



DEPARTMENT OF SOCIAL SECURITY
Analytical Services Division

The Pensioners' Incomes Series

1997/8

Editorial Team:

Chris Cousins
Stuart Leigh
Nick Dean



A publication of the Government Statistical Service
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ISBN 1 85197 896 8

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Section 1 Introduction

The Pensioners' Incomes Series 1997/8 is the latest edition of the annual Pensioners' Incomes (PI) Series. It contains estimates and interpretation of trends in the levels and sources of pensioners' incomes based on two household surveys. Information on the latest year (and the three preceding years) is based on the Family Resources Survey (FRS), while trends over time are examined using the Family Expenditure Survey (FES). The main results are summarised in Section 2 below, while subsequent sections discuss the data, the types of analyses, and a summary guide to the statistical measures used. Full FRS-based results are given in Sections 8 to 13, supplemented with information on trends over time from the FES. More detailed tables based on the FES are contained within the Appendix.

This edition contains two types of analysis. Most of the publication is devoted to the main PI analysis, which concentrates solely on pensioners, with background information given in Section 5. The publication also includes some Households Below Average Incomes (HBAI) analysis, which looks at the position of individual pensioners within the overall income distribution. Section 6 compares HBAI with PI methodology.

Contact Points

The contact point for general enquiries and copies of this publication is:

ASD Secretariat
Analytical Services Division
Department of Social Security
4th Floor
The Adelphi
1-11 John Adam Street
London WC2N 6HT

Telephone: 020 7962 8192

If you wish to speak with the economists and statisticians working on the Pensioners' Incomes Series please phone Chris Cousins on 020 7962 8975, Stuart Leigh on 020 7962 8688 or Nick Dean on 020 7712 2578. Alternatively, the team can be contacted at the following e-mail address: cousinsc@ms42.dss.gov.uk

Section 2 Summary of Main Results

Growth in incomes

Section 8

- The average net income of all pensioner units grew by over 60% between 1979 and 1996/7.
- This growth stemmed from substantial increases in incomes from benefits, occupational pensions and investments.

Differences between pensioner units

Section 8

- In 1997/8 single (non-cohabiting) pensioners received £132 net income per week on average. As would be expected pensioner couples (married or cohabiting) received more, at £258.
- On average older pensioner units have lower incomes. In 1997/8 pensioner couples where the man was aged over 75 received £226 net income per week compared with £274 net income per week for those aged under 75. Recently retired pensioner couples received an average of £297 per week.
- Single male pensioners received an average of £146 net income per week in 1997/8 compared with £128 for single female pensioners.

Sources of income

Sections 8, 9 & 10

- In 1997/8 benefit income (52%) was the most substantial component of pensioner units' incomes, followed by occupational pensions (26%), investment income (including personal pensions) (13%) and earnings (8%). Other sources were negligible.
- 98% of all pensioner units received income from the state Retirement Pension or other National Insurance benefits for the elderly in 1997/8, at an average of £87 per week. This compares with £100 per week for recently retired pensioners in receipt.
- Income related benefits were received by 37% of pensioner units and 20% were in receipt of disability benefits in 1997/8.
- 68% of pensioner units had income from investments in 1997/8.
- The proportion of pensioner units with income from income related benefits fell from 57% in 1979 to 40% in 1996/7, whilst those with income from disability benefits rose from 4% to 19% over the same period.
- The proportion of pensioner units reporting incomes from occupational pensions rose from 40% in 1979 to 57% in 1996/7.
- Despite substantial real increases in benefit income, the proportion of pensioner units' income coming from state benefits fell between 1979 and 1996/7, with a corresponding rise in the proportion from occupational pensions.

Distribution of pensioners incomes

Section 11

- There is considerable diversity among the circumstances of pensioner units.
- Incomes have risen more quickly at the upper end of the pensioner income distribution, than at the bottom.
- Median net income grew by 28% in the bottom fifth and 76% in the top fifth of the single pensioner net income distribution between 1979 and 1996/7.
- Median net income grew by 34% in the bottom fifth and 80% in the top fifth of the pensioner couples' net income distribution between 1979 and 1996/7.

Position of pensioners in the overall income distribution (HBAI analysis)

Section 12

- The proportion of individuals in pensioner families that were in the lowest fifth of the overall net income distribution has almost halved between 1979 and 1995/96, from 47% to 24%.
- The proportion that were in the bottom fifth of the overall distribution of net income after housing costs fell from 46% in 1979 to 19% in 1995/96.
- The proportion of individuals from pensioner families in the top half of the net income distribution rose from around one quarter in 1979 to one third in 1995/96.
- The proportion in the top half of the distribution of net income after housing costs increased from 25% to 37% over this period.

Couples where the woman is over state pension age but the man is not (excluded from main series)

Section 13

Couples where the woman is over state pension age but the man is not are not covered by the main Pensioners' Incomes Series. Analysis of this group shows that compared to couples included in the main series:

- the group had a higher average net income in 1997/8, at £300 per week compared with £258 per week.
- earnings were a more significant source of income, at 51% of gross income, while benefit income is less significant at 16%.
- income growth between 1979 and 1996/7 has been slower.

Section 3 The Data

The PI series in 1997/8 is largely based on information contained in the Family Resources Surveys (FRS), run by the Department of Social Security, for the financial years from 1994/5 to 1997/8, covering Great Britain. In past editions of PI, the main results have been based on Family Expenditure Survey (FES) data. More details of the switch to the FRS as 'lead' series are given in Section 4.

The Survey of Personal Incomes (SPI) of the Board of the Inland Revenue is used to estimate the income of very high income cases, as occurs in the Department of Social Security's Households Below Average Income series. The SPI is based on a sample of tax records and is thought to obtain more accurate information on people with very high incomes than can be obtained from a household survey such as the FRS.

FRS-based estimates are not available prior to 1994/5, and the three-year gap between 1994/5 and 1997/8 FRS-based results is not sufficient to provide an accurate picture of changes in pensioners' incomes over time. Therefore estimates on past trends (from the calendar year 1979 to the financial year 1996/7) are presented based on the Family Expenditure Survey (FES), run by the Office for National Statistics, and covering the United Kingdom. Summary information from the FES is included in the tables and charts in the main body of the publication, while more detailed estimates from earlier years are included in the Appendix.

Results from the FRS and FES should not be directly compared to one another (see Section 4). Thorough comparative analyses of results based on the two surveys can be found in recent editions of the HBAI publication.

Neither the FES nor the FRS collect information on people living in institutions, e.g. nursing homes, barracks, jails, homeless people living rough or in bed and breakfast accommodation. Therefore the PI Series does not cover these people.

All data sources have their limitations and the PI analyses of FRS and FES data are no exception. A Robustness Assessment Report has been published which considers income data from the FES and can be found on the website <http://lissy.ceps.lu/canberra.htm>. Among other findings, the report concluded that there was some evidence of under-estimation of income from self employment prior to 1996/7, and that there was also evidence of under-estimation of investment income. Investment income in particular is an important source of income for pensioners.

Section 4 Differences between the Family Resources Survey and the Family Expenditure Survey

Whilst changing to a new survey causes the Pensioners' Incomes Series to be discontinuous, and also information concerning Northern Ireland is no longer available, the FRS has a number of advantages over the FES.

The FRS has a larger sample size than the FES. The sample size of pensioner units is nearly four times greater in the FRS, giving a sample of some 8,000 pensioner units. Results in the

Pensioners' Incomes Series will therefore be subject to less statistical variability, particularly when looking at small subgroups of pensioners.

The more detailed questions and references to financial documentation (such as respondents' order books) used by the FRS will improve the quality of the information on benefit receipt. The FRS is purpose built for the DSS and will therefore be more responsive to the requirements of the Pensioners' Incomes Series.

Methodological Review

As well as the differences noted above, the FRS-based results of the PI Series will differ from those based on FES data due to improvements to the methodology arising from the HBAI Methodological Review 1996, which is available on request from the contact point given on Page 5.

One improvement is to the adjustment of the incomes of very high income pensioner units using data from the Survey of Personal Incomes (SPI) – see Section 3. For the FRS-based series the adjustment, which uses more reliable SPI data to improve estimates of the income levels of such individuals, is made separately to pensioners and non-pensioners. For the FES-based series, the adjustment did not differentiate between pensioners and non-pensioners when adjusting estimates of total gross income, although the adjustment of 1994/5-1996/7 FES data does use pensioner-specific SPI data to improve the estimates of the relative sizes of the components of gross income.

There is a small and relatively insignificant difference in the calculation of gross income. For all of the PI Series results produced using FES data, Social Fund repayments have been deducted from the estimate of total gross income. Social Fund repayments are not deducted from estimates based on FRS data. Furthermore, student loans are included in FRS-based estimates but not FES-based estimates.

The calculation of net income has also changed. Unlike FES-based results, FRS-based estimates of net income now deduct all contributions to private pension schemes, including contributions to personal pension schemes, and also deduct maintenance and child support payments. Also, FRS-based estimates of net income no longer deduct Social Fund repayments, but they do deduct student loans repayments.

Comparison of FES-based and FRS-based PI Series results

A comparison of the results of the Pensioners' Incomes Series reveals differences between results based on FES data and results based on FRS data, with estimates of income levels from FRS data tending to be slightly lower than those from FES data. Some differences in results would be expected to arise from differences between the surveys and methodological improvements.

Even given the three years of overlap between FRS and FES data, random sampling variations mean that it is very difficult to quantify the difference between results from the two surveys for any given time series. *Therefore users should not make any direct comparisons between FRS- and FES-based results in this publication.* FRS-based results should be used to look at the current characteristics of pensioners' incomes, while FES-based results should be used to look at historical trends.

Comparative analyses of general results based on the two surveys can be found in HBAI 1979-1996/7, HBAI 1979-1994/95 and HBAI 1979-1993/94. A more detailed paper on this topic will be published shortly in the ONS Methodological Series. One finding that is particularly relevant to the PI Series was that single pensioners appeared to report significantly lower levels of investment income in the FRS than in the FES.

More detailed information on the design and response rates of the FRS and FES are available from the *Family Resources Survey* annual report (produced by DSS) and *Family Spending* (produced by ONS) respectively.

Section 5 The Pensioners' Incomes Analysis

Pensioner Units

The main Pensioners' Incomes analysis gives estimates for pensioner units. A pensioner unit is defined as a single (non-cohabiting) person over state pension age or a couple (married or cohabiting) where the man, defined as the head, is over state pension age.

This main analysis contains tables for various sub-groups of pensioner units. These include estimates for 'recently retired' pensioner units (defined as pensioner units where the head of the benefit unit is less than five years older than state pension age (SPA)), estimates split by age of the head of the pensioner unit (under or over 75), and 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.

Couples excluded from the definition of a pensioner unit

Historically, surveys have defined the head of a household as the man, where present. This was perpetuated in the design of the PI series, which defined pensioner units with reference to the age of the head, i.e. the man in couples. The PI Series includes an analysis which covers couples who are excluded from the definition of a pensioner unit, namely couples where the woman is over state pension age, but the man is not.

There are considerable differences in the levels and sources of incomes between the standard pensioner unit and couples where the woman is over state pension age but the man is not. These differences largely arise from the greater proportion of men in work being greater for those aged under 65 than those aged over 65. This means that the latter group could not be added to the definition of a pensioner unit without recasting the entire Pensioners' Incomes Series. For this reason a separate analysis of the levels and sources of income for such couples has been produced in Table 17.

Income measures

Income in the PI Series mainly comprises: all social security benefits; income received from occupational pension schemes; income from savings and investments; and earnings, and profit or loss from self employment (losses are treated as a negative income). It also includes items such as: educational grants and payments; maintenance payments; the cash value of certain forms of income in kind such as luncheon vouchers, free meals/food from employers, free coal and coke and free milk (where data available).

Gross income is separated into five components:

- social security benefit income,
- income from occupational pensions,
- income from investments,
- earnings, and
- other income.

Investment income includes income from annuities, personal pensions, property, stocks and shares, as well as income from savings. Personal pensions currently account for a small proportion of investment income, but there may be scope for separate analyses of this source in future editions of the PI Series. Other income includes private benefits such as those from Friendly Societies, and the income of any dependent children, as well as other miscellaneous sources of income.

Estimates include a further breakdown of social security benefit income into

- National Insurance benefits received by the elderly (Retirement Pension, widows' benefits, Incapacity Benefit),
- income-related benefits (Income Support, Family Credit, Housing Benefit, Council Tax Benefit), and
- disability benefits (Severe Disability Allowance, Disability Living Allowance, Disability Working Allowance, Attendance Allowance, Invalid Care Allowance, Industrial Injuries Disablement Pension and War Disablement Pension).

For earlier years where a given benefit did not exist, its predecessor is included under the relevant category. This breakdown is based on survey respondents' identification of different elements of benefit income, and is therefore subject to mis-reporting. There are some benefits, such as Winter Fuel Payments, that do not fall under any of these three categories, but are included in estimates of total benefit income.

Net income based on FRS data is net of items such as income tax payments, NI contributions, contributions to occupational and personal pension schemes, local taxes, maintenance and child support payments and, from 1997/8, parental contributions to students living away from home. Deduction of the latter has a negligible effect on pensioners' net incomes. Net income based on FES data differs in that it is net of Social Fund repayments, but no deduction is made for maintenance and child support payments or personal pension contributions.

Two measures of net income are given. Net income Before Housing Costs (BHC) measures net income before a reduction for the cost of housing. Net income After Housing Costs (AHC) measures net income after a reduction for the cost of housing.

Housing costs are calculated by adding together the following components of the household's expenditure:

- rent (gross of housing benefit);
- water rates, sewerage rates and council water charges;
- structural insurance premiums (for owner occupiers);
- mortgage interest payments (net of tax relief);
- ground rent and service charges.

All reported amounts are given in £ per week in July 1997 prices and are mean averages unless otherwise stated.

Negative Incomes

Under the definitions of income described above, it is possible for some pensioners to have a negative income. Large negative incomes can have a significant affect on estimates of mean incomes. They can arise due to a negative income for a particular source (such as a loss from self-employment), or due to a deduction from net income that is not counter-balanced by a positive income (such as council tax, child maintenance payments or voluntary pension contributions). It is unlikely that a negative income is representative of the relative living standards of such people. For example, their income may be supplemented by past incomes (such as drawing on savings or other capital) or future incomes (for example through a loan or other credit).

Therefore, pensioner units in PI with a negative net income before housing costs have their incomes adjusted. For such cases gross income, all sources of income and net income before housing costs are set to zero. Net income after housing costs is set to zero minus housing costs. This adjustment is consistent with that used in the Households Below Average Income series, although it is conducted at the benefit unit level rather than household level.

Proportions in receipt of occupational pension income

In previous editions of the Pensioners' Incomes Series, estimates of the proportions in receipt of occupational pension income have been adjusted in line with the Government Actuary's Department's (GAD) Survey of Occupational Pensions. This only affected the top section of what is now Table 12. The adjustment was conducted since it was thought that household surveys under report numbers in receipt. This view was supported by the fact that the GAD survey, which obtains information directly from pension funds, produced higher estimates of numbers in receipt.

The adjustment procedure was reviewed in 1999, taking advantage of new GAD survey data for 1995 (the latest data available was previously 1991 data) and more detailed information from the FRS on the characteristics of recipients. The review concluded that, although on balance of probabilities the FRS and FES do slightly understate the proportions of pensioners in receipt, the scale of under-reporting was not large enough, and the accuracy of the best adjustment method not high enough, to justify an adjustment to FRS or FES data. Therefore, estimates of occupational pension receipt in this publication are based on unadjusted FRS or FES data, for all years. Full details of the review will be published shortly on the internet (www.dss.gov.uk).

Statistical variability

Even when taking advantage of the larger sample sizes of the FRS, estimates contained in PI 1997/8 are subject to a large degree of statistical variability. In particular comparisons of estimates from different years may not give reliable results. *It is therefore recommended that growth estimates are used to indicate long-term trends only and that year on year comparisons should be avoided.* For the same reason, users should also avoid short-term comparisons over time using FRS-based estimates. *Any comparisons over time should use FES-based estimates over a period spanning several years.*

Estimates for 1990/91

The PI Series gives single calendar year estimates up to the calendar year 1993, and single financial year estimates thereafter. However, in 1991 one quarter of the Family Expenditure Survey sample was omitted because of problems following the delayed issue of Community Charge bills in April 1991. This is explained fully in "Households Below Average Income 1979-1990/91" published by HMSO. As a result the sample size in that year is too small to provide sufficiently reliable estimates of pensioners' incomes. For this reason the remaining data for 1991 has been combined with that for 1990 to produce estimates for the combined calendar years 1990 and 1991.

Section 6 Households Below Average Income and the main Pensioners' Incomes Series

Analysis based on the Households Below Average Income series is included in each edition of the Pensioners' Incomes Series in order to provide information on the position of pensioners within the overall income distribution. The main differences between the HBAI and PI methods of analysis are discussed below.

Households Below Average Income

HBAI is the main income analysis produced by DSS. It provides estimates of patterns of equivalised personal disposable income in the UK, and of changes over time. As the title suggests, Households Below Average Income reports principally on the lower part of the income distribution and focuses on household income (as opposed to individual or family/benefit unit income).

The Pensioners' Incomes Series

The PI series analyses the cash incomes of all pensioners - single people over state pension age and couples where the husband is over state pension age. It does not focus on any particular part of the income range. As well as results for single people and couples, it produces an average over both: the "all pensioner units" figures.

The main differences

Equivalisation: To allow comparison of living standards of different households, the HBAI information on household income is "equivalised" - that is, in general terms, adjusted to take account of household size and composition. One of the main functions of the PI series is to reveal the actual cash amount received by pensioner units, split by sources of income. Equivalisation is not necessary for most PI results, which are presented separately for pensioner couples and single pensioners. PI results for all pensioner units are affected by changes in the balance between couples and singles, however, as shown in Table A1 (Supplementary) in the Appendix. To avoid unnecessary complexity, the main PI results are presented in real money terms rather than equivalised income.

Household or pensioner unit: The PI series is generally concerned with cash incomes directly received by pensioners. It tends to measure the income only of pensioner benefit units, ignoring income received by any other members of the household. Because HBAI attempts to measure material living standards, it takes account of all the income coming into the household where the pensioner lives, since this, rather than just the pensioner's direct income, will determine the pensioner's standard of living. HBAI therefore shows movements in equivalised net *household* income, whilst PI shows movements in *pensioner unit* incomes, except where it includes tables taken directly from HBAI. In this case the tables are based on HBAI definitions of income.

"All pensioner units" average: The PI series, when using non-equivalised cash income for single pensioners and couples, also produces an average across both groups: the "all pensioner units" figure. Its object is to demonstrate broad trends in growth and composition of pensioners' incomes over the longer term. However this average is affected by changes in the proportions of single pensioners and couples, and so should be quoted in conjunction with couple and single pensioner unit information. Equivalisation in HBAI, and in the HBAI tables included in PI, adjusts for this effect.

An alternative approach is to consider the growth in the incomes of all pensioner units keeping fixed the proportion of singles and couples over time. This is shown in Table A1 (Supplementary) in the Appendix.

Income Components: The PI results include analysis of the components of pensioner unit income (benefit income, occupational pension, etc). HBAI, with its broader span of interests, does not present detailed analysis of this sort.

Sample size: For the PI series, a single year of FES or FRS data is usually adequate. The HBAI series, requiring a larger sample size, is based on one years' FRS data or (usually) two years' FES data combined. PI has traditionally been able to employ a smaller sample because pensioner results were historically less sensitive to sampling error than are income results in general. However the results are not sufficiently sensitive to give an accurate picture of small changes from one year to the next (nor are they designed to do so).

Section 7 A Summary Guide to Interpretation

Measures of income

Use...	If...
Gross	<ul style="list-style-type: none"> interested in how much income pensioners get. interested in different sources of income.
Net	<ul style="list-style-type: none"> interested in income available for pensioners to spend, either before or after housing costs.
Mean	<ul style="list-style-type: none"> interested in all income available to pensioner units in a particular group. do not consider the influence of the highest incomes to be a major problem. interested in breaking down income by source.
Median	<ul style="list-style-type: none"> interested in the income of the 'typical' pensioner unit. do not want the average distorted by a small number of high incomes. looking at distributions of incomes.
Average for all	<ul style="list-style-type: none"> interested in all income available to pensioner units in a particular group. want to include those with no income from a particular source.
Average for those in receipt	<ul style="list-style-type: none"> interested in the average 'rate' at which people receive income from a particular source. interested in an individual source of income.
All pensioner units	<ul style="list-style-type: none"> interested in cash amounts for pensioners as a whole.
Singles and couples separately	<ul style="list-style-type: none"> comparing subgroups which contain different proportions of singles and couples. looking at distributions of income.

Main Results from the Pensioners' Incomes Series 1997/8

*Based on the Family Resources Survey 1994/5-1997/8
and the Family Expenditure Survey 1979-1996/7*

Section 8 Incomes of different types of pensioner unit

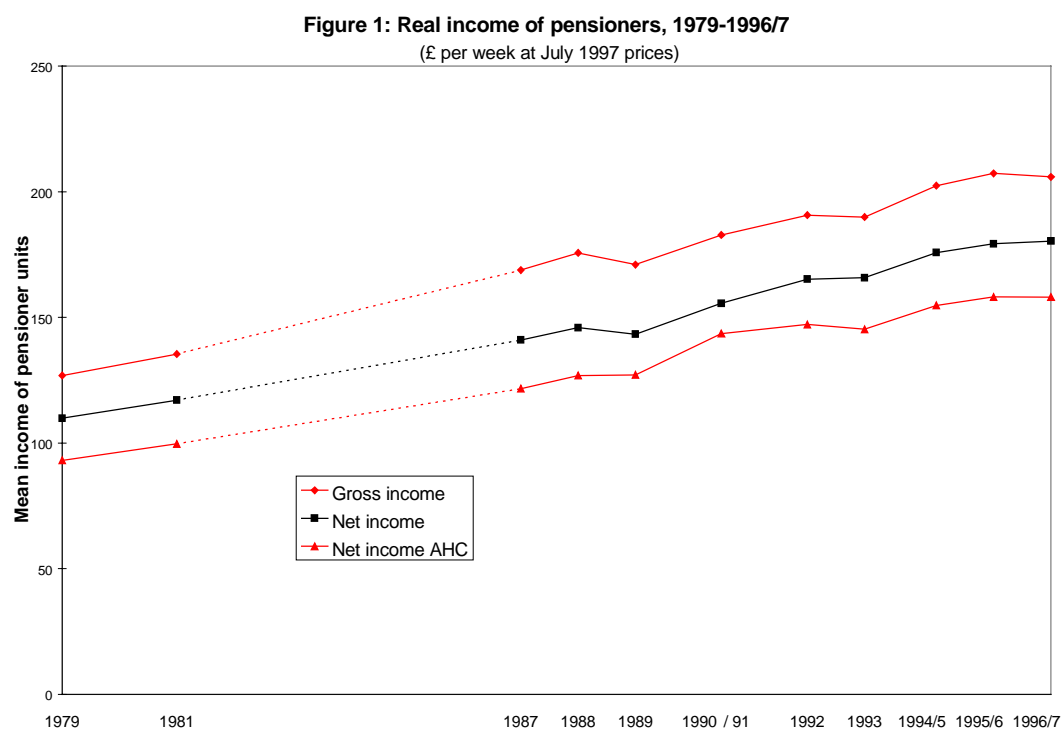
This section provides estimates of trends in the sources and levels of income for different types of pensioner unit. Pensioner units are defined as single (non-cohabiting) people over state pension age (65 and over for men; 60 and over for women) and couples (married or cohabiting) where the man (defined as the head) is over State Pension Age. All tables relate to this group, apart from Table 17.

(a) All pensioner units

On average, pensioner units received almost £210 a week in gross (pre-tax) income in 1997/8 (**Table 1**). After the deduction of tax, pensioner units received an average of £181 a week in net income. After the deduction of housing costs, average income stood at £159 a week.

Real average incomes have been growing since 1979 (**Figure 1**). Time series, such as the one shown in Figure 1, can be useful for showing general trends over the medium and long term since estimates in this publication are not accurate enough to give reliable year-on-year comparisons (see Section 5). Figure 1 shows average incomes for all years that estimates are available. Where there is a gap of more than two years between estimates, they are joined by a dotted line.

Both gross income and net income before housing costs (BHC) grew by over 60% in real terms between 1979 and 1996/7. Net income after housing costs (AHC) increased at roughly the same rate (70%).



Median income is the income of the person exactly in the middle of the distribution for a given group. The median net income (BHC) of pensioner units was £142 in 1997/8, some £40 lower than the mean. This difference is not unusual when looking at average incomes, since the small number of pensioner units with very large incomes can have a significant effect on the mean, while the median income is unaffected by incomes at either extreme. The median net income (BHC) grew by 63% for all pensioner units between 1979 and 1996/7, compared to a 64% increase in the mean.

Pensioners receive income from a range of different sources (**Figure 2**). In 1997/8, the average pensioner unit received just over half its gross income from state benefits (including the state Retirement Pension). Occupational pensions accounted for 26% of gross income, while a further 13% came from investment income. Earnings account for 8% of gross income on average, but tend to be concentrated among a relatively small group of pensioner units. More detailed information on the main sources of income can be found in Tables 8 to 12.

Some sources of income have contributed more than others to the overall growth in pensioners' incomes (**Figure 3**). The fastest growing sources of income have been occupational pensions (increasing by 162% in real terms between 1979 and 1996/7) and investment income (110%), although average investment income was lower in 1996/7 than in the late 1980s. The proportional growth in benefit income appears less substantial, but in absolute terms benefits have contributed just as much to overall growth from 1979 to 1996/7 (up £32) as occupational pensions (up £33) and more than investment income (up £15). Earnings and other income were at around the same level in 1996/7 as they were in 1979.

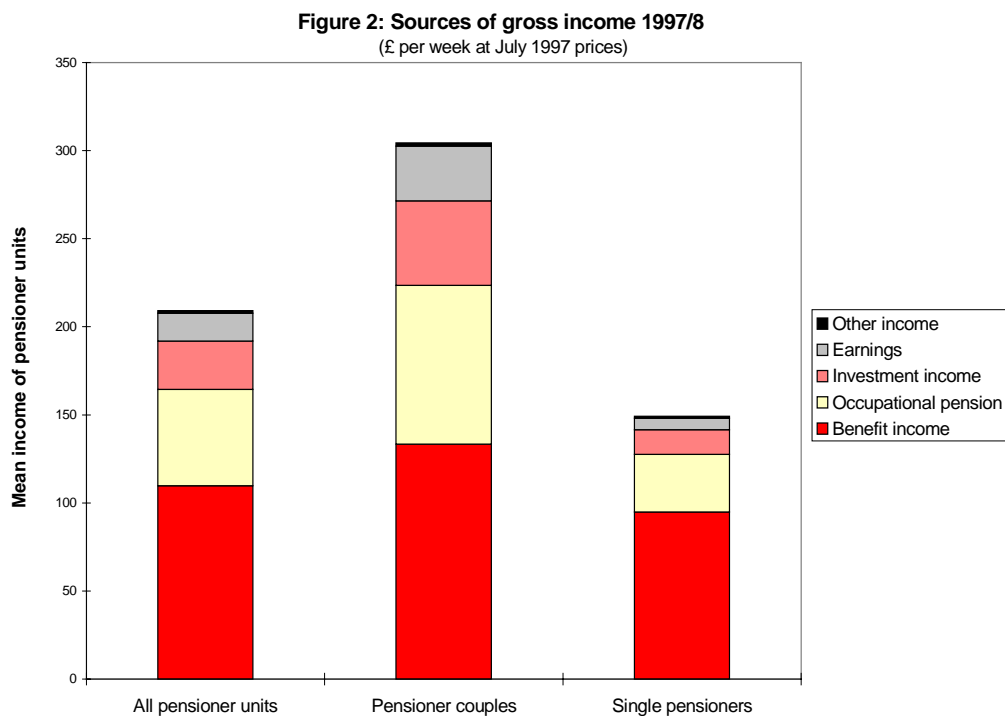
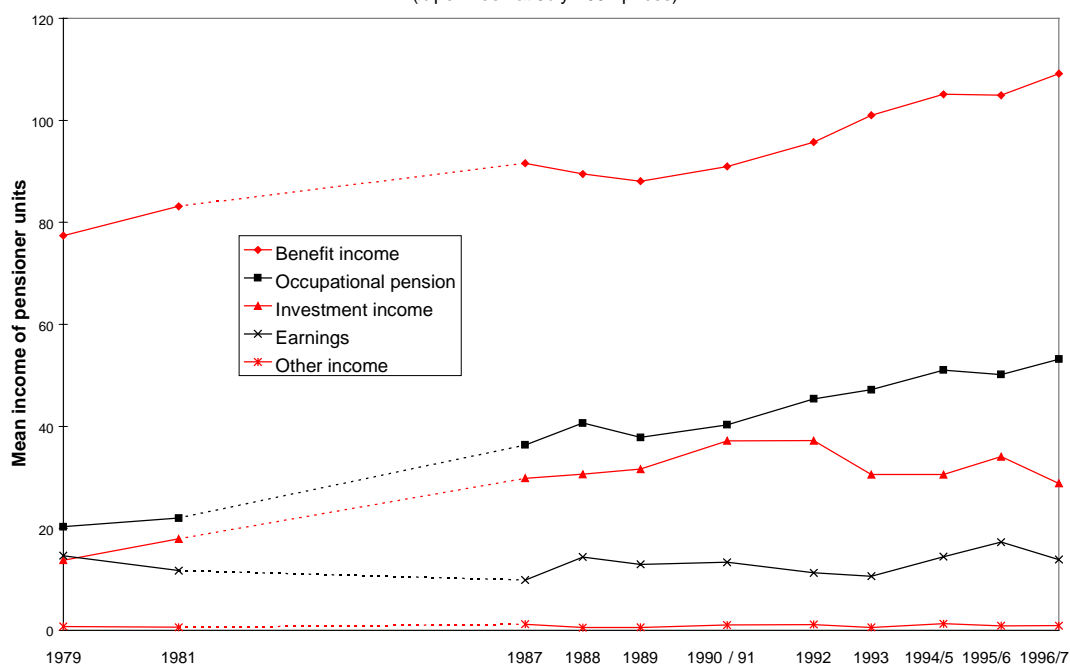


Figure 3: Growth in sources of gross income of all pensioner units, 1979-1996/7
(£ per week at July 1997 prices)



(b) Pensioner couples and single pensioners

Average figures for all pensioner units give a useful guide to trends in pensioners' incomes, but they can hide the wide diversity of circumstances among pensioners (the full range of pensioners' incomes is examined in Section 11). One factor that can clearly affect income is whether the pensioner unit is a single person or a couple. Two people have more potential for receiving income from the various sources as one person.

We might expect pensioner couples to receive more income than single pensioners. In fact, they received over twice as much gross income (£304) on average as single pensioners (£149) in 1997/8. This difference is apparent in all the component sources of income (Figure 2), accentuated by the fact that that couples are more likely to come from younger age groups, where incomes from these sources are higher (see Section 8(c)).

For earnings and occupational pensions, couples on average received considerably more than twice the amount received by singles. Again, this is influenced by the younger age distribution of couples. In contrast, average income from benefits for couples was only 40% higher than for singles. As a result of these differences, benefit income accounted for 64% of gross income for singles, compared with 44% of gross income for couples, in 1997/8.

Average (mean) net income grew by 60% between 1979 and 1996/7 for both singles and couples. Median net income grew more rapidly for couples (57%) than singles (52%).

Part of the growth in incomes between 1979 and 1996/7 has been due to an increase in the ratio of couples to singles, caused mainly by declining mortality. Since couples tend to have higher incomes on average, the increase in the proportion of pensioner units that are couples has resulted in growth in incomes of all pensioner units (62%) higher than the growth of either couples (58%) or singles (59%).

Table A1 (Supplementary) which is located in the appendix, shows what average incomes would have been if the ratio of couples to singles had remained the same from 1979 to 1996/7. At £201 a week, average gross income for all pensioner units in 1996/7 would have been £5 (or 2.5%) lower. The average gross income of all recently retired pensioner units (see **Table 2** for definition) would have been £6 (or 2%) lower, at £288 a week.

Similarly, comparisons of different groups of pensioners will be affected by the ratio of couples to singles in each group. For example younger pensioners have higher average incomes than older pensioners partly because they include more couples. For this reason, all tables in this publication include separate figures for pensioner couples and single pensioners.

Table 1: The average incomes of pensioner units, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				As a % of gross income in 1997/8	FES
	1994/5	1995/6	1996/7	1997/8		% Growth 1979-1996/7
All pensioner units						
Gross income	196	193	206	209	100%	62%
Of which:						
Benefit income	104	106	109	110	52%	41%
Occupational pension	49	49	53	55	26%	162%
Investment income	27	24	27	27	13%	110%
Earnings	16	13	16	16	8%	-5%
Other income	1	1	1	1	1%	21%
Net income before housing costs						
Mean	169	168	179	181	86%	64%
Median	130	131	140	142		63%
Net income after housing costs						
Mean	147	147	156	159	76%	70%
Median	107	109	116	120		64%
Pensioner couples						
Gross income	285	277	299	304	100%	58%
Of which:						
Benefit income	129	129	133	133	44%	34%
Occupational pension	81	83	87	90	30%	139%
Investment income	43	40	45	48	16%	124%
Earnings	30	25	33	31	10%	-7%
Other income	1	1	1	2	1%	25%
Net income before housing costs						
Mean	242	238	257	258	85%	60%
Median	191	188	202	203		57%
Net income after housing costs						
Mean	221	219	236	240	79%	69%
Median	171	168	180	185		63%
Single pensioners						
Gross income	142	141	147	149	100%	59%
Of which:						
Benefit income	89	91	93	95	64%	43%
Occupational pension	29	29	32	33	22%	173%
Investment income	16	14	15	14	9%	83%
Earnings	7	6	5	6	4%	-19%
Other income	1	1	1	1	1%	13%
Net income before housing costs						
Mean	124	125	129	132	88%	60%
Median	105	108	111	113		52%
Net income after housing costs						
Mean	101	102	106	109	73%	60%
Median	74	76	80	83		47%

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

(c) Differences by age

The average levels and sources of incomes received by pensioner units vary with age. Tables 2-4 give the average incomes for three groups of pensioner units:

- those where the head is less than five years over State Pension Age ('recently retired'),
- those where the head is under 75 years old ('under 75s' - this group includes recently retired pensioners), and
- those where the head is 75 or older ('over 75s').

The head of a couple is defined as a man.

Incomes tend to be higher for younger pensioners. Looking at differences by age among pensioner couples and single pensioners separately eliminates the effect on average incomes of younger age groups containing more couples. Indeed, the differences in average incomes by age is narrower for couples and singles than for all pensioner units.

The net income of couples in 1997/8 was £48 a week (or 21%) higher for under 75s than for over 75s (Table 2). This compares with under 75s having 33% higher incomes than over 75s among all pensioner units. Average net income grew slightly faster since 1979 for over 75s (up 71%) than for under 75s (up 60%), although in absolute terms this represented an increase of just under £100 for both groups.

The contributions of different components of gross income to the differences by age are shown in **Figure 4**. Benefit income is similar across the age bands, but there are notable differences by age in occupational pension and investment income, while earnings emerge as the main reason for higher incomes among younger couples.

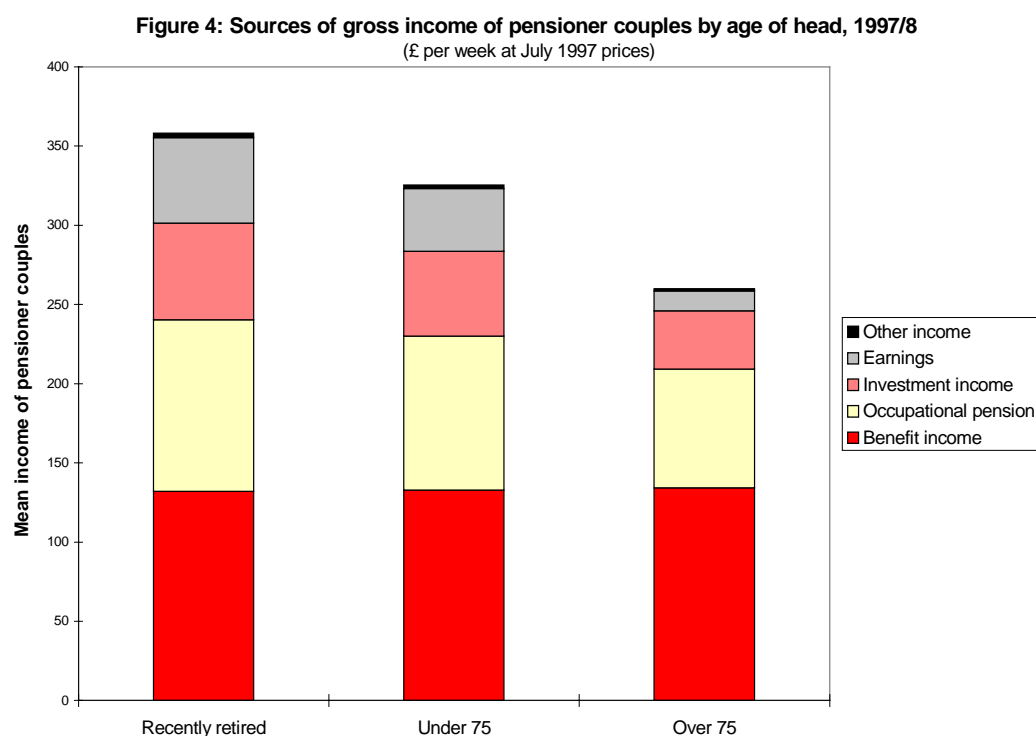


Table 2: The average incomes of pensioner couples by age, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				As a % of gross income in 1997/8	FES
	1994/5	1995/6	1996/7	1997/8		% Growth 1979-1996/7
Recently retired pensioner couples						
Gross income	320	320	346	358	100%	71%
Of which:						
Benefit income	127	127	129	132	37%	37%
Occupational pension	91	97	103	108	30%	140%
Investment income	48	48	54	61	17%	162%
Earnings	53	45	59	54	15%	38%
Other income	2	2	1	3	1%	46%
Net income before housing costs						
Mean	269	268	292	297	83%	73%
Median	211	210	225	234		68%
Net income after housing costs						
Mean	248	249	272	278	78%	85%
Median	190	193	206	215		79%
Pensioner couples where the head is under 75						
Gross income	303	294	323	325	100%	57%
Of which:						
Benefit income	128	128	131	133	41%	35%
Occupational pension	86	88	96	97	30%	130%
Investment income	48	43	50	53	16%	128%
Earnings	40	34	45	40	12%	-1%
Other income	1	2	1	2	1%	21%
Net income before housing costs						
Mean	256	250	275	274	84%	60%
Median	200	197	214	212		55%
Net income after housing costs						
Mean	234	231	254	256	79%	70%
Median	180	179	193	195		62%
Pensioner couples where the head is 75 or over						
Gross income	243	242	248	260	100%	73%
Of which:						
Benefit income	131	129	137	134	52%	30%
Occupational pension	71	71	67	75	29%	184%
Investment income	33	34	35	37	14%	119%
Earnings	8	7	8	13	5%	95%
Other income	*	1	*	1	*	*
Net income before housing costs						
Mean	212	214	219	226	87%	71%
Median	173	171	183	189		59%
Net income after housing costs						
Mean	191	195	199	206	79%	80%
Median	152	151	159	169		60%

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69; and couples in which the man is aged 65-69.
- (5) The man is defined as head of a couple.
- (6) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

The net income of single pensioners in 1997/8 was only slightly higher for the under 75s than the over 75s (**Table 3**). The difference was mainly due to higher earnings for under 75s (**Figure 5**), while occupational pension income was slightly higher for younger single pensioners.

As with pensioner couples, the growth in average net income between 1979 and 1996/7 was slightly faster for over 75s (up 66%) than for under 75s (up 57%).

It is important to note that differences by age can be caused in different ways. Firstly, there is the straightforward ‘age’ effect. For example, older pensioner units have less income from earnings on average because they are less likely to be willing or able to work due to their age. Secondly, there is a ‘cohort’ effect based on historical factors. For example, the rapid rise in occupational pension coverage in the 1950s and 1960s will have been more beneficial to someone born in 1930 than in 1910 (see Section 10(e)). Thirdly, before retirement the value of ‘second-tier’ pensions (such as occupational pensions and SERPS) is broadly linked with earnings growth over time. After retirement, the value of pensions in payment is broadly linked to prices, which generally grow at a slower rate than earnings. Therefore, other things being equal, an older pensioner who has been retired for longer will have a lower second-tier pension than the equivalent younger pensioner.

Figure 5: Sources of gross income of single pensioners by age, 1997/8
(£ per week at July 1997 prices)

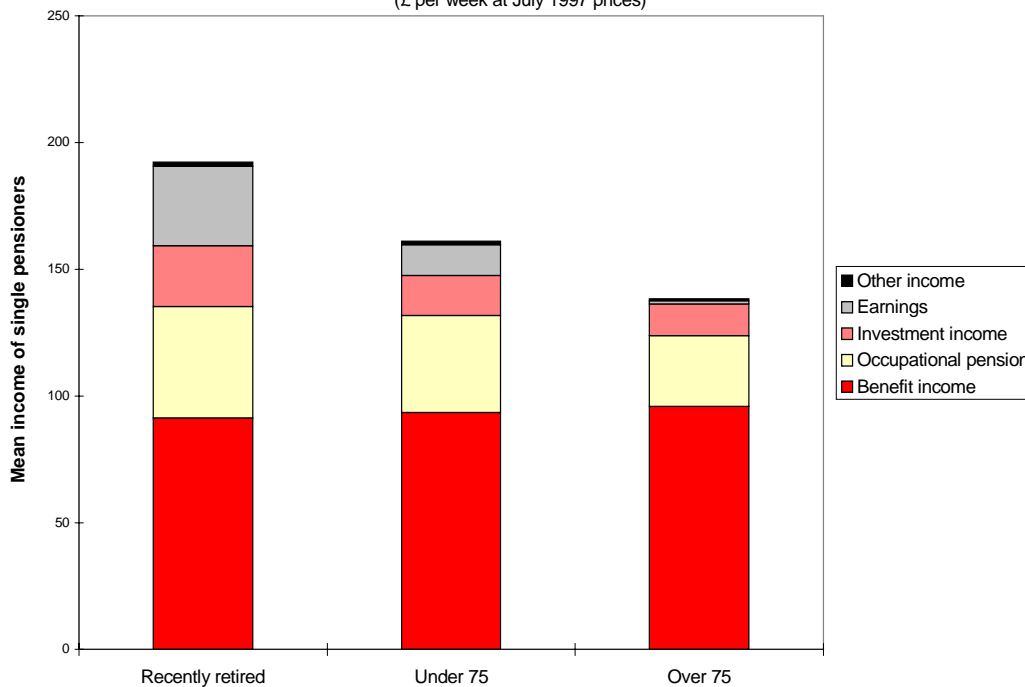


Table 3: The average incomes of single pensioners by age, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS					FES
	1994/5	1995/6	1996/7	1997/8	As a % of gross Income in 1997/8	% Growth 1979-1996/7
Recently retired single pensioners						
Gross income	181	171	172	192	100%	66%
Of which:						
Benefit income	87	90	91	91	48%	53%
Occupational pension	42	39	43	44	23%	213%
Investment income	22	15	17	24	12%	54%
Earnings	29	25	18	31	16%	18%
Other income	1	2	2	2	1%	123%
Net income before housing costs						
Mean	151	147	146	161	84%	68%
Median	117	119	124	129		65%
Net income after housing costs						
Mean	128	122	119	137	71%	72%
Median	94	94	97	107		62%
Single pensioners, under 75						
Gross income	152	151	158	161	100%	55%
Of which:						
Benefit income	88	91	91	94	58%	44%
Occupational pension	35	33	39	38	24%	168%
Investment income	18	16	17	16	10%	41%
Earnings	11	11	10	12	8%	-2%
Other income	1	1	1	1	1%	66%
Net income before housing costs						
Mean	132	132	137	140	87%	57%
Median	107	110	114	117		52%
Net income after housing costs						
Mean	108	109	113	117	72%	56%
Median	77	80	85	89		50%
Single pensioners, 75 or over						
Gross income	131	132	136	138	100%	66%
Of which:						
Benefit income	91	92	95	96	69%	41%
Occupational pension	22	24	25	28	20%	200%
Investment income	15	13	13	12	9%	116%
Earnings	3	2	1	1	1%	*
Other income	1	*	*	1	*	*
Net income before housing costs						
Mean	117	118	121	124	90%	66%
Median	103	106	109	110		54%
Net income after housing costs						
Mean	94	96	99	102	74%	68%
Median	73	74	77	78		47%

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69; and couples in which the man is aged 65-69.
- (5) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

Table 4 shows that for pensioner units as a whole, under 75s received an average net income of £203 a week in 1997/8 (including recently retired pensioner units receiving £245 on average), while the ‘over 75s’ received £153 a week. As mentioned above, the differences are greater than when looking at couples and singles separately, due to younger age groups containing more couples, who tend to have higher incomes.

Figure 6 shows the components of gross income by age. The level of benefit income is very similar across the age groups. It is mainly earnings and occupational pensions (and to a lesser extent investment income) that contribute to the differences in total income.

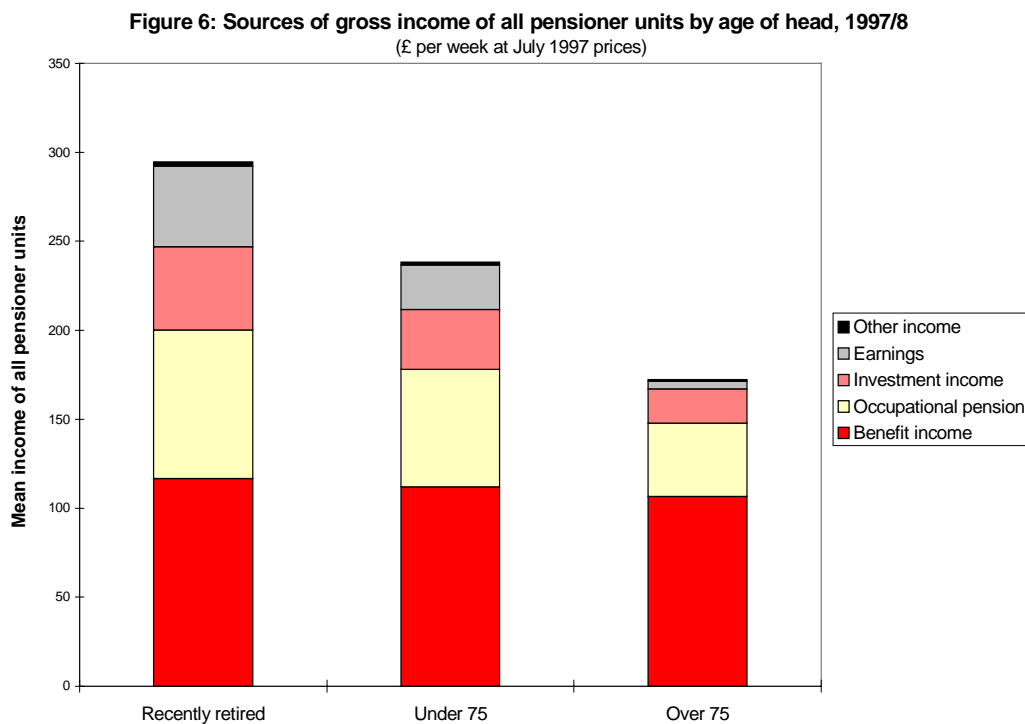


Table 4: The average incomes of pensioner units by age, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS					FES
	1994/5	1995/6	1996/7	1997/8	As a % of gross Income in 1997/8	% Growth 1979-1996/7
All recently retired pensioner units						
Gross income	265	262	281	295	100%	73%
Of which:						
Benefit income	111	113	115	117	40%	43%
Occupational pension	71	74	81	84	28%	160%
Investment income	38	35	40	47	16%	142%
Earnings	43	38	44	45	15%	35%
Other income	1	2	1	2	1%	74%
Net income before housing costs						
Mean	222	221	238	245	83%	75%
Median	173	174	184	189		63%
Net income after housing costs						
Mean	200	200	215	224	76%	85%
Median	152	153	163	172		74%
Pensioner units where the head is under 75						
Gross income	221	217	235	238	100%	61%
Of which:						
Benefit income	106	108	110	112	47%	42%
Occupational pension	58	58	66	66	28%	153%
Investment income	31	28	32	34	14%	102%
Earnings	24	21	26	25	11%	4%
Other income	1	1	1	2	1%	44%
Net income before housing costs						
Mean	188	186	201	203	85%	64%
Median	145	145	154	158		57%
Net income after housing costs						
Mean	166	164	179	182	76%	70%
Median	123	122	133	137		61%
Pensioner units where the head is 75 or over						
Gross income	162	163	168	172	100%	75%
Of which:						
Benefit income	102	103	107	107	62%	41%
Occupational pension	36	38	37	41	24%	215%
Investment income	20	19	20	19	11%	124%
Earnings	4	3	3	4	3%	75%
Other income	1	*	*	1	*	*
Net income before housing costs						
Mean	143	145	150	153	89%	74%
Median	115	117	123	125		62%
Net income after housing costs						
Mean	121	124	127	131	76%	79%
Median	90	96	102	104		71%

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69; and couples in which the man is aged 65-69.
- (5) The man is defined as head of a couple.
- (6) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

(d) Differences by gender

Average incomes of pensioners differ for men and women. **Table 5** concentrates on single male and single female pensioners. Estimates for pensioner couples are not split by gender as the extent of income sharing within pensioner units is not known and estimates would not be straightforward to interpret.

On average, net income was higher for single men (at £146) than for single women (£128) in 1997/8. **Figure 7** shows the growth in their net incomes over time. The estimates tend to fluctuate from year to year, due to the small sample sizes on which estimates are based (see Section 5), but it is clear that net incomes have increased at broadly the same rate among male and female single pensioners.

The main difference occurs in occupational pension income. In 1997/8, single men received £44 a week on average from this source, compared with £29 for single women. Average incomes from the other sources were very similar for single men and women.

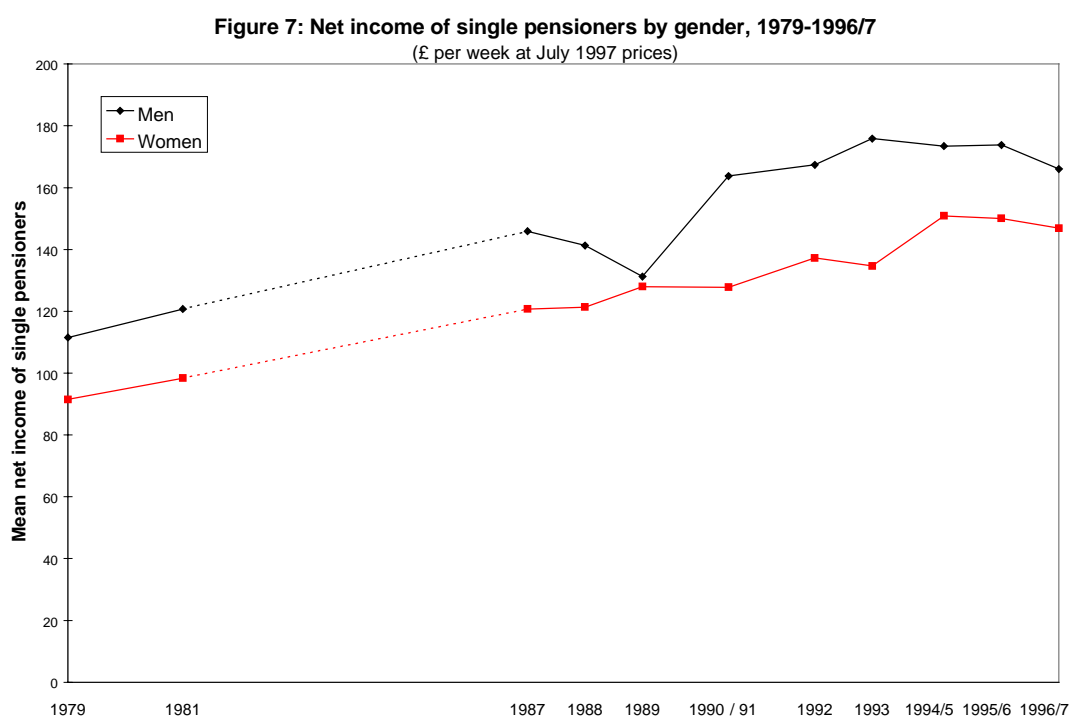


Table 5: The average incomes of single pensioners by gender, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				As a % of gross Income in 1997/8	FES
	1994/5	1995/6	1996/7	1997/8		% Growth 1979-1996/7
Single male pensioners						
Gross income	173	159	167	168	100%	49%
Of which:						
Benefit income	88	91	93	95	57%	45%
Occupational pension	49	40	48	44	26%	123%
Investment income	25	19	21	19	12%	39%
Earnings	10	9	5	8	4%	-52%
Other income	1	*	*	1	1%	9%
Net income before housing costs						
Mean	145	139	144	146	87%	53%
Median	113	113	119	119		47%
Net income after housing costs						
Mean	121	116	119	121	72%	54%
Median	87	86	92	91		51%
Single female pensioners						
Gross income	133	136	141	144	100%	61%
Of which:						
Benefit income	89	92	93	95	66%	43%
Occupational pension	23	25	28	29	21%	188%
Investment income	14	13	13	13	9%	97%
Earnings	6	6	6	6	4%	-3%
Other income	1	1	1	1	1%	17%
Net income before housing costs						
Mean	119	121	125	128	89%	61%
Median	104	107	109	111		53%
Net income after housing costs						
Mean	96	98	102	106	73%	61%
Median	73	74	77	80		44%

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *
- (4) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

Section 9 Benefit and non-benefit income

Benefit income (including the state Retirement Pension) is the main source of income for pensioners as a whole, but the importance of benefit income to pensioner units varies. In 1997/8, 83% of pensioner units had income on top of state benefits (including 92% of pensioner couples and 77% of single pensioners - **Table 6**). The overall proportion had increased from 77% in 1979 and remained stable at around 85% throughout the mid-1990's. (**Figure 8**). The proportion with income on top of state benefits is typically higher among recently retired pensioner units, for instance 87% in 1997/8.

Although state benefits accounted for just 52% of gross income on average in 1997/8, the majority of pensioner units (71%) relied on state benefits for at least half of their income (**Table 7**). The proportion was lower for couples (60%) than singles (77%), and considerably lower among the recently retired, at 55%. This measure is somewhat arbitrary but does allow some analysis of trends over time. The overall proportion fell from 81% in 1979 to 70% in 1996/7.

The proportions of pensioner units in receipt of different types of state benefit, and the average amounts for those in receipt, are examined in more detail in Tables 8-10.

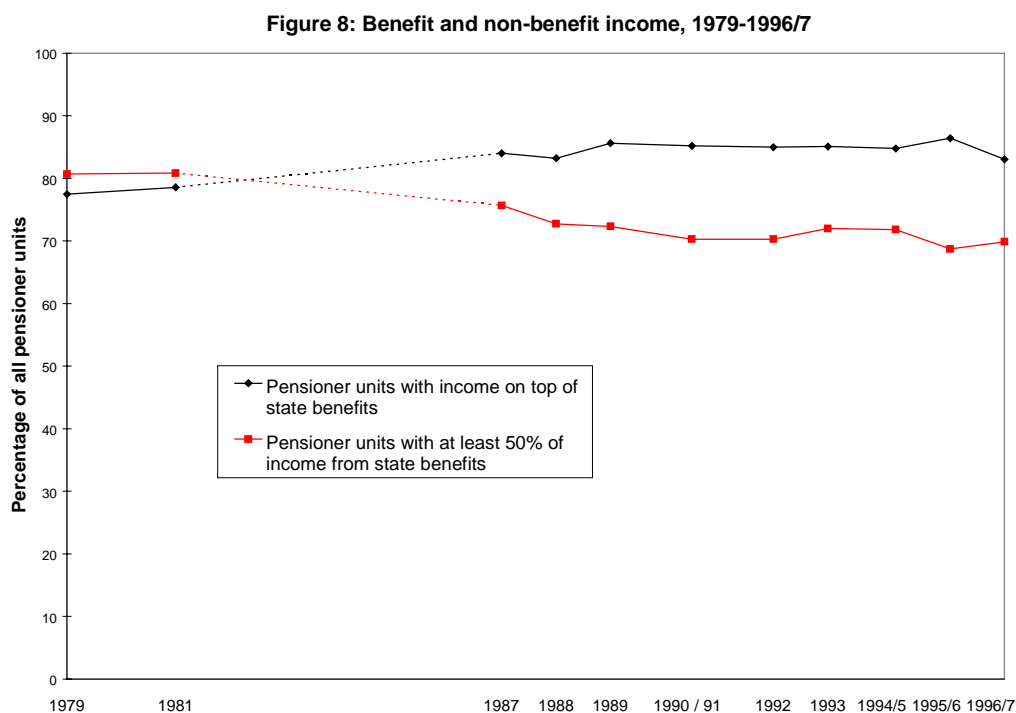


Table 6: The proportion of pensioner units with income on top of state benefits, 1994/5-1997/8

Results based upon data from the FRS

	1994/5	1995/6	1996/7	1997/8
All pensioner units				
Total	84%	82%	84%	83%
Pensioner couples	92%	93%	93%	92%
Single pensioners	78%	76%	78%	77%
Recently retired pensioner units				
Total	88%	86%	87%	87%
Pensioner couples	93%	92%	92%	93%
Single pensioners	80%	75%	78%	78%

Notes:

(1) *Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69, and couples in which the man is aged 65-69.*

Table 7: The proportion of pensioner units with at least 50% of income from state benefits, 1994/5-1997/8

Results based upon data from the FRS

	1994/5	1995/6	1996/7	1997/8
All pensioner units				
Total	73%	73%	72%	71%
Pensioner couples	62%	63%	61%	60%
Single pensioners	80%	79%	78%	77%
Recently retired pensioner units				
Total	59%	60%	57%	55%
Pensioner couples	54%	54%	51%	51%
Single pensioners	66%	68%	67%	61%

Notes:

(1) *Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69, and couples in which the man is aged 65-69.*

Section 10 Pensioner units in receipt of different sources of income

Pensioners rely on a number of different sources for their income, some of which have contributed more than others to the overall growth in incomes since 1979, but not all pensioners receive income from every source. Tables 8 to 12 give more detailed information on the main sources of income for pensioners, including three broad types of benefit income. It should be noted that type of benefit income received is self-reported by survey respondents and therefore can be subject to mis-reporting.

By far the most common source of income for pensioners in 1997/8 was the state Retirement Pension - a category which, in this analysis, also includes widows benefits and incapacity benefit since they represent National Insurance Fund-based alternatives to Retirement Pension. Almost all pensioner units (98%) received income from this source (**Table 8**). Over two-thirds of pensioner units received investment income, while a little under two-thirds received income from an occupational pension. All other sources were received by less than half of all pensioner units.

(a) Pensioners in receipt of state Retirement Pension

The proportion receiving income from state Retirement Pensions is slightly lower for recently retired pensioners. This reflects the fact that individuals can defer receiving their pension for up to five years after they reach state pension age.

The average amount of retirement pension for all pensioner units in receipt has increased to £87 per week in 1997/8. Between 1979 and 1996/7 there was growth of 27% in real terms, while the proportion in receipt has remained stable over this period (**Figure 9**).

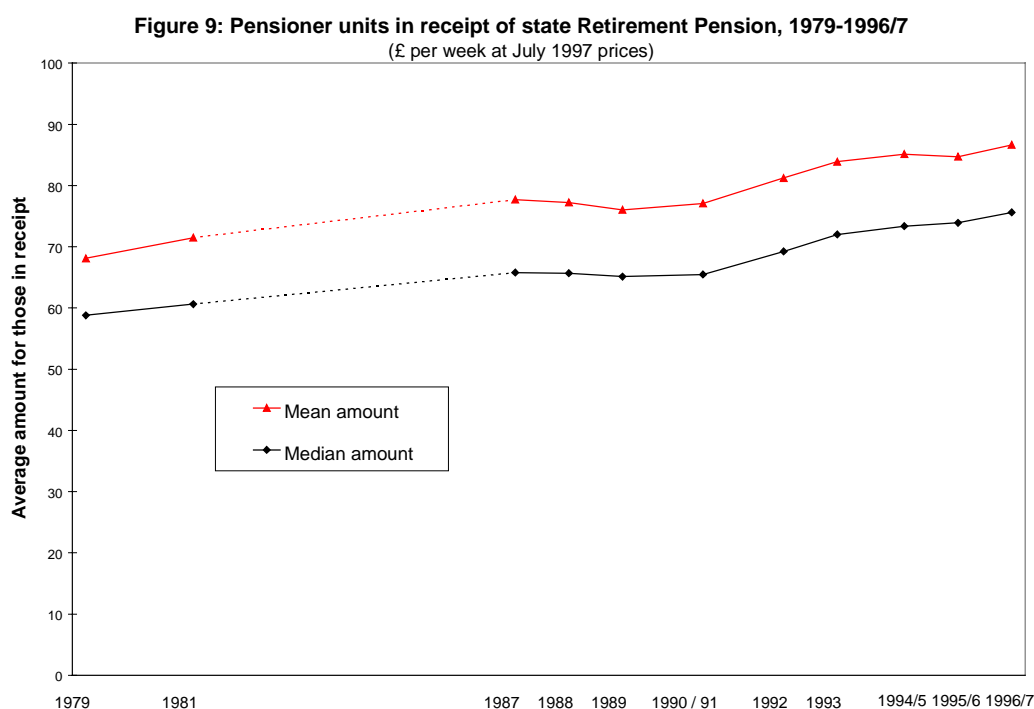


Table 8: The proportion of pensioner units with incomes from state Retirement Pension and the average amount for those in receipt, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				FES
	1994/5	1995/6	1996/7	1997/8	% Growth in average amount 1979-1996/7
Proportion in receipt of state Retirement Pension (%)					
All pensioner units					
Total	98%	98%	98%	98%	
Pensioner couples	99%	99%	99%	99%	
Single pensioners	98%	97%	98%	97%	
Recently retired pensioner units					
Total	96%	96%	97%	96%	
Pensioner couples	98%	98%	98%	98%	
Single pensioners	95%	93%	95%	93%	
Average amount of RP for those in receipt (£pw)					
Mean amounts					
All pensioner units					
Total	86	83	87	87	27%
Pensioner couples	115	109	114	115	26%
Single pensioners	68	67	70	69	24%
Recently retired pensioner units					
Total	98	94	98	100	31%
Pensioner couples	116	109	112	117	27%
Single pensioners	71	69	72	73	34%
Median amounts					
All pensioner units					
Total	74	72	76	76	29%
Pensioner couples	111	108	112	111	23%
Single pensioners	66	65	67	66	18%
Recently retired pensioner units					
Total	102	99	103	104	25%
Pensioner couples	111	108	111	112	24%
Single pensioners	69	68	71	70	26%

Notes:

- (1) Figures for Retirement Pension also include the other NI benefits for the elderly, Widows' Benefits and Incapacity Benefit.
- (2) These results are based on survey respondents' identification of different elements of benefit income, and are therefore subject to misreporting.
- (3) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.
- (4) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

(b) Pensioners in receipt of income related benefits

Income related benefits were less common than state Retirement Pensions, but were nevertheless received by just under two-fifths of all pensioner units in 1997/8 (**Table 9**). Receipt was considerably more common among single pensioners (48%) than pensioner couples (21%). Recently retired pensioners were less likely to be in receipt than pensioners as a whole. These patterns are not surprising given that, other things being equal, we would expect those groups with lower average incomes to be more likely to receive income related benefits.

The proportion in receipt was considerably lower in 1996/7 than it was in 1979, while the average amount to those in receipt has more than doubled over the period to £36 a week (**Figure 10**). The increase has been most rapid in the 1990s. This is consistent with the rapid growth in the 1990s in numbers receiving the Severe Disability Premium on Income Support (due to the growth in people eligible because they were claiming Attendance Allowance or Disability Living Allowance and to the increase in take up among those who were eligible). There were also increases in the levels of the Age Premiums on Income Support over this period. A further influence is likely to be the sharp increases in levels of rent in the social rented sector in the early 1990s, which led to increases in levels of housing benefit.

It should be noted that mis-reporting of benefit type may be particularly common where survey respondents have not distinguished between Income Support and the state Retirement Pension because these benefits are paid jointly. This may affect estimates of average incomes for these sources.

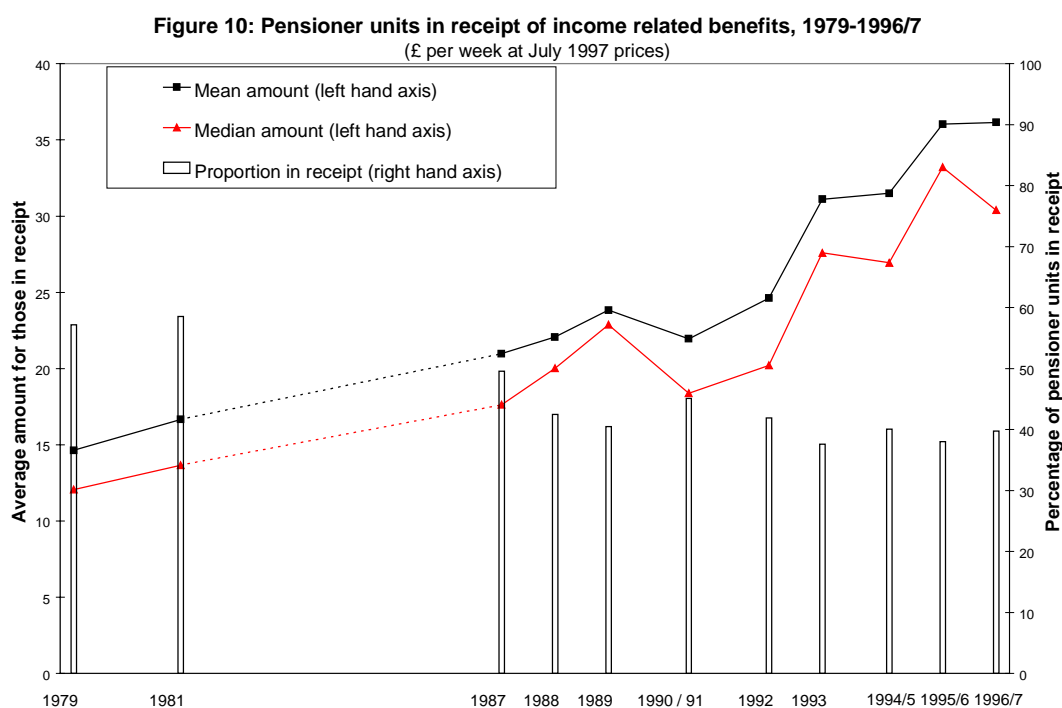


Table 9: The proportion of pensioner units with incomes from income related benefits and the average amount for those in receipt, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				FES
	1994/5	1995/6	1996/7	1997/8	% Growth in average amounts 1979-1996/7
Proportion in receipt of Income Related Benefits (%)					
All pensioner units					
Total	38%	41%	39%	37%	
Pensioner couples	23%	24%	24%	21%	
Single pensioners	47%	51%	49%	48%	
Recently retired pensioner unit					
Total	26%	29%	28%	24%	
Pensioner couples	17%	19%	21%	16%	
Single pensioners	41%	44%	41%	39%	
Average amount of IRB for those in receipt (£pw)					
Mean amounts					
All pensioner unit					
Total	34	36	36	38	147%
Pensioner couples	29	30	31	31	149%
Single pensioners	36	37	38	40	142%
Recently retired pensioner units					
Total	35	39	36	40	214%
Pensioner couples	31	35	33	34	217%
Single pensioners	38	41	39	44	200%
Median amounts					
All pensioner units					
Total	31	31	32	34	152%
Pensioner couples	22	21	22	21	109%
Single pensioners	34	34	35	36	153%
Recently retired pensioner units					
Total	29	32	26	30	195%
Pensioner couples	18	27	21	21	84%
Single pensioners	35	34	33	38	154%

Notes:

- (1) Income Related Benefits are Income Support, Family Credit, Housing Benefit, Council Tax Benefit and Social Fund Grants.
- (2) These results are based on survey respondents' identification of different elements of benefit income, and are therefore subject to misreporting.
- (3) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.
- (4) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

(c) Pensioners in receipt of disability benefits

One fifth of all pensioner units received some form of disability benefit in 1997/8, representing a large increase since 1979 (**Figure 11**). The increase has been particularly large among single pensioners. Couples have been more likely to receive a disability benefit than singles (**Table 10**), since the pensioner unit contains two people so there is a greater chance that one of them will be have a disability. Receipt was slightly less common for recently retired pensioners.

The average amount to those in receipt has increased by 30% since 1979, to reach £48 a week in 1996/7.

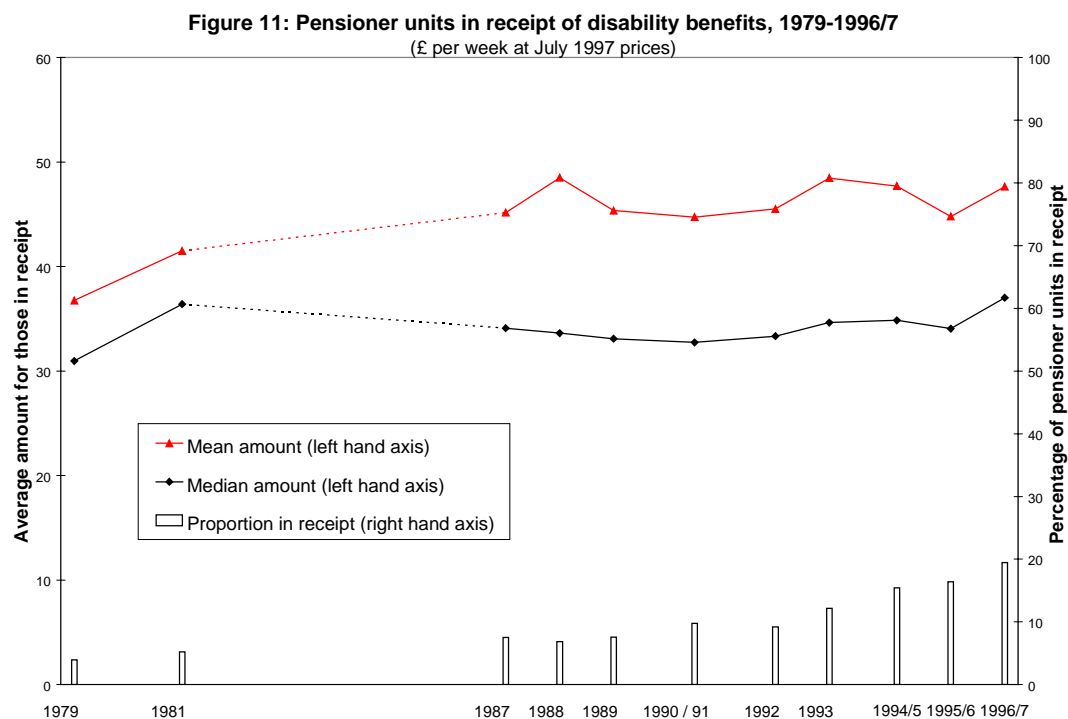


Table 10: The proportion of pensioner units with income from disability benefits and the average amount for those in receipt, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				FES
	1994/5	1995/6	1996/7	1997/8	% Growth in average amounts 1979-1996/7
Proportion in receipt of disability benefits (%)					
All pensioner units					
Total	14%	19%	18%	20%	
Pensioner couples	17%	26%	24%	23%	
Single pensioners	12%	15%	14%	18%	
Recently retired pensioner units					
Total	14%	23%	19%	18%	
Pensioner couples	16%	27%	22%	20%	
Single pensioners	11%	16%	13%	13%	
Average amount of disability benefits for those in receipt (£pw)					
Mean amounts					
All pensioner units					
Total	47	47	47	48	30%
Pensioner couples	51	50	51	54	38%
Single pensioners	43	44	42	42	28%
Recently retired pensioner units					
Total	50	50	50	53	16%
Pensioner couples	53	51	51	58	27%
Single pensioners	44	49	46	40	-13%
Median amounts					
All pensioner units					
Total	35	34	35	38	20%
Pensioner couples	38	37	49	48	53%
Single pensioners	33	33	34	34	14%
Recently retired pensioner units					
Total	37	40	48	46	-11%
Pensioner couples	40	47	49	48	16%
Single pensioners	35	34	39	34	-18%

Notes:

- (1) Disability benefits refer to War Disablement Pension, Attendance Allowance, Invalid Care Allowance, Industrial Injuries Disablement Pension, Severe Disability Allowance, Disability Living Allowance (Mobility and Care components), Disability Working Allowance and Statutory Sick Pay.
- (2) These results are based on survey respondents' identification of different elements of benefit income and are therefore subject to misreporting.
- (3) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.
- (4) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

(d) Pensioners in receipt of investment income

Investment income was the second most common source of income, received by 68% of all pensioner units in 1997/8 (**Table 11**). Couples were more likely to receive income from this source than singles. The proportions of recently retired pensioners in receipt were very similar to pensioner units as a whole.

The overall proportion in receipt was higher in 1996/7 than in 1979, as was the average amount to those in receipt (**Figure 12**). The mean amounts to those in receipt are considerably higher than the median amounts. This suggests that the majority of pensioners receive relatively small amounts of investment income (half of pensioner units in receipt received less than £5 a week - i.e. the median - in 1997/8), while a small number of pensioners receive considerably higher amounts (boosting the mean to £40 a week in 1997/8). However, median investment income has grown proportionately more rapidly than the mean between 1979 and 1996/7.

Estimates of the mean amount of investment income received in a given year should be treated with caution. The estimates tend to fluctuate from year to year, perhaps reflecting survey respondents' difficulty in accurately reporting investment income.

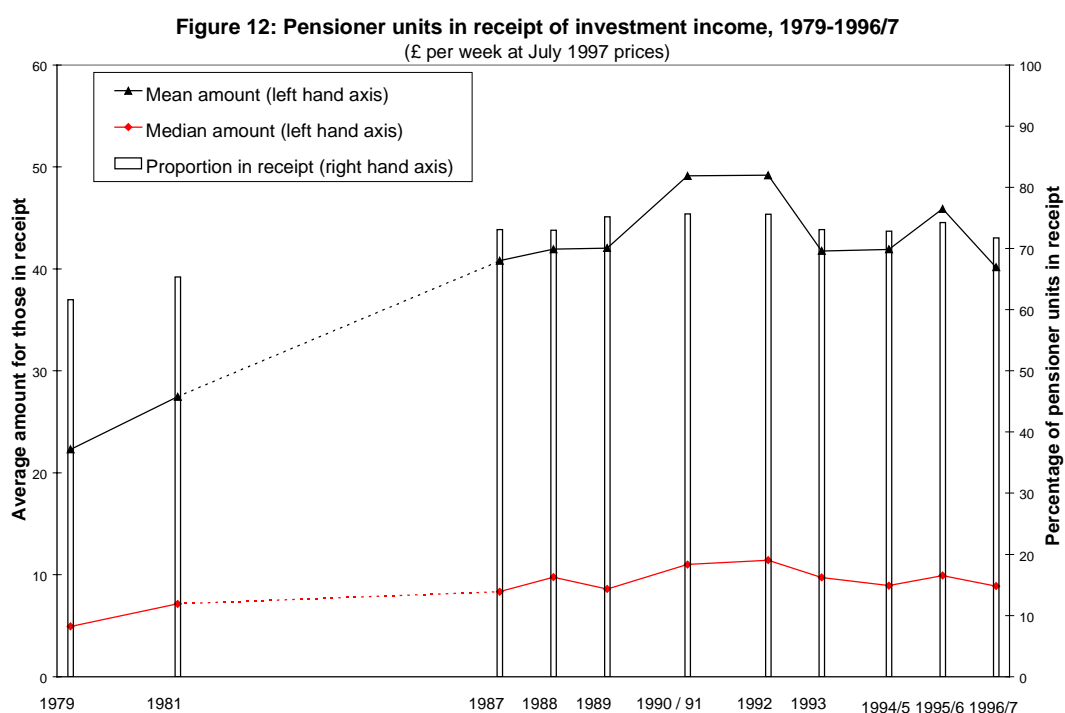


Table 11: The proportion of pensioner units with investment income and the average amount for those in receipt, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				FES
	1994/5	1995/6	1996/7	1997/8	% Growth in average amounts 1979-1996/7
Proportion in receipt of with investment income (%)					
All pensioner units					
Total	72%	70%	71%	68%	
Pensioner couples	81%	80%	80%	79%	
Single pensioners	67%	63%	65%	62%	
Recently retired pensioner units					
Total	75%	72%	73%	72%	
Pensioner couples	81%	79%	79%	80%	
Single pensioners	67%	60%	63%	61%	
Average amount of investment income for those in receipt (£pw)					
Mean amounts					
All pensioner units					
Total	37	35	38	40	80%
Pensioner couples	54	50	57	61	100%
Single pensioners	24	23	23	23	54%
Recently retired pensioner units					
Total	50	49	55	65	124%
Pensioner couples	60	61	68	76	139%
Single pensioners	32	25	27	39	50%
Median amounts					
All pensioner units					
Total	7	6	5	5	80%
Pensioner couples	13	12	11	10	165%
Single pensioners	5	4	3	3	43%
Recently retired pensioner units					
Total	11	12	10	10	196%
Pensioner couples	15	16	16	13	294%
Single pensioners	7	6	5	5	69%

Notes:

- (1) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.
- (2) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

(e) Pensioners in receipt of occupational pension income

Income from occupational pensions has become increasingly common since 1979, reflecting the rapid increase in coverage of these schemes in the 1950s and 1960s. Occupational pensions provided income for 65% of pensioner units in 1996/7, compared to 43% in 1979 (Table 10). Couples were more likely to be in receipt than singles. Estimates of the proportions in receipt of occupational pension income should be treated with caution as they may be subject to under-reporting (see Section 5).

The average amount of occupational pension income for those in receipt has also increased between 1979 and 1996/7 (**Figure 13**), due to a number of reasons. The coverage of occupational pension schemes increased rapidly in the 1950s and 1960s, so pensioners retiring between 1979 and 1996/7 were more likely to have been a member of a scheme. These pensioners will have been able to make contributions over a longer period than pensioners retiring in earlier decades. In addition real growth in earnings has meant that final salaries (on which occupational pension income is partly based) have generally been higher for those retiring in the years after 1979. A further factor has been the introduction in 1988 of index-linking of occupational pension income (for 'contracted out' schemes which cover the majority of people with occupational pensions). Thus older pensioners in 1996/7 are more likely to have maintained the real value of their occupational pension income than older pensioners in 1979, leading to a higher average income in 1996/7.

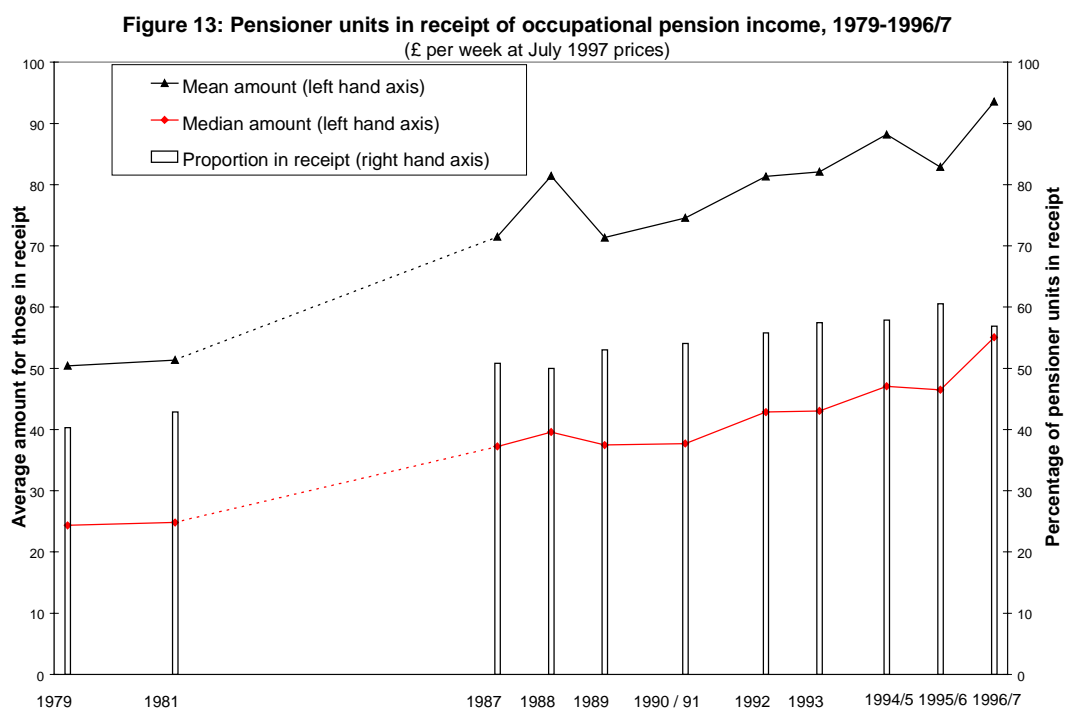


Table 12: The proportion of pensioner units with occupational pension income and the average amount for those in receipt, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				FES
	1994/5	1995/6	1996/7	1997/8	% Growth in average amounts 1979-1996/7
Proportion in receipt of occupational pension income (%)					
All pensioner units					
Total	57%	58%	60%	60%	
Pensioner couples	72%	73%	74%	75%	
Single pensioners	48%	48%	51%	50%	
Recently retired pensioner units					
Total	65%	64%	67%	67%	
Pensioner couples	74%	73%	75%	76%	
Single pensioners	51%	49%	52%	51%	
Average amount of occupational pension income for those in receipt (£pw)					
Mean amounts					
All pensioner units					
Total	86	85	89	92	86%
Pensioner couples	113	113	118	121	107%
Single pensioners	60	59	63	65	65%
Recently retired pensioner units					
Total	109	117	121	126	100%
Pensioner couples	122	133	137	143	109%
Single pensioners	81	79	83	85	90%
Median amounts					
All pensioner units					
Total	47	46	50	53	126%
Pensioner couples	71	63	70	77	200%
Single pensioners	35	34	37	39	94%
Recently retired pensioner units					
Total	69	68	76	80	170%
Pensioner couples	80	78	90	98	203%
Single pensioners	50	52	56	58	135%

Notes:

- (1) Estimates of the percentage of pensioner units in receipt of occupational pension income are based on respondents' own assessment and may be subject to under-reporting (see Section 5).
- (2) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.
- (3) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

Section 11 Distribution of pensioners' incomes

Previous tables have shown that pensioners' incomes vary with characteristics such as the number of people in the pensioner unit, age and gender. There are variations in the sources of their incomes and how much income they receive. **Table 13** shows the distribution of different incomes that result.

Estimates of incomes in this publication have not been adjusted to take account of the size of the pensioner unit ('equivalised') - except Tables 15 and 16 which are based on Households Below Average Income methodology (see Section 6). Therefore, the income distribution of all pensioner units combined tells us little about relative living standards. For this reason, Table 13 provides figures for pensioner couples and single pensioners only. For each distribution, pensioner units have been ranked according to their net income, then divided into five groups of equal size ('quintiles'). A separate distribution has been calculated for each row of the table.

The median net income (before housing costs) of the bottom fifth of pensioner couples stood at £126 a week in 1997/8, compared with £426 for the top fifth. Among single pensioners, the bottom fifth received £68 and the top fifth £206. The distribution of incomes has become wider since 1979. **Figure 14** compares the median net incomes of the bottom fifth and top fifth of pensioner couples, in 1979 and 1996/7. The widening gap was the result of faster growth in incomes towards the top of the distribution over this period (80% for the top fifth compared with 34% for the bottom fifth). It is worth noting that 34% still represents a significant real increase in income for the bottom fifth. The pattern for single pensioners is similar.

Figure 14: Net income of pensioner couples, by position in the net income distribution, 1979 & 1996/7 (£ per week at July 1997 prices)

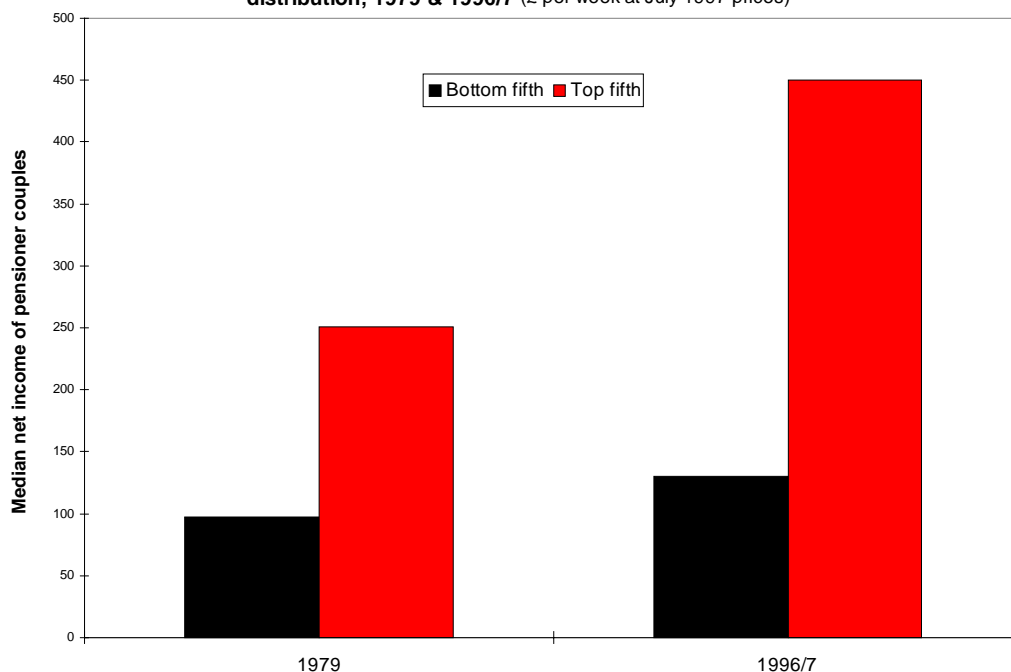


Table 13: The median net income of pensioner units by quintile of the net income distribution, 1994/5 & 1997/8

Results based upon data from the FRS

Incomes in £ per week, July 1997 prices

	Quintiles of the Income Distribution					Overall Mean
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
1994/5						
Medians						
Net income before housing costs						
Pensioner couples	121	156	191	250	403	242
Single pensioners	66	88	105	126	192	124
Net income after housing costs						
Pensioner couples	100	132	171	230	386	221
Single pensioners	48	65	74	104	173	101
1997/8						
Medians						
Net income before housing costs						
Pensioner couples	126	164	203	264	426	258
Single pensioners	68	94	113	141	206	132
Net income after housing costs						
Pensioner couples	104	142	185	252	413	240
Single pensioners	53	68	83	121	189	109

Notes:

- (1) *Estimated medians are medians of unequivalised net income for each quintile of the unequivalised net income distribution. Real growth figures for individual quintiles show the growth in the quintile median income.*
- (2) *The distribution of income has been calculated separately under the before housing costs and after housing costs measures of income. The distribution of income is also calculated separately for each group, i.e. estimates for pensioner couples show the income for each quintile of the pensioner couples' income distribution. For this reason Tables 13 and 14 are not comparable with Tables 15 and 16.*

Table 14 shows how different sources of income contribute to the gap between the richest and poorest pensioners. The income amounts are all gross amounts, although in each case the distribution of income has been calculated using net income before housing costs, since net income is a better measure of living than gross income.

Income from state benefits was fairly even across the distribution of pensioner couples in 1997/8 (**Figure 15**). The bottom fifth received little income from other sources, with benefits accounting for 85% of gross income. Occupational pension income increases rapidly as we move up the distribution, reaching an average of £244 for the top fifth of pensioner couples. Investment income and earnings increase slowly as we move up the distribution, before a considerable jump up to £180 and £118 respectively for the top fifth.

The patterns for single pensioners are similar.

It should be noted that mean gross incomes are higher (particularly for the top fifth) than median gross incomes would be, because means are boosted by the small number of very high incomes at the top of the distribution.

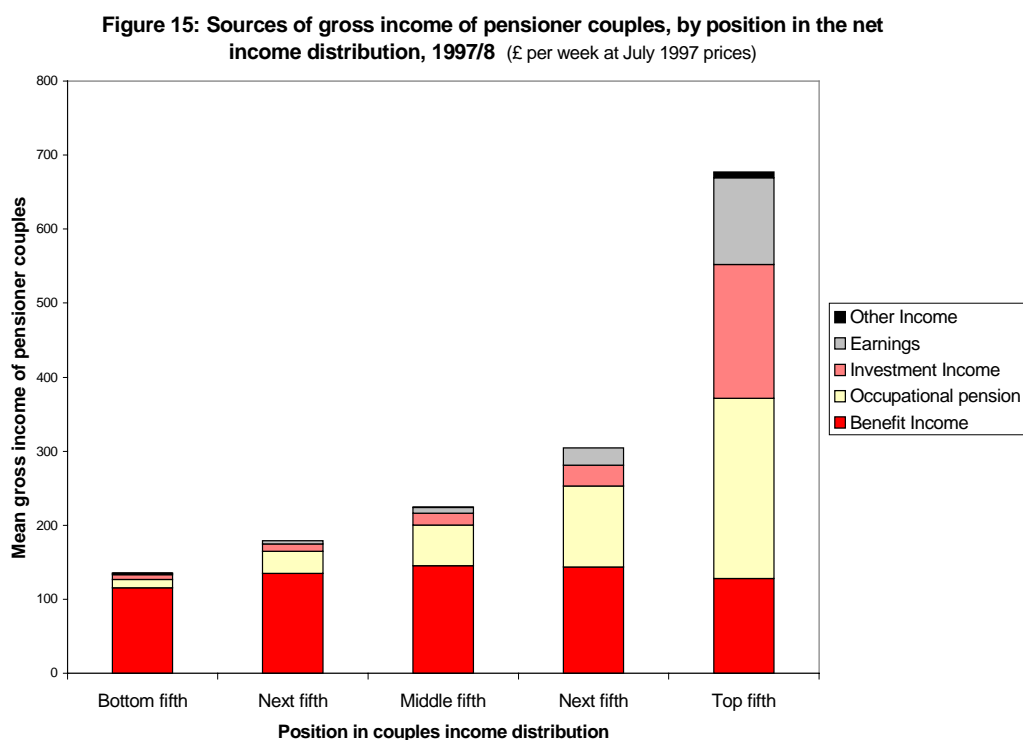


Table 14: Components of mean gross income of pensioner units by quintile of the net income distribution, 1994/5 & 1997/8

Results based upon data from the FRS

Incomes in £ per week, July 1997 prices

	Quintiles of the Income Distribution					Overall Mean
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
1994/5 Means						
Pensioner couples						
Gross income	132	170	211	287	623	285
Of which:						
Benefit income	115	131	139	137	122	129
Occupational pension	10	24	49	101	223	81
Investment income	7	10	14	28	158	43
Earnings	*	3	9	21	116	30
Other income	*	1	*	*	4	1
Single pensioners						
Gross income	74	96	114	140	286	142
Of which:						
Benefit income	67	80	96	101	102	89
Occupational pension	2	10	12	27	92	29
Investment income	4	5	4	9	58	16
Earnings	*	*	1	2	30	7
Other income	*	*	*	*	3	1
1997/8 Means						
Pensioner couples						
Gross income	135	179	225	305	677	304
Of which:						
Benefit income	115	135	145	144	128	133
Occupational pension	11	30	55	109	244	90
Investment income	7	10	16	28	180	48
Earnings	2	4	8	23	118	31
Other income	*	*	1	*	8	2
Single pensioners						
Gross income	74	102	123	158	288	149
Of which:						
Benefit income	67	85	101	106	115	95
Occupational pension	4	12	17	35	97	33
Investment income	3	4	5	12	46	14
Earnings	*	1	1	4	27	6
Other income	*	*	*	1	3	1

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means.
- (3) Estimates of less than £0.50 are labelled *.
- (4) The distribution of income has been calculated under the before housing costs measure. The distribution of income is calculated separately for each group, i.e. estimates for pensioner couples show the income for each quintile of the pensioner couples' income distribution. For this reason Tables 13 and 14 are not comparable with Tables 15 and 16.

Section 12 Pensioners' position in the overall net income distribution

This section is based on HBAI methodology. Household income is adjusted to take account of the size and composition of the household ('equivalised'), before being allocated to each individual in the household. The distribution of income therefore relates to the distribution of individuals ranked by their equivalised household income. Tables 13 and 14 look at the position of individuals in pensioner families within this distribution. Such individuals are referred to simply as 'pensioners' in this section, although the group will include some people below state pension age (i.e. women whose partner is above state pension age and any dependent children in pensioner families). The differences in methodology (see Section 6) mean that Tables 15 and 16 are not comparable with other tables in the publication.

Table A15 shows how the increases in pensioners' incomes since 1979 have been accompanied by a movement of individual pensioners up the overall income distribution. The proportion of pensioners in each fifth of the overall population income distribution is shown in **Figure 16**. If pensioners had the same patterns of income as non-pensioners, we would expect 20% of pensioners to fall into each fifth. In 1979, however, 47% of all pensioners were in the bottom fifth. By 1995/96 (see footnote 3) this proportion had almost halved to 24%. There were increases in the number of pensioners falling into each of the other four fifths. In 1995/96, pensioners were most commonly found in the second fifth. It should be noted that pensioners' move up the distribution has been partly due to them being displaced at the bottom by low income groups among non-pensioners.

The improvement of pensioners' position in the net income after housing costs distribution was even greater. The proportion in the bottom fifth fell from 46% in 1979 to 19% in 1995/96.

**Figure 16: Pensioners' position in the overall net income distribution
1979 & 1995/96**

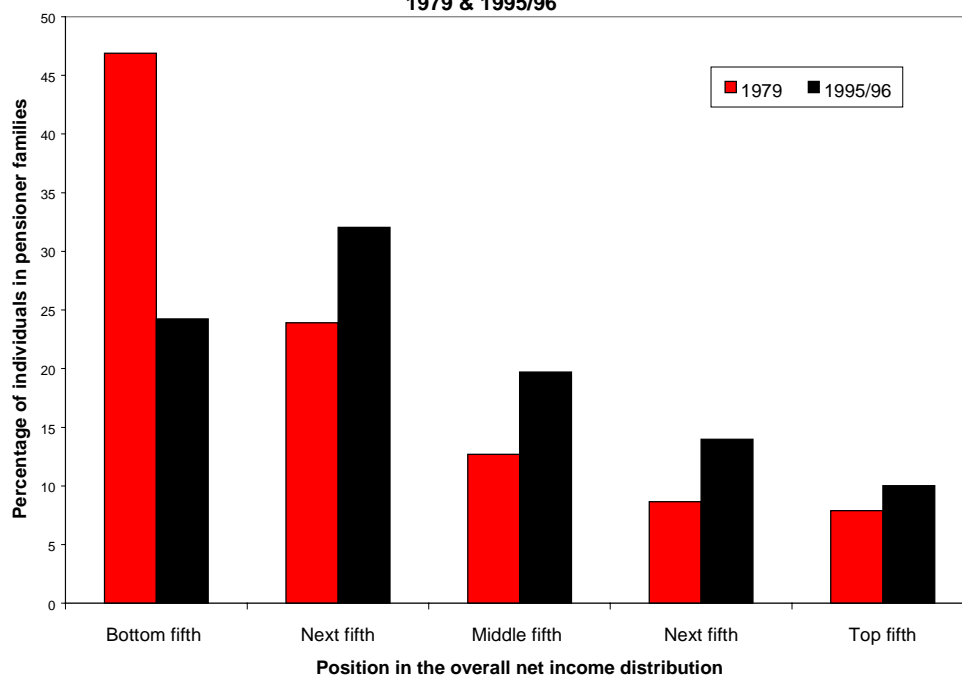


Table 15: The proportion of individuals in pensioner families in each quintile of the overall net income distribution

HBAI Methodology

Results based upon data from the FRS

Incomes in £ per week, July 1997 prices

	Quintiles of the Income Distribution					All
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
HBAI 1997/8						
All pensioner units						
Before housing costs	25%	31%	21%	14%	10%	100%
After housing costs	19%	32%	21%	16%	12%	100%
Pensioner couples						
Before housing costs	24%	29%	21%	14%	12%	100%
After housing costs	18%	29%	22%	17%	14%	100%
Single pensioners						
Before housing costs	25%	34%	20%	13%	7%	100%
After housing costs	20%	35%	19%	15%	10%	100%

Notes:

- (1) Figures have been calculated using HBAI methodology (see Sections 6 and 12). Estimates therefore show the proportion of individuals in pensioner families in each quintile of the overall population income distribution, with income defined as being household equivalised net income. The distribution is calculated separately under the before housing costs and after housing costs measures. The estimates are not comparable with figures shown in Tables 13 and 14.
- (2) Percentages may not sum to 100% due to rounding.

Pensioners were more likely in 1997/8 than in previous years to be in the top half of the overall population income distribution (**Table 16, Figure 17**). Nearly third of pensioners were in the top half in 1997/8, including 36% of individuals in pensioner couples and 29% of single pensioners. The proportion of pensioners in the top half of the distribution is higher using the net income after housing costs measure. According to this measure, the proportion of pensioners in the top half rose from 25% in 1979 to 37% in 1995/96.

It should be noted that this is an arbitrary measure of pensioners' position in the income distribution. Estimates tend to fluctuate from year to year since there is a large number of pensioners near the middle of the distribution and small changes in their incomes can result in significant changes in the number of people in the top half. HBAI methodology may slightly understate the relative living standards of pensioners because it does not adjust for work-related expenses, which pensioners are less likely than other groups to incur.

Figure 17: Proportion of individuals in pensioner families in the top half of the overall population net income distribution, 1979 & 1995/96

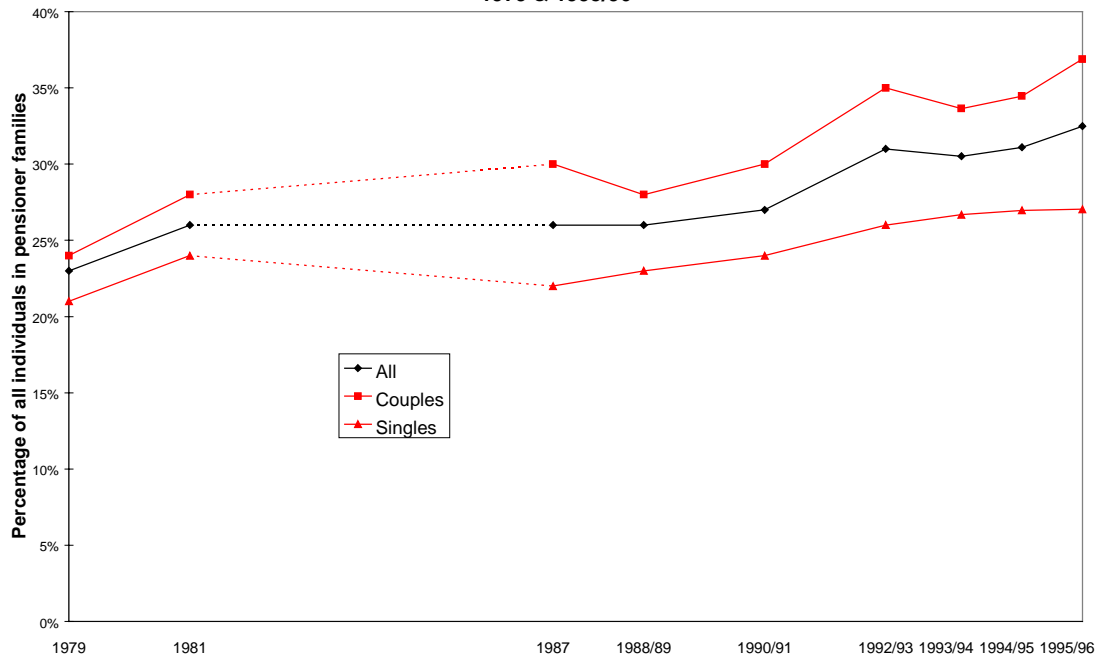


Table 16: The proportion of individuals in pensioner families in the top half of the overall population net income distribution, 1994/5-1997/8

HBAI Methodology

Results based upon data from the FRS

	1994/5	1995/6	1996/7	1997/8
Net income before housing costs				
All pensioner units	32%	32%	33%	33%
Pensioner couples	35%	35%	37%	36%
Single pensioners	27%	29%	28%	29%
Net income after housing costs				
All pensioner units	36%	37%	38%	38%
Pensioner couples	41%	40%	41%	41%
Single pensioners	31%	33%	33%	35%

Notes:

- (1) *Figures have been calculated using HBAI methodology (see Sections 6 and 12). Estimates therefore show the proportion of individuals in pensioner families in the top half of the overall population income distribution, with income defined as being household equivalised net income. The distribution is calculated separately under the before housing costs and after housing costs measures. The estimates are not comparable with figures shown in Tables 13 and 14.*

Section 13 Couples where the woman is over state pension age but the man is not

All the tables in the publication so far have related to ‘pensioner units’, defined as single (non-cohabiting) people over State Pension Age (SPA) and couples (married or cohabiting) where the man (defined as the head) is over SPA.

This definition excludes one group of pensioners - namely women over SPA (60 years or above) in a couple where the man is under SPA (65 years). These couples, referred to below as ‘mixed status’ couples, have been excluded for historical reasons (see Section 5).

The average gross income among mixed status couples stood at £389 a week in 1997/8, with net income at £300 and net income after housing costs at £278. **Figure 18** compares the components and level of their income with those of pensioner couples. The main difference was in earnings, with the mixed status couples receiving more than six times as much as pensioner couples on average. On the other hand, mixed status couples receive less than half as much benefit income as pensioner couples. These differences reflect the greater likelihood of members of mixed status couples being in work rather than claiming state pensions.

Average (mean) net income of mixed status couples has grown by 53% between 1979 and 1996/7, compared with a growth of 60% for pensioner couples. The difference was greater for the growth in *median* net income, which increased by 41% for mixed status couples and 57% for pensioner couples.

Figure 18: Sources of gross income of couples where the woman is over state pension age but the man is not, 1997/8 (£ per week at July 1997 prices)

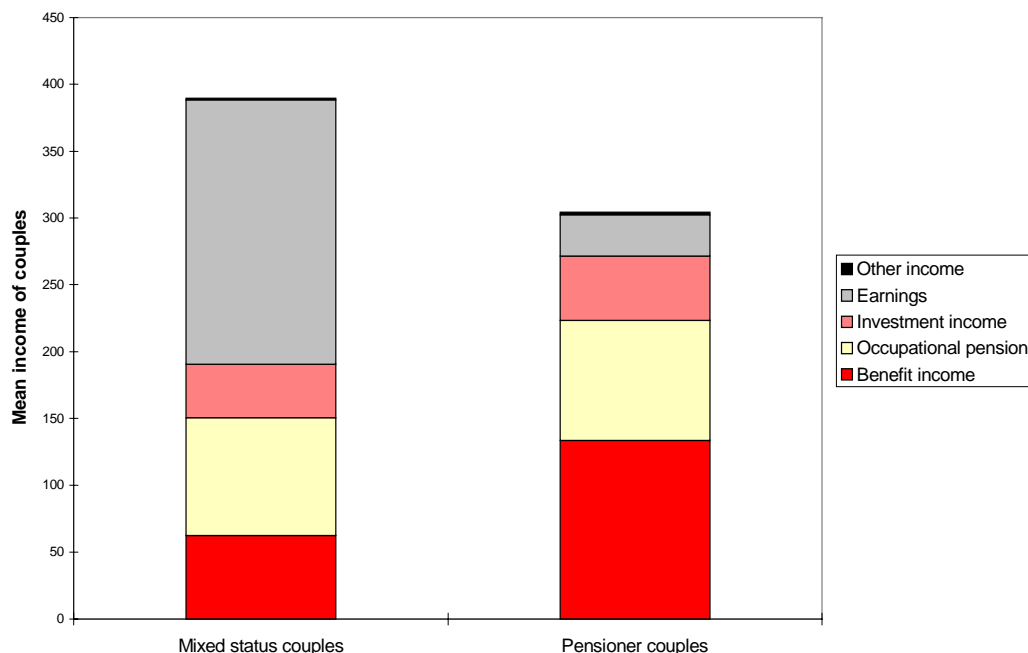


Table 17: The average incomes of couples where the woman is over state pension age but the man is not, 1994/5-1997/8

Results based upon data from the FRS & FES

Incomes in £ per week, July 1997 prices

	FRS				As a % of gross income in 1997/8	FES
	1994/5	1995/6	1996/7	1997/8		% Growth 1979-1996/7
Couples where the woman is over state pension age but the man is not						
Gross income	352	351	369	389	100%	46%
Of which:						
Benefit income	70	69	68	62	16%	57%
Occupational pension	86	88	88	88	23%	273%
Investment income	40	39	35	40	10%	345%
Earnings	154	154	174	198	51%	-10%
Other income	2	2	4	1	*	121%
Net income before housing costs						
Mean	265	267	280	300	77%	53%
Median	221	219	222	246		41%
Net income after housing costs						
Mean	242	246	255	278	71%	62%
Median	200	196	200	223		43%

Notes:

- (1) Couples where the woman is over state pension age and the man under are excluded from the definition of a pensioner unit (and hence from all other tables in this publication) for historical reasons (see Section 5).
- (2) Components may not sum to totals due to rounding.
- (3) All average amounts are means unless otherwise stated.
- (4) Estimates of less than £0.50 or 0.5% are labelled *.
- (5) FES-based estimates should not be directly compared to FRS-based estimates for more recent years, due to differences between surveys (see Section 4).

Appendix: Results based on FES data

Based on the Family Expenditure Survey 1979-1996/7

Table A1: The average incomes of pensioner units, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross income in 1996/7
All pensioner units							
Gross income	127	171	202	207	206	62%	100%
Of which:							
Benefit income	77	88	105	105	109	41%	53%
Occupational pension	20	38	51	50	53	162%	26%
Investment income	14	32	31	34	29	110%	14%
Earnings	15	13	14	17	14	-5%	7%
Other income	1	1	1	1	1	21%	*
Net income before housing costs							
Mean	110	143	176	179	180	64%	88%
Median	88	108	135	138	143	63%	
Net income after housing costs							
Mean	93	127	155	158	158	70%	77%
Median	72	94	112	115	119	64%	
Pensioner couples							
Gross income	187	246	279	292	295	58%	100%
Of which:							
Benefit income	99	110	130	127	133	34%	45%
Occupational pension	37	63	84	79	89	139%	30%
Investment income	20	46	41	52	44	124%	15%
Earnings	30	26	22	33	28	-7%	9%
Other income	1	1	2	1	1	25%	*
Net income before housing costs							
Mean	160	206	243	252	256	60%	87%
Median	131	157	197	201	205	57%	
Net income after housing costs							
Mean	139	189	223	232	235	69%	80%
Median	112	144	176	183	183	63%	
Single pensioners							
Gross income	95	129	156	155	151	59%	100%
Of which:							
Benefit income	66	75	90	91	94	43%	62%
Occupational pension	12	24	31	32	31	173%	21%
Investment income	11	23	24	23	19	83%	13%
Earnings	7	6	10	8	5	-19%	4%
Other income	1	1	1	1	1	13%	*
Net income before housing costs							
Mean	84	108	135	135	134	60%	88%
Median	74	88	108	112	113	52%	
Net income after housing costs							
Mean	69	92	113	113	111	60%	73%
Median	58	64	76	85	85	47%	

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.

Table A1 (Supplementary): The average incomes of pensioner units, 1979-1996/7, assuming the ratio of couples to singles stays as in 1979

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7
All pensioner units						
Gross income	127	169	198	203	201	58%
Of which:						
Benefit income	77	87	104	104	108	39%
Occupational pension	20	37	49	49	51	152%
Investment income	7	16	14	18	15	124%
Earnings	15	13	14	16	13	-11%
Other income	1	1	1	1	1	18%
Net income before housing costs						
Mean	110	142	172	175	176	60%
Net income after housing costs						
Mean	93	126	151	154	154	65%
Recently retired pensioner units						
Gross income	170	222	257	266	288	70%
Of which:						
Benefit income	81	94	108	107	115	42%
Occupational pension	31	50	72	68	80	154%
Investment income	17	40	37	43	40	134%
Earnings	39	37	38	46	51	32%
Other income	1	1	2	2	3	76%
Net income before housing costs						
Mean	143	184	219	227	246	72%
Net income after housing costs						
Mean	123	166	199	206	223	81%

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69; and couples in which the man is aged 65-69. See Tables A2-A4 for key estimates for recently retired pensioners.

Table A2: The average incomes of pensioner couples by age, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross income in 1996/7
Recently retired pensioner couples							
Gross income	210	270	298	325	360	71%	100%
Of which:							
Benefit income	96	107	124	120	131	37%	36%
Occupational pension	44	66	92	92	105	140%	29%
Investment income	22	50	39	54	56	162%	16%
Earnings	47	46	42	57	65	38%	18%
Other income	2	1	1	2	2	46%	1%
Net income before housing costs							
Mean	177	224	259	278	307	73%	85%
Median	148	167	205	229	248	68%	
Net income after housing costs							
Mean	154	207	240	258	285	85%	79%
Median	128	153	189	212	228	79%	
Pensioner couples, where the head is under 75							
Gross income	197	258	281	314	309	57%	100%
Of which:							
Benefit income	99	109	130	124	134	35%	43%
Occupational pension	39	66	85	86	90	130%	29%
Investment income	20	47	40	56	46	128%	15%
Earnings	38	34	26	45	37	-1%	12%
Other income	1	1	1	2	1	21%	*
Net income before housing costs							
Mean	167	214	246	268	268	60%	87%
Median	139	163	202	213	215	55%	
Net income after housing costs							
Mean	146	198	227	248	247	70%	80%
Median	119	149	182	195	193	62%	
Pensioner couples, where the head is 75 or over							
Gross income	155	219	275	248	268	73%	100%
Of which:							
Benefit income	102	113	131	134	133	30%	50%
Occupational pension	30	54	81	65	85	184%	32%
Investment income	19	45	44	42	41	119%	15%
Earnings	4	6	15	7	8	95%	3%
Other income	*	*	3	*	1	*	*
Net income before housing costs							
Mean	136	186	237	218	233	71%	87%
Median	117	146	184	178	185	59%	
Net income after housing costs							
Mean	118	171	216	200	212	80%	79%
Median	100	127	163	158	160	60%	

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69; and couples in which the man is aged 65-69.
- (5) The man is defined as the head of a couple.

Table A3: The average incomes of single pensioners by age, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross income in 1996/7
All recently retired single pensioners							
Gross income	113	155	198	183	188	66%	100%
Of which:							
Benefit income	60	75	85	90	92	53%	49%
Occupational pension	14	27	46	36	45	213%	24%
Investment income	10	28	33	27	16	54%	9%
Earnings	27	25	32	29	32	18%	17%
Other income	1	1	2	1	3	123%	2%
Net income before housing costs							
Mean	96	128	164	156	160	68%	85%
Median	81	94	115	118	133	65%	
Net income after housing costs							
Mean	79	110	142	133	136	72%	72%
Median	65	71	89	98	105	62%	
Single pensioners, under 75							
Gross income	100	140	168	157	155	55%	100%
Of which:							
Benefit income	64	75	86	89	93	44%	60%
Occupational pension	13	30	38	36	35	168%	23%
Investment income	10	24	27	20	14	41%	9%
Earnings	11	10	15	11	11	-2%	7%
Other income	1	1	2	1	1	66%	1%
Net income before housing costs							
Mean	87	117	142	136	136	57%	88%
Median	75	92	109	114	114	52%	
Net income after housing costs							
Mean	72	100	120	115	112	56%	72%
Median	59	68	78	89	88	50%	
Single pensioners, 75 or over							
Gross income	89	117	143	153	148	66%	100%
Of which:							
Benefit income	68	75	94	93	96	41%	65%
Occupational pension	9	18	24	29	28	200%	19%
Investment income	11	22	21	27	24	116%	16%
Earnings	1	1	4	4	*	*	*
Other income	*	*	*	*	*	*	*
Net income before housing costs							
Mean	79	99	127	133	132	66%	89%
Median	73	82	106	110	113	54%	
Net income after housing costs							
Mean	65	83	106	111	110	68%	74%
Median	57	62	76	81	84	47%	

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69; and couples in which the man is aged 65-69.

Table A4: The average incomes of pensioner units by age, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross income in 1996/7
All recently retired pensioner units							
Gross income	170	222	257	270	294	73%	100%
Of which:							
Benefit income	81	94	108	108	116	43%	39%
Occupational pension	31	50	73	70	82	160%	28%
Investment income	17	41	37	44	41	142%	14%
Earnings	39	37	38	46	52	35%	18%
Other income	1	1	2	2	3	74%	1%
Net income before housing costs							
Mean	143	185	220	231	250	75%	85%
Median	119	142	176	192	193	63%	
Net income after housing costs							
Mean	123	167	199	210	228	85%	78%
Median	100	126	154	175	175	74%	
All pensioner units, where the head is under 75							
Gross income	140	191	219	229	225	61%	100%
Of which:							
Benefit income	78	90	106	105	111	42%	49%
Occupational pension	24	46	59	59	61	153%	27%
Investment income	14	34	33	36	29	102%	13%
Earnings	22	21	20	27	23	4%	10%
Other income	1	1	1	1	1	44%	1%
Net income before housing costs							
Mean	120	159	189	197	196	64%	87%
Median	99	126	146	154	156	57%	
Net income after housing costs							
Mean	102	142	168	176	173	70%	77%
Median	83	107	126	132	134	61%	
All pensioner units, where the head is 75 or over							
Gross income	104	144	180	180	182	75%	100%
Of which:							
Benefit income	76	85	104	104	107	41%	59%
Occupational pension	14	27	40	39	44	215%	24%
Investment income	13	28	28	31	29	124%	16%
Earnings	1	2	7	5	2	75%	1%
Other income	*	*	1	*	*	*	*
Net income before housing costs							
Mean	93	122	158	157	161	74%	88%
Median	78	92	119	122	127	62%	
Net income after housing costs							
Mean	78	106	137	136	139	79%	76%
Median	62	69	99	104	105	71%	

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.
- (4) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69; and couples in which the man is aged 65-69.
- (5) The man is defined as the head of a couple.

Table A5: The average incomes of single pensioners by gender, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross income in 1996/7
Single male pensioners							
Gross income	111	131	173	174	166	49%	100%
Of which:							
Benefit income	63	75	90	88	91	45%	55%
Occupational pension	22	31	44	51	49	123%	29%
Investment income	15	21	27	28	20	39%	12%
Earnings	12	4	12	6	6	-52%	3%
Other income	*	*	*	*	*	*	*
Net income before housing costs							
Mean	95	111	148	149	145	53%	88%
Median	80	92	113	117	118	47%	
Net income after housing costs							
Mean	80	95	126	129	123	54%	74%
Median	64	71	85	97	97	51%	
Single female pensioners							
Gross income	91	128	151	150	147	61%	100%
Of which:							
Benefit income	66	75	90	92	95	43%	65%
Occupational pension	9	22	28	27	26	188%	18%
Investment income	10	24	23	22	19	97%	13%
Earnings	6	6	9	8	5	-3%	4%
Other income	1	1	1	1	1	17%	1%
Net income before housing costs							
Mean	81	107	131	131	130	61%	89%
Median	73	86	106	111	112	53%	
Net income after housing costs							
Mean	66	91	109	108	107	61%	73%
Median	57	63	76	80	82	44%	

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means unless otherwise stated.
- (3) Estimates of less than £0.50 or 0.5% are labelled *.

Table A6: The proportion of pensioner units with income on top of state benefits, 1979-1996/7

Results based upon data from the FES

	1979	1989	1994/5	1995/6	1996/7
All pensioner units					
Total	77%	86%	85%	86%	83%
Pensioner couples	91%	95%	94%	93%	91%
Single pensioners	71%	80%	79%	82%	78%
Recently retired pensioner units					
Total	86%	90%	89%	89%	87%
Pensioner couples	92%	96%	93%	94%	93%
Single pensioners	78%	82%	84%	81%	76%

Notes:

(1) *Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69, and couples in which the man is aged 65-69.*

Table A7: The proportion of pensioner units with at least 50% of income from state benefits, 1979-1996/7

Results based upon data from the FES

	1979	1989	1994/5	1995/6	1996/7
All pensioner units					
Total	81%	72%	72%	69%	70%
Pensioner couples	73%	63%	62%	57%	60%
Single pensioners	85%	77%	78%	76%	76%
Recently retired pensioner units					
Total	65%	62%	59%	54%	52%
Pensioner couples	63%	57%	55%	45%	46%
Single pensioners	68%	69%	64%	66%	61%

Notes:

(1) *Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69, and couples in which the man is aged 65-69.*

Table A8: The proportion of pensioner units with incomes from state Retirement Pension and the average amount for those in receipt, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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Proportion in receipt of state Retirement Pension (%)

All pensioner units

Total	97%	98%	99%	98%	98%	
Pensioner couples	98%	98%	99%	98%	99%	
Single pensioners	96%	98%	98%	98%	97%	

Recently retired pensioner units

Total	94%	95%	98%	96%	95%	
Pensioner couples	97%	96%	99%	97%	97%	
Single pensioners	89%	92%	96%	95%	90%	

Average amount of RP for those in receipt (£pw)

Mean amounts

All pensioner units

Total	68	76	85	85	87	27%
Pensioner couples	91	101	113	112	115	26%
Single pensioners	56	62	68	68	69	24%

Recently retired pensioner units

Total	76	86	96	96	100	31%
Pensioner couples	90	100	112	111	115	27%
Single pensioners	55	65	73	70	74	34%

Median amounts

All pensioner units

Total	59	65	73	74	76	29%
Pensioner couples	91	100	110	109	113	23%
Single pensioners	56	61	65	65	66	18%

Recently retired pensioner units

Total	84	93	101	102	105	25%
Pensioner couples	91	101	110	109	113	24%
Single pensioners	56	63	72	70	71	26%

Notes:

- (1) Figures for Retirement Pension also include the other NI benefits for the elderly, Widows' Benefits and Incapacity Benefit (Invalidity Benefit prior to 1995/6).
- (2) These results are based on survey respondents' identification of different elements of benefit income, and are therefore subject to misreporting.
- (3) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.
- (4) Estimates of mean and median amounts in 1989, and median amounts in 1979, have been revised.

Table A9: The proportion of pensioner units with incomes from income related benefits and the average amount for those in receipt, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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Proportion in receipt of Income Related Benefits (%)

All pensioner units

Total	57%	41%	40%	38%	40%
Pensioner couples	50%	29%	27%	23%	27%
Single pensioners	61%	47%	48%	47%	48%

Recently retired pensioner units

Total	44%	31%	27%	22%	28%
Pensioner couples	41%	24%	19%	11%	22%
Single pensioners	48%	42%	37%	40%	38%

Average amount of IRB for those in receipt (£pw)

Mean amounts

All pensioner units

Total	15	24	31	36	36	147%
Pensioner couples	11	19	25	31	28	149%
Single pensioners	16	25	34	37	39	142%

Recently retired pensioner units

Total	13	24	30	41	41	214%
Pensioner couples	11	19	23	36	34	217%
Single pensioners	16	27	36	43	47	200%

Median amounts

All pensioner units

Total	12	23	27	33	30	152%
Pensioner couples	8	14	16	26	18	109%
Single pensioners	14	25	30	35	35	153%

Recently retired pensioner units

Total	10	21	25	35	29	195%
Pensioner couples	8	15	14	29	15	84%
Single pensioners	15	26	31	35	38	154%

Notes:

- (1) *Income Related Benefits are Income Support (Supplementary Benefit prior to 1988), Family Credit (Family Income Support prior to 1988), Housing Benefit, Council Tax Benefit (Community Charge Benefit between 1988 and 1992).*
- (2) *These results are based on survey respondents' identification of different elements of benefit income, and are therefore subject to misreporting.*
- (3) *Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.*
- (4) *Estimates of mean and median amounts in 1989, and median amounts in 1979, have been revised.*

Table A10: The proportion of pensioner units with income from disability benefits and the average amount for those in receipt, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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Proportion in receipt of disability benefits (%)

All pensioner units

Total	4%	8%	15%	16%	19%	
Pensioner couples	7%	11%	21%	19%	21%	
Single pensioners	2%	5%	12%	15%	19%	

Recently retired pensioner units

Total	4%	9%	11%	14%	17%	
Pensioner couples	6%	12%	15%	15%	18%	
Single pensioners	1%	6%	4%	12%	16%	

Average amount of disability benefit income for those in receipt (£pw)

Mean amounts

All pensioner units

Total	37	45	48	45	48	30%
Pensioner couples	38	48	52	50	52	38%
Single pensioners	35	42	43	41	44	28%

Recently retired pensioner units

Total	43	53	51	47	50	16%
Pensioner couples	42	54	50	49	54	27%
Single pensioners	51	50	54	44	45	-13%

Median amounts

All pensioner units

Total	31	33	35	34	37	20%
Pensioner couples	32	35	48	47	48	53%
Single pensioners	30	33	34	33	35	14%

Recently retired pensioner units

Total	42	36	35	37	37	-11%
Pensioner couples	35	33	35	41	41	16%
Single pensioners	46	46	35	35	37	-18%

Notes:

- (1) Disability benefits refer to War Disablement Pension, Attendance Allowance, Industrial Injuries Disablement Pension, Invalid Care Allowance, Severe Disability Allowance (Non-Contributory Invalidity Pension in 1979), Mobility Allowance (prior to 1992) and Disability Living Allowance Mobility and Care components (1992 onwards).
- (2) These results are based on survey respondents' identification of different elements of benefit income, and are therefore subject to misreporting.
- (3) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.
- (4) Estimates of mean and median amounts in 1989, and median amounts in 1979, have been revised.

Table A11: The proportion of pensioner units with investment income and the average amount for those in receipt, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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Proportion with investment income (%)

All pensioner units

Total	62%	75%	73%	74%	72%	
Pensioner couples	71%	87%	82%	83%	79%	
Single pensioners	57%	69%	67%	69%	67%	

Recently retired pensioner units

Total	68%	78%	76%	78%	73%	
Pensioner couples	73%	87%	82%	86%	80%	
Single pensioners	60%	64%	67%	66%	62%	

Average amount of investment income for those in receipt (£pw)

Mean amounts

All pensioner units

Total	22	42	42	46	40	80%
Pensioner couples	28	53	50	63	56	100%
Single pensioners	19	34	36	34	29	54%

Recently retired pensioner units

Total	25	52	48	56	56	124%
Pensioner couples	30	57	47	63	71	139%
Single pensioners	17	43	49	41	26	50%

Median amounts

All pensioner units

Total	5	9	9	10	9	80%
Pensioner couples	7	15	15	18	17	165%
Single pensioners	4	7	6	6	6	43%

Recently retired pensioner units

Total	7	14	13	17	19	196%
Pensioner couples	7	15	18	22	28	294%
Single pensioners	5	11	7	7	9	69%

Notes:

(1) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.

Table A12: The proportion of pensioner units with occupational pension income and the average amount for those in receipt, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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Proportion with occupational pension income (%)

All pensioner units

Total	40%	53%	58%	61%	57%	
Pensioner couples	62%	73%	74%	74%	71%	
Single pensioners	29%	42%	48%	52%	48%	

Recently retired pensioner units

Total	50%	63%	68%	67%	65%	
Pensioner couples	62%	73%	75%	78%	72%	
Single pensioners	33%	48%	56%	50%	55%	

Average amount of occupational pension income for those in receipt (£pw)

Mean amounts

All pensioner units

Total	50	71	88	83	94	86%
Pensioner couples	60	86	112	108	124	107%
Single pensioners	40	57	65	62	65	65%

Recently retired pensioner units

Total	63	79	108	104	126	100%
Pensioner couples	71	90	122	118	147	109%
Single pensioners	43	57	81	72	81	90%

Median amounts

All pensioner units

Total	24	37	47	46	55	126%
Pensioner couples	27	49	67	63	82	200%
Single pensioners	22	28	35	35	42	94%

Recently retired pensioner units

Total	30	42	61	67	80	170%
Pensioner couples	35	49	75	76	107	203%
Single pensioners	23	28	46	42	53	135%

Notes:

- (1) Estimates of the percentage of pensioner units in receipt of occupational pension income are based on respondents' own assessment and may be subject to under-reporting (see Section 5).
- (2) Recently retired pensioner units are defined as: single women aged 60-64; single men aged 65-69 and couples in which the man is aged 65-69.

Table A13: The real growth in median net income of pensioner units by quintile of the net income distribution, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	Quintiles of the Income Distribution					Overall Mean
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
Medians						
Pensioner couples						
Net income before housing costs						
1979	97	113	131	167	251	166
1996/7	130	163	205	275	450	256
% Growth 1979-1996/7	34%	45%	57%	65%	80%	60%
Net income after housing costs						
1979	81	94	112	147	225	139
1996/7	105	142	183	259	435	235
% Growth 1979-1996/7	31%	51%	63%	76%	93%	69%
Medians						
Single pensioners						
Net income before housing costs						
1979	55	66	74	84	120	84
1996/7	71	96	113	143	212	134
% Growth 1979-1996/7	28%	47%	52%	70%	76%	60%
Net income after housing costs						
1979	46	53	58	68	105	74
1996/7	56	68	85	120	195	111
% Growth 1979-1996/7	22%	28%	47%	77%	85%	61%

Notes:

- (1) Estimated medians are medians of unequivalised net income for each quintile of the unequivalised net income distribution. Real growth figures for individual quintiles show the growth in the quintile median income.
- (2) The distribution of income has been calculated separately under the before housing costs and after housing costs measures of income. The distribution of income is also calculated separately for each group, i.e. estimates for pensioner couples show the income for each quintile of the pensioner couples' income distribution. For this reason Tables A13 and A14 are not comparable with Tables A15 and A16.

Table A14: Components of mean gross income of pensioner units by quintile of the net income distribution, 1979 & 1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	Quintiles of the Income Distribution					Overall Mean
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
1979 Means						
Pensioner couples						
Gross income	102	119	142	189	382	187
Of which:						
Benefit income	96	106	105	100	91	99
Occupational pension	3	8	22	44	108	37
Investment income	3	4	7	13	72	20
Earnings	*	1	7	31	108	30
Other income	*	*	1	1	3	1
Single pensioners						
Gross income	58	70	80	92	175	95
Of which:						
Benefit income	55	65	72	73	64	66
Occupational pension	*	2	4	8	43	12
Investment income	2	3	4	7	38	11
Earnings	1	*	*	3	30	7
Other income	*	*	*	1	1	1
1996/7 Means						
Pensioner couples						
Gross income	138	176	223	311	626	295
Of which:						
Benefit income	120	137	143	143	122	133
Occupational pension	13	26	55	107	241	89
Investment income	7	8	15	41	152	44
Earnings	*	3	9	19	108	28
Other income	*	1	1	1	3	1
Single pensioners						
Gross income	77	105	123	158	292	151
Of which:						
Benefit income	70	87	100	104	111	94
Occupational pension	3	10	16	33	95	31
Investment income	4	7	7	16	63	19
Earnings	*	*	1	5	21	5
Other income	*	*	*	*	3	1

Notes:

- (1) Components may not sum to totals due to rounding.
- (2) All average amounts are means.
- (3) Estimates of less than £0.50 are labelled *.
- (4) The distribution of income has been calculated under the before housing costs measure. The distribution of income is calculated separately for each group, i.e. estimates for pensioner couples show the income for each quintile of the pensioner couples' income distribution. For this reason Tables A13 and A14 are not comparable with Tables A15 and A16.

Table A15: The proportion of individuals in pensioner families in each quintile of the overall net income distribution

HBAI Methodology

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	Quintiles of the Income Distribution					All
	Bottom fifth	Next Fifth	Middle fifth	Next fifth	Top fifth	
HBAI 1979						
All pensioner units						
Before housing costs	47%	24%	13%	9%	8%	100%
After housing costs	46%	22%	13%	9%	10%	100%
Pensioner couples						
Before housing costs	44%	24%	14%	9%	9%	100%
After housing costs	45%	21%	14%	10%	10%	100%
Single pensioners						
Before housing costs	49%	24%	11%	8%	7%	100%
After housing costs	47%	23%	11%	9%	9%	100%
HBAI 1995/96						
All pensioner units						
Before housing costs	24%	32%	20%	14%	10%	100%
After housing costs	19%	33%	19%	16%	13%	100%
Pensioner couples						
Before housing costs	25%	27%	20%	16%	12%	100%
After housing costs	19%	30%	19%	17%	15%	100%
Single pensioners						
Before housing costs	23%	38%	20%	12%	7%	100%
After housing costs	20%	37%	19%	13%	11%	100%

Notes:

- (1) *Figures have been calculated using HBAI methodology (see Sections 6 and 12). Estimates therefore show the proportion of individuals in pensioner families in each quintile of the overall population income distribution, with income defined as being household equivalised net income. The distribution is calculated separately under the before housing costs and after housing costs measures. The estimates are not comparable with figures shown in Tables A13 and A14.*
- (2) *Percentages may not sum to 100% due to rounding.*
- (3) *1995/96 refers to the combined financial years 1995/6 and 1996/7.*

Table A16: The proportion of individuals in pensioner families in the top half of the overall population net income distribution, 1979-1995/96

HBAI Methodology

Results based upon data from the FES

	1979	1988/89	1993/94	1994/95	1995/96
Net income before housing costs					
All pensioner units	23%	26%	31%	31%	32%
Pensioner couples	24%	28%	34%	34%	37%
Single pensioners	21%	23%	27%	27%	27%
Net income after housing costs					
All pensioner units	25%	30%	35%	36%	37%
Pensioner couples	25%	33%	39%	39%	41%
Single pensioners	25%	27%	31%	32%	32%

Notes:

- (1) *Figures have been calculated using HBAI methodology (see Sections 6 and 12). Estimates therefore show the proportion of individuals in pensioner families in the top half of the overall population distribution, with income defined as being household equivalised net income. The distribution is calculated separately under the before housing costs and after housing costs measures. The estimates are not comparable with figures shown in Tables A13 and A14.*
- (2) *1988/89 refers to the combined calendar years 1988 and 1989. 1990/91 and 1992/93 (see Figure 17) also refer to combined calendar years. Estimates for 1993/94 onwards refer to combined financial years. For example, 1995/96 refers to the combined financial years 1995/6 and 1996/7.*

Table A17: The average incomes of couples where the woman is over state pension age but the man is not, 1979-1996/7

Results based upon data from the FES

Incomes in £ per week, July 1997 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross income in 1996/7
Couples where the woman is over state pension age but the man is not							
Gross income	267	333	401	335	390	46%	100%
Of which:							
Benefit income	37	48	56	66	59	57%	15%
Occupational pension	24	73	91	93	90	273%	23%
Investment income	15	60	77	58	69	345%	18%
Earnings	189	152	176	118	170	-10%	44%
Other income	1	2	2	1	2	121%	*
Net income before housing costs							
Mean	203	260	316	272	311	53%	80%
Median	178	217	245	240	250	41%	64%
Net income after housing costs							
Mean	177	242	293	252	287	62%	74%
Median	157	202	226	221	225	43%	58%

Notes:

- (1) Couples where the woman is over state pension age and the man under are excluded from the definition of a pensioner unit (and hence from all other tables in this publication) for historical reasons (see Section 5).
- (2) Components may not sum to totals due to rounding.
- (3) All average amounts are means unless otherwise stated.
- (4) Estimates of less than £0.50 or 0.5% are labelled *.