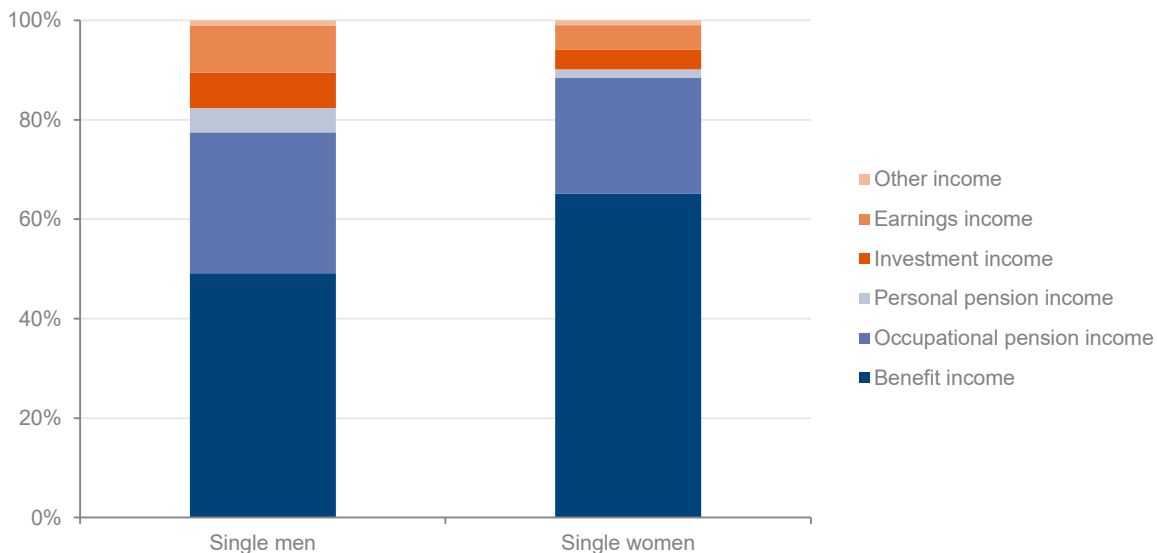
Single male pensioners had higher average incomes than single female pensioners in 2017/18. Single men had an average weekly income of £233 and single women had an average income of £206. This difference is statistically significant.

The average weekly incomes of both single men and single women were higher in 2017/18 than 2007/08, when they were £210 and £189 respectively. Both differences are statistically significant.

See **Table 2.8** for full data.

Nearly two thirds of the total income for single women was benefit income

Percentage of gross mean income from different sources, 2017/18



The difference in incomes between single male and single female pensioners reflects differences in the components that make up individuals' total gross income.

In 2017/18, benefit income made up 65 per cent of total gross income for single women. For single men, this value was 49 per cent.

Twenty-eight per cent of total gross income for single men came from occupational pensions. For single women, this was 23 per cent.

Income from earnings made up 10 per cent of total gross income for single men. For single women, this was five per cent.

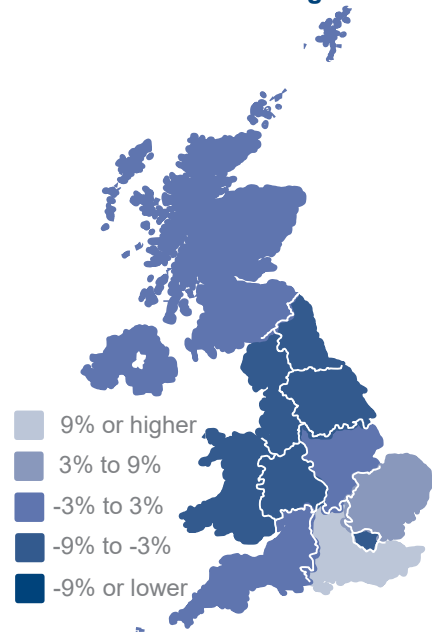
See **Table 2.8** for full data.

Regional differences

Pensioner incomes differed between regions and countries

When looking at regional incomes, we use the average weekly income (AHC) for each region over the three-year period 2015/16 to 2017/18, adjusted to 2017/18 prices.

Average weekly income (AHC) of pensioner couples by region/country, relative to the UK average for each group, 2015/16 to 2017/18



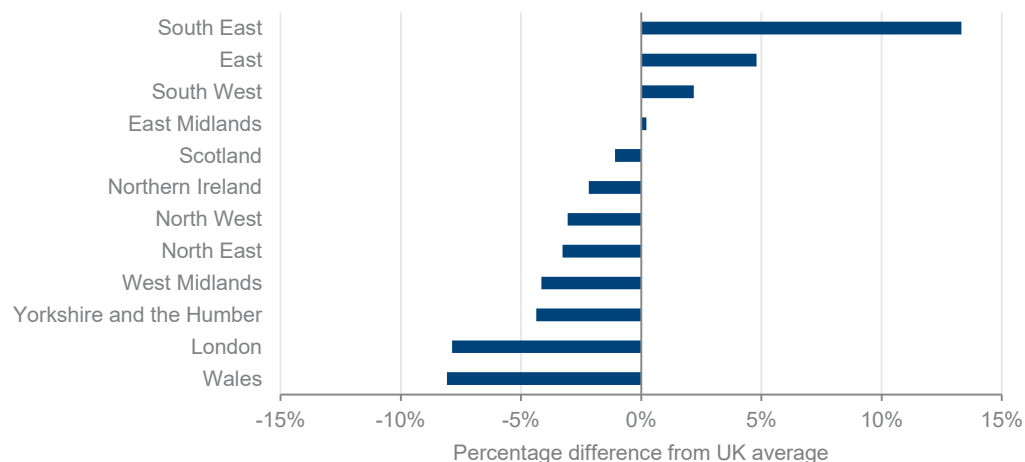
In the majority of regions, pensioner couples had average weekly incomes below the pensioner couples UK average.

The UK average weekly income over the period 2015/16 to 2017/18 was £458 for pensioner couples.

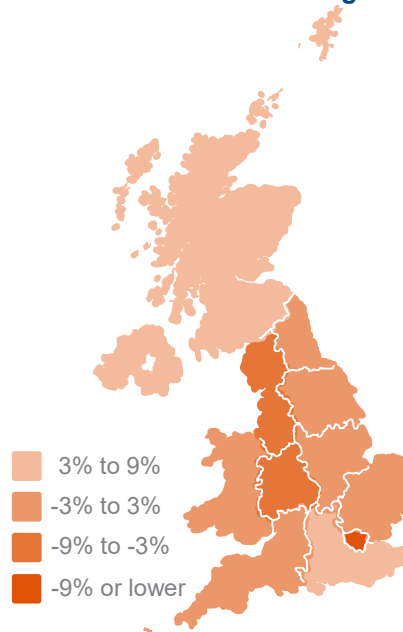
On average, pensioner couple incomes were lowest in Wales and London, where incomes were eight per cent below the UK average. The difference between Wales and the UK average is statistically significant.

Pensioner couples in the South East had the highest average incomes, 13 per cent higher than the UK average. This difference is statistically significant.

See **Table 2.4** for full data.



Average weekly income (AHC) of single pensioners by region/country, relative to the UK average for each group, 2015/16 to 2017/18



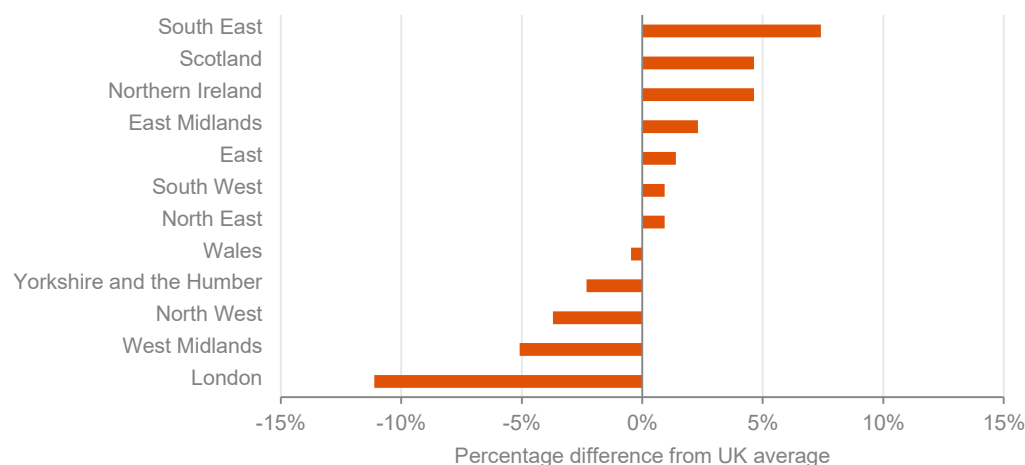
In the period 2015/16 to 2017/18, single pensioners in the UK had an average income of £216 per week.

The region with the highest average income for single pensioners was the South East, where incomes were seven per cent above the UK average, followed by five per cent above the UK average for Scotland and Northern Ireland. The difference between the South East and the UK average is statistically significant.

Single pensioners in London had the lowest average incomes. Their incomes were 11 per cent below the UK average. This difference is statistically significant.

Differences between regions are likely to be associated with demographic and economic variations, including housing costs.

See **Table 2.4** for full data.



Sources of pensioner incomes

Percentage of pensioners receiving income from personal pensions increased

Percentage of pensioners receiving each source of income, 1997/98, 2007/08 and 2017/18



Nearly all pensioners (97 per cent) were in receipt of the State Pension in 2017/18. This increased from 1997/98 and 2007/08, when 95 per cent of all pensioners were in receipt of the State Pension. The differences between 1997/98 and 2017/18 and between 2007/08 and 2017/18 are both statistically significant.

Income-related benefits were received by 24 per cent of all pensioners in 2017/18. The percentage of pensioners in receipt decreased from 36 per cent in 1997/98. This difference is statistically significant. This reflects the overall increase in pensioner income from the State Pension and private pensions over 20 years, because an increase in income reduces eligibility to income-related benefits.

Twenty per cent of pensioners were in receipt of disability benefits in 2017/18, compared to 19 per cent in 1997/98 and 23 per cent in 2007/08. The decrease between 2007/08 and 2017/18 was statistically significant.

Over the 20-year period 1997/98 to 2017/18, there was an increase of five percentage points in the percentage of pensioners receiving income from private pensions – from 62 per cent to 67 per cent. This difference is statistically significant.

The percentage of pensioners with income from occupational pensions in 2017/18 was the same as 20 years earlier – 59 per cent in both 1997/98 and 2017/18.

Personal pensions provided income to a smaller group of pensioners than occupational pensions. In 2017/18, 16 per cent of pensioners were in receipt of income from personal pensions, compared with five per cent in 1997/98. This difference is statistically significant. Personal pensions in their current form were introduced in 1988.

Investment income was received by 60 per cent of all pensioners in 2017/18. The percentage of pensioners in receipt decreased over 20 years, from 69 per cent in 1997/98 and 71 per cent in 2007/08. The differences between 1997/98 and 2017/18 and between 2007/08 and 2017/18 are both statistically significant.

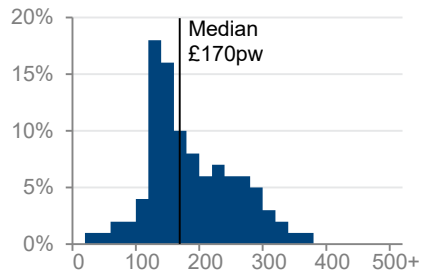
Seventeen per cent of pensioners were in receipt of earnings in 2017/18, compared to 12 per cent in 1997/98. This difference is statistically significant. For some pensioner couples, one adult below State Pension age contributed to the earnings income.

More information about the distribution of income components for those in receipt in 2017/18 can be found on the next page.

See **Tables 3.4 – 3.11** for full data.

Distribution of income from selected income sources for all pensioners in receipt, 2017/18 (£ per week)

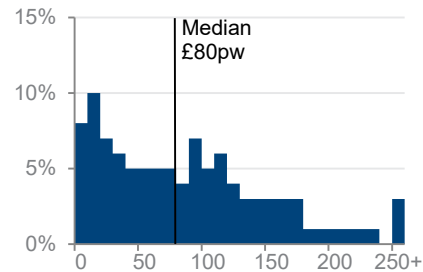
State Pension



Almost all pensioners (97 per cent) received income from State Pension, with an average amount of £170 per week. Peaks in the distribution may be explained by the basic State Pension rate, which was £122.30 per week in 2017/18.

See **Tables 3.4 and 6.1** for full data.

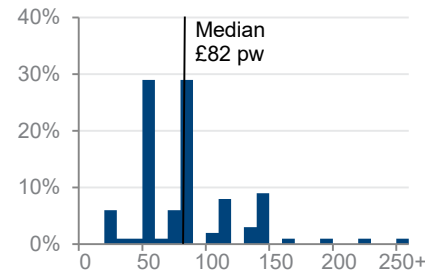
Income-related benefits



Twenty-four per cent of pensioners were in receipt of income-related benefits. For those in receipt, the average income was £80 per week.

See **Tables 3.5 and 6.2** for full data.

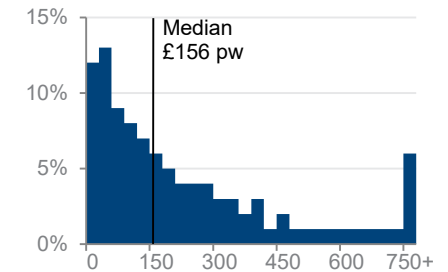
Disability benefits



Twenty per cent of pensioners received disability benefits. The average income for those in receipt was £82 per week. Some benefits have set rates, which may explain peaks in the distribution. In 2017/18, Attendance Allowance had a lower rate of £55.65 per week and a higher rate of £83.10 per week.

See **Tables 3.6 and 6.3** for full data.

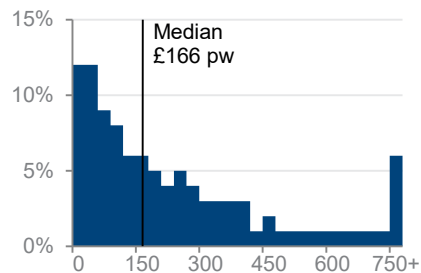
Private pension income



Sixty-seven per cent of pensioners received income from a private pension. The average amount for those in receipt was £156 per week. Six per cent of those in receipt had private pension income of £750 or more per week.

See **Tables 3.10 and 6.6** for full data.

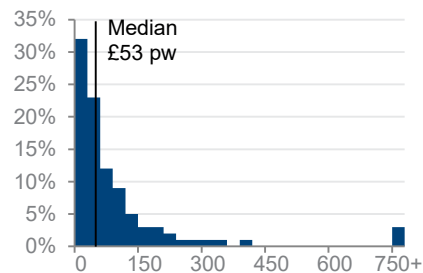
Occupational pension income



More than half of all pensioners (59 per cent) received occupational pension income. The average amount for these pensioners was £166 per week. Six per cent of those in receipt had occupational pension income of £750 or more per week.

See **Tables 3.8 and 6.4** for full data.

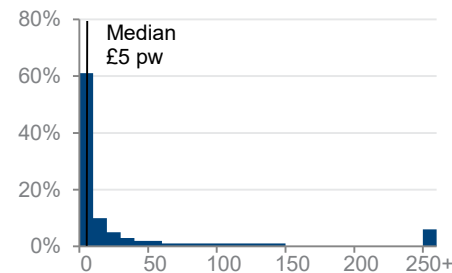
Personal pension income



Sixteen per cent of pensioners had income from a personal pension, with an average of £53 per week for those in receipt. Thirty-two per cent of these pensioners had personal pension income of less than £30 per week.

See **Tables 3.9 and 6.5** for full data.

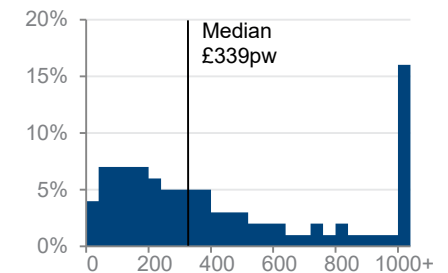
Investment income



Sixty per cent of pensioners were in receipt of investment income, with an average income of £5 per week for those in receipt. Six per cent of these pensioners had a weekly investment income of £250 or more per week.

See **Tables 3.7 and 6.7** for full data.

Earnings income



Seventeen per cent of pensioners were in receipt of earnings, with an average income for those in receipt of £339 per week. Sixteen per cent of these pensioners had earnings income of £1,000 or more per week.

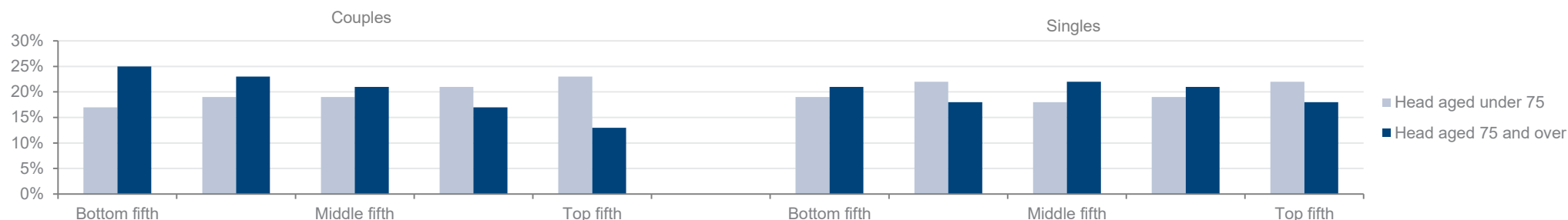
See **Tables 3.11 and 6.8** for full data.

Distribution of pensioners' incomes

These charts look at the distribution of pensioners' incomes and where different groups of pensioners sit within it. To do this, pensioners' incomes are ranked in order, and then the ranked pensioner population is divided into five equal groups of 20 per cent. The top fifth had the highest incomes and the bottom fifth had the lowest. This is calculated separately for couples and singles.

Pensioners' position within the pensioner income distribution varied by age

The percentage of pensioners, by age of head, in each fifth of the pensioner couples or pensioner singles net income (AHC) distribution, 2017/18

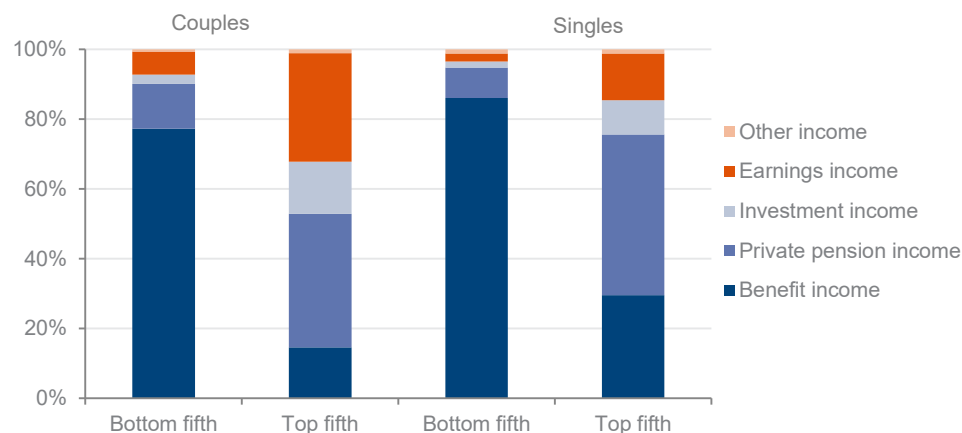


In 2017/18, a quarter of pensioner couples where the head was 75 or over were in the bottom fifth of the pensioner couples' income distribution. Of couples where the head was under 75, 17 per cent of couples were in the bottom fifth. This difference is statistically significant. The top fifth of the income distribution contained 13 per cent of pensioner couples where the head was 75 or over. Twenty-three per cent of pensioner couples with the head under 75 were in the top fifth. This difference is statistically significant. There was less variation between age groups for single pensioners. Nineteen per cent of single pensioners aged under 75 were in the bottom fifth of the pensioner singles income distribution, compared to 21 per cent of single pensioners 75 and over. The top fifth contained 22 per cent of single pensioners aged under 75 and 18 per cent of single pensioners 75 or over.

See **Table 4.2** for full data.

The sources of pensioners' incomes differed across the income distribution

Percentage of gross mean income from different sources for couples and singles in the top and bottom fifths of the pensioner couples or pensioner singles net income (AHC) distribution, 2015/16 to 2017/18



Benefit income, including State Pension income, was the largest source of income for both single pensioners and couples in the bottom fifth of the income distribution over the three-year period 2015/16 to 2017/18. For pensioner couples in the bottom fifth, benefit income accounted for 77 per cent of income, while for single pensioners this was 86 per cent.

For the top fifth of both couples and singles, the largest source of income was private pension income (38 per cent for couples and 46 per cent for singles). For both couples and singles, the top fifth of the income distribution received a larger percentage of their income from earnings than any other quintile (31 per cent for couples and 13 per cent for singles).

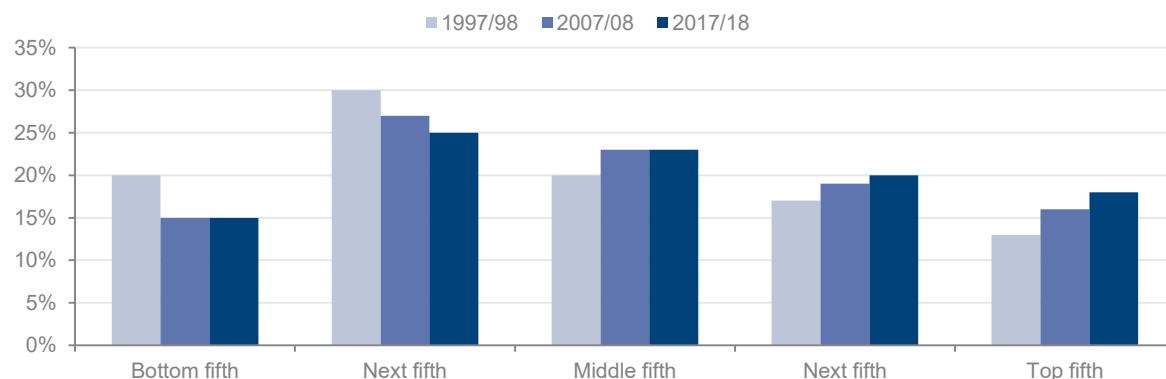
See **Table 4.4** for full data.

Pensioners' incomes within the overall income distribution

When looking at the position of individuals in pensioner units within the income distribution of the overall population, we use equivalised income. This means that incomes are adjusted to take account of the size and composition of households. This is the approach used in the [Households Below Average Income report](#), which analyses the overall household income distribution.

The percentage of pensioners in the top fifth of the overall population income distribution increased over 20 years

The percentage of pensioners in each fifth of the overall population income distribution (AHC), using equivalised income, 1997/98, 2007/08 and 2017/18



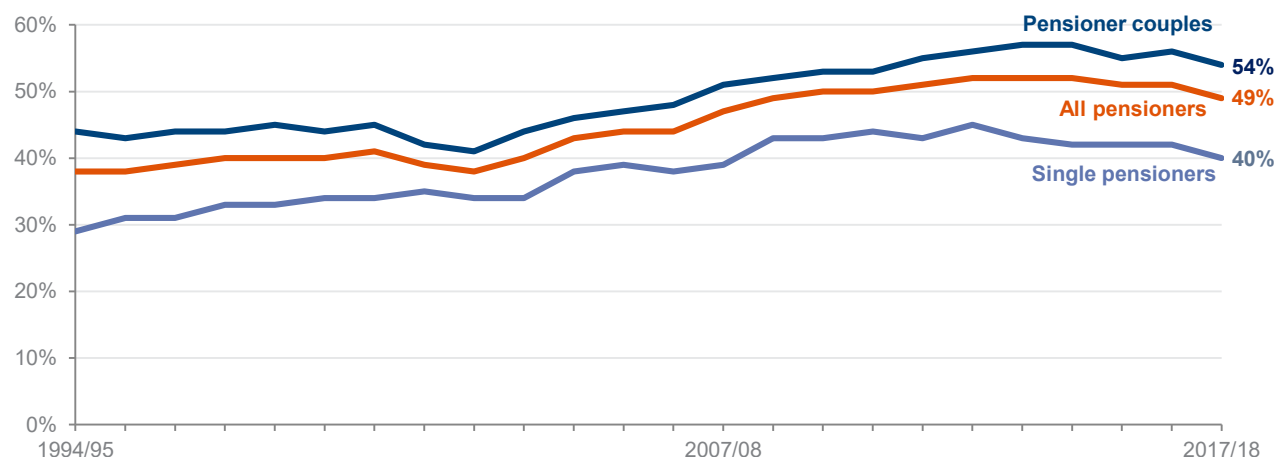
Fewer pensioners were in the bottom fifth of the overall income distribution in 2017/18 compared to 1997/98, and more were in the top fifth. The percentage of pensioners in the bottom fifth was 20 per cent in 1997/98. In 2017/18, 15 per cent of pensioners were in the bottom fifth. This difference is statistically significant. Nineteen per cent of single pensioners and 12 per cent of pensioner couples were in the bottom fifth in 2017/18. This difference is statistically significant.

In 1997/98, 13 per cent of pensioners were in the top fifth of the overall income distribution. This increased to 18 per cent in 2017/18. This difference is statistically significant. More than a fifth of pensioner couples (22 per cent) were in the top fifth in 2017/18, compared to 12 per cent of single pensioners. This difference is statistically significant.

See **Table 4.6** for full data.

The percentage of pensioners in the top half of the overall population income distribution increased over the time series

The percentage of pensioners in the top half of the overall population income distribution (AHC), using equivalised income, 1994/95 to 2017/18



In 2017/18, 49 per cent of pensioners were in the top half of the overall income distribution. In 1994/95, this percentage was 38 per cent. This difference is statistically significant. The increase occurred between 1994/95 and 2009/10, when 50 per cent of pensioner couples were in the top half.

The percentage of pensioner couples in the top half of the income distribution was 44 per cent in 1994/95. In 2017/18, this was 54 per cent. This difference is statistically significant.

Forty per cent of single pensioners in 2017/18 were in the top half of the income distribution. In 1994/95, this was 29 per cent. This difference is statistically significant.

See **Table 4.7** for full data.

About these statistics

How do we measure income?

The main income measure used in PI is weekly net disposable unequivalised income, calculated for both **Before Housing Costs (BHC)** and **After Housing Costs (AHC)**. Estimates should therefore only be regarded as broadly indicative of pensioners' overall living standards. BHC income comprises total income from all sources for all members of the pensioner unit.

Income is net of:

- income tax payments and National Insurance contributions;
- domestic rates/council tax
- contributions to pension schemes
- all maintenance payments
- student loan repayments
- parental contributions to students living away from home

Income **After Housing Costs (AHC)** is derived by deducting a measure of housing costs from the overall income measure.

Housing costs include:

- Rent (gross of housing benefit)
- Water rates, community water charges and council water charges
- Mortgage interest payments
- Structural insurance premiums
- Ground rent and service charges.

When looking at individual income components, figures are calculated from gross income.

National Statistics

The regulatory arm of the UK Statistics Authority, the Office for Statistics Regulation, has designated the Pensioners' Incomes Series as **National Statistics**, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the [Code of Practice for Statistics](#) (the Code).

National Statistics status means that Official Statistics meet the highest standards of trustworthiness, quality and public value and comply with all aspects of the Code. The Office for Statistics Regulation has undertaken this assessment to consider whether the statistics meet the required standard.

It is the Department for Work and Pensions' (DWP) responsibility to maintain compliance with the standards expected of National Statistics. If DWP becomes concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Office for Statistics Regulation. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored.

Further information about National Statistics can be found here.

DWP considers that all Pensioners' Incomes statistics in this publication are "Fully Comparable at level A*" of the UK Countries Comparability Scale across countries.

Where to find out more

Further outputs and reference tables from PI analysis, alongside our PI Background information and methodology, which gives additional detail on how we estimate the measures reported here, are available via the following link: <https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-201718>

Analysis of Pensioners' Incomes Series data from previous years, as well as further guidance and information about the statistics, is available via the following link: <https://www.gov.uk/government/collections/pensioners-incomes-series-statistics--3>

Details of other National and Official Statistics produced by DWP can be found on the DWP website at the following links:

- A schedule of statistical releases over the next 12 months and a list of the most recent releases: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics>
- In accordance with the Code of Practice for Statistics, all DWP National Statistics are also announced at: <https://www.gov.uk/government/statistics/announcements>

Information on alternative sources of data on earnings and income are available here:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/methodologies/aguidetosourcesofdataonearningsandincome>
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/methodologies/explainingincomeearningsandthegenderpaygap>