



First Release

10 June 2008

Coverage:
United Kingdom

Theme:
Social and Welfare

The Pensioners' Incomes Series 2006-07

The Pensioners' Incomes Series 2006-07 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 publication is based on two household surveys. The **latest information**, for the financial years 1994-95 to 2006-07, comes from the Family Resources Survey (FRS).

The main findings from the publication:

(Table 2.1)

In 2006-07 the **average net income for all pensioner units** (pensioner couples and single pensioners together) was £303 per week before housing costs (£277 after housing costs).

(Table 2.2)

Between 1996-97 and 2006-07, average net income before housing costs increased by 29 per cent over the period. After housing costs the rise was 43 per cent. Recent growth estimates in this publication are subject to particular uncertainty, but the average almost certainly increased at a faster rate than average earnings (up 16 per cent over the same period).

Recent growth in average income has been driven by continued increases in benefit and occupational pension income and earnings.

Differences amongst pensioners:

Differences by status

(Tables 2.1-2)

Average net income for pensioner couples in 2006-07 was almost twice that of singles.

In 2006-07 **average net income of pensioner couples** was £413 per week before housing costs are taken into account and £390 per week after housing costs. Between 1996-97 and 2006-07 the net income of pensioner couples grew by 24 per cent in real terms before housing costs (36 per cent after housing costs).

The **average net income of single pensioners** was £213 per week in 2006-07 before housing costs and £185 per week after housing costs. Between 1996-97 and 2006-07 the net income of single pensioners grew by 31 per cent in real terms before housing costs (48 per cent after housing costs).

DWP Department for
Work and Pensions

Issued by:
Pensioners' Incomes Team
Pensions Analysis and Incomes
Division
Department for Work and
Pensions

Press Office:
020 3267 5144

DWP website:
www.dwp.gov.uk

Statistician:
James Rees
Pensions Analysis and Incomes
Division
Department for Work and
Pensions
3rd floor
The Adelphi
1-11 John Adam Street
London WC2N 6HT

Telephone: 020 7712 2496
Facsimile: 020 7962 8613
email:
James.Rees@dwp.gsi.gov.uk

Next Publication:
To be announced

Differences by sex

(Table 2.6)

The average net income of single female pensioners' per week was approximately 91 per cent of single male pensioners' net income per week before housing costs in 2006-07.

The **average net income of single male pensioners** was £229 per week in 2006-07 before housing costs and £198 per week after housing costs.

The **average net income of single female pensioners** was £208 per week in 2006-07 before housing costs and £180 per week after 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 £437 per week in 2006-07 before housing costs, and £414 per week after housing costs. Single pensioners under 75 had £226 before housing costs, and £196 after housing costs.

The **average net income of pensioner couples with the head aged 75 or over** was £353 per week in 2006-07 before housing costs and £333 per week after housing costs. This was £203 before housing costs and £175 after housing costs for single pensioners aged 75 or over.

The average net income of single male pensioners under 75 was £236 per week before housing costs (£203 after housing costs), single male pensioners 75 and over received £223 per week before housing costs (£194 after housing costs). The average net income of single female pensioners under 75 was £223 per week before housing costs (£194 after housing costs), single female pensioners 75 and over received £196 per week before housing costs (£169 after housing costs).

Table (i): Differences amongst pensioners' incomes

2006-07 prices

Family Resources Survey		Comparison over time		Latest year	
		per cent growth in net income before housing costs	per cent growth in net income after housing costs	Average net income before housing costs (£ per week)	Average net income after housing costs (£ per week)
		1996-97-2006-07	1996-97-2006-07	2006-07	2006-07
All pensioner units		29%	43%	303	277
<i>By status</i>					
Pensioner couples		24%	36%	413	390
Single pensioners		31%	48%	213	185
<i>By gender</i>					
Single male pensioners		26%	40%	229	198
Single female pensioners		33%	50%	208	180
<i>By age of head</i>					
Under 75	Pensioner couples	24%	36%	437	414
	Single pensioners	31%	46%	226	196
75 and over	Pensioner couples	28%	41%	353	333
	Single pensioners	34%	51%	203	175

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 are subject to misreporting. However, they do provide a useful picture of broad levels and trends.

(Table 2.1)

In 2006-07 **benefit income** (44 per cent) was the most substantial component of pensioner units' gross incomes, followed by **occupational pensions** (25 per cent), **earnings** (17 per cent), **investment income** (10 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 (95 per cent) pensioner units received some **income from the State Pension** (including widow's benefits) in 2006-07. The average amount received was £124 per week in 2006-07 (£104 for singles and £149 for couples).

(Table 3.4)

Nearly a third (32 per cent) of pensioner units received some **income from income related benefits** in 2006-07. The average amount received by those units with some income related benefits was £64 per week in 2006-07.

(Table 3.5)

Over one fifth (23 per cent) of pensioner units received some **income from disability benefits** in 2006-07. The average amount received by those with income from disability benefits was £58 per week in 2006-07.

(Table 3.1)

The majority of pensioner units received some form of **income on top of state benefits** – 87 per cent received income from private sources in 2006-07.

(Table 3.2)

Over a third (37 per cent) of pensioner units received **less than half their income from state benefits** in 2006-07.

Investment income

(Table 3.6)

The proportion of pensioner units with some **income from investments** was 72 per cent in 2006-07. The average amount received by those units with some investment income was £51 per week in 2006-07, although half of those in receipt received £7 per week or less.

Occupational pensions

(Table 3.7)

The proportion of pensioner units with some **income from occupational pensions** was 59 per cent in 2006-07. The average amount received by those units with some occupational pension was £156 per week in 2006-07.

Personal pensions

(Table 3.8)

The proportion of pensioner units with some **income from personal pensions** was 13 per cent in 2006-07. The average amount received by those units with some personal pension was £97 per week in 2006-07.

Earnings

(Table 3.10)

The proportion of pensioner units with some **income from earnings** was 16 per cent in 2006-07. The average amount received by those units with some earnings was £392 per week in 2006-07.

Regional incomes

(Table 2.7)

London had the **highest average gross income for pensioner couples** in 2006-07 at £635 per week.

London had the **highest average gross income for single pensioners** in 2006-07 at £269 per week.

Ethnic minority groups

(Table 5.6)

Gross income for **Asian** (£285), **Black** (£273) and **Chinese & other** (£321) pensioner units was less than that of **White** pensioner units (£364) in 2006-07. The proportion in receipt of State Pension was lower for Asian (80%), Black (90%) and Chinese & other groups (84%) than for the White group (97%). The proportion in receipt of private pensions was also lower for these groups.

Notes to Editors

1. The Pensioner' Incomes Series 2006-07 is largely based on information contained in the Family Resources Survey (FRS) from the financial years 1994-95 to 2006-07, run by the Department for Work and Pensions (DWP), and covering the United Kingdom (Great Britain before 2002-03). The Survey of Personal Incomes of 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. These results can be found on the PI series website (http://www.dwp.gov.uk/asd/pensioners_income.asp) and are used to provide information on historical trends in the main body of the publication.
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 in recent editions of the HBAI publication.
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. SPA is 65 years for men and 60 years for women.
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. 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 annuities, property, stocks and shares, as well as income from savings. 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.
8. 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.
9. 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.
10. Two measures of net income are given. Net income Before Housing Costs (BHC) measures net income before deductions for the cost of housing. Net income After Housing Costs (AHC) measures net income after a deduction for the cost of housing.
11. 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.
12. All reported amounts are given in £ per week in 2006-07 prices and are mean averages unless otherwise stated. Estimates are rounded to the nearest £1 or 1 per cent.

13. Measured growth in pensioners' incomes refers to growth in summary measures and implies nothing about the growth in incomes of individual pensioners.
14. The Pensioner' Incomes Series 2006-07 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.

"The Pensioners' Incomes Series 2006-07"
ISBN 978-1-84763-466-5

Press Enquiries: 020 3267 5144

A ".pdf" version of the publication can be downloaded from:
http://www.dwp.gov.uk/asd/pensioners_income.asp