



The Pensioners' Incomes Series 1998/9

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Section 1 Introduction

The Pensioners' Incomes Series 1998/9 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 four 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.

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Section 2 Summary of Main Results

(See [page 18](#) for definitions).

Growth in incomes

[Section 8](#)

- The average net income of all pensioner units grew by 64% in real terms between 1979 and 1996/7. Average earnings in the whole economy grew by 36% in real terms over the same period.
- This growth stemmed from substantial increases in incomes from benefits, occupational pensions and investments.

Differences between pensioner units

[Section 8](#)

- In 1998/9 single (non-cohabiting) pensioners received £141 net income per week on average. As would be expected pensioner couples (married or cohabiting) received more, at £272.
- On average older pensioner units have lower incomes. In 1998/9 pensioner couples where the man was aged 75 or over received £238 net income per week compared with £288 net income per week for those aged under 75. Recently retired pensioner couples received an average of £310 per week.
- Single male pensioners received an average of £156 net income per week in 1998/9 compared with £136 for single female pensioners.

Sources of income

[Sections 8, 9 & 10](#)

- In 1998/9 benefit income (51%) was the most substantial single component of pensioner units' incomes, followed by occupational pensions (26%), investment income (including personal pensions) (14%) and earnings (8%). Other sources were negligible.
- 99% of all pensioner units received income from the state Retirement Pension or other National Insurance benefits for the elderly in 1998/9, at an average of £91 per week (£72 for singles and £119 for couples). This compares with £105 per week for recently retired pensioner units in receipt.
- 37% of pensioner units in 1998/9 received one or more income related benefits (such as Income Support, Housing Benefit or Council Tax Benefit) and 21% were in receipt of disability benefits.
- In 1998/9, 70% of pensioner units had investment income and 60% had income from an occupational pension.
- The proportion of pensioner units reporting income 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 (from 61% to 53%), with a corresponding rise in the proportion from occupational pensions (from 16% to 26%).

Distribution of pensioners incomes

[Section 11](#)

- There is considerable diversity in the circumstances of pensioner units.
- Between 1979 and 1996/7, incomes rose 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. Under the ‘after housing costs’ measure of net income, the growth rates were 22% and 85% respectively.
- 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. Under the ‘after housing costs’ measure of net income, the growth rates were 31% and 93% respectively.
- Older pensioners were over-represented at the bottom of the income distributions.

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

[Section 12](#)

- In 1998/9, around a quarter of individuals in pensioner families were in the bottom fifth of the overall net income distribution (before housing costs).
- The proportion of individuals in pensioner families that were in the lowest fifth of the overall net income (BHC) 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 (BHC) 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 1998/9, at £336 per week compared with £272 per week.
- earnings were a more significant source of income, at 50% of gross income, while benefit income is less significant at 16%.

Section 3 The Data

The PI series in 1998/9 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 1998/9, 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 four-year gap between 1994/5 and 1998/9 FRS-based results is not sufficient to provide an accurate picture of detailed changes in pensioners' incomes over time (although they can give a broad indication of trends). 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](#)). The possibility of combining results from different surveys to produce time trends in PI (and in the Households Below Average Income publication) was considered in the report *Consultation on 'Comparisons over time for low income statistics'*. This can be viewed on the internet at www.dss.gov.uk/publications/dss/2000/hbai. A link to this report is also included on the PI Series web page (www.dss.gov.uk/asd/asd6/pensioners_income.html). The report concluded that no direct comparisons should be made between PI estimates of income levels from different surveys. 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, 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 Luxembourg Income Study web site at www.lis.ceps.lu/wps/Ses1UK.pdf. 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 over three times greater in the FRS, giving a sample of some 7,000 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 loan 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 has been published in the ONS Methodological Series (report number 18), details of which can be found on the internet at www.statistics.gov.uk/nsbase/methods_quality/publications.asp. 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, has reached state pension age. State pension age is 65 years for men and 60 years for women.

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), 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. However, individual income estimates for pensioners, based on the income accruing to men and women in their own right (regardless of subsequent income sharing), are available in the *Individual Incomes Series* published by the [Women's Unit](#).

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 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 19](#).

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. A review conducted in July 2000 concluded that the number of people in the sample receiving personal pension income was currently too small to produce reliable estimates. A summary of the review can be found on the PI Series web page on the internet (www.dss.gov.uk/asd/asd6/pensioners_income.html). The situation will be monitored each year.

'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 in [Section 10](#) 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 dependent 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. The term 'net income' in this publication refers to the before housing costs measure unless otherwise stated.

Housing costs are allocated to the 'main' benefit unit in each household (i.e. the benefit unit containing the reported head of household) and 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 1998 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 the household level. A summary of the issues surrounding the adjustment of negative incomes can be found on the PI Series web page on the internet (www.dss.gov.uk/asd/asd6/pensioners_income.html).

Proportions in receipt of occupational pension income

Prior to the 1997/8 edition of the Pensioners' Incomes Series, estimates of the proportions in receipt of occupational pension income were 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](#) (and [Table A12](#)). 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 are available on the PI Series web page on the internet (www.dss.gov.uk/asd/asd6/pensioners_income.html).

Statistical variability

Even when taking advantage of the larger sample sizes of the FRS, estimates contained in PI 1998/9 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, other than to obtain a very broad indication of trends. *Any detailed 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.

Methodological papers

The Pensioners' Incomes Series is subject to an ongoing review of methodology, content and presentation. Several methodological papers have been referred to above, covering such topics as adjusting negative incomes, occupational pension receipt and separate analysis of personal pension income. These papers can all be viewed on the PI Series web page on the internet (www.dss.gov.uk/asd/asd6/pensioners_income.html). Alternatively, hard copies of these papers are available on request. You can also ask to be notified when new papers are published. Any comments on these papers, sent to one of the contact points on [page 5](#), would be welcome.

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. However, results from the two types of analysis should not be directly compared. 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 Great Britain, 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 man 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. This can only be done using unequivalised income. Indeed, equivalisation is not necessary for most PI results, which are presented separately for pensioner couples and single pensioners. However, PI results for all pensioner units are affected by changes in the balance between couples and singles, 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 of pensioner benefit units only, 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 ([Section 12](#)). 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 (excluding the income of other household members), 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 broad trends 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.

Measuring living standards

Incomes are often used as a measure of the 'standard of living' achieved by different groups. However, there are many other factors that can affect living standards, such as wealth, physical health or expenditure. Furthermore, estimates of pensioner unit income in the Pensioners' Incomes Series do not take account of the income of other members of the household, which could affect their standards of living. Therefore income estimates should only be regarded as broadly indicative of living standards.

Main Results from the Pensioners' Incomes Series 1998/9

Based on the Family Resources Survey 1994/5-1998/9

and the Family Expenditure Survey 1979-1996/7

General notes and definitions for tables:

1. **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 is over state pension age.
2. **Couples where the woman is over state pension age and the man under** ([Table 19](#)) are excluded from the definition of a pensioner unit (and hence from all other tables in this publication) for historical reasons (see [Section 5](#)).
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. All recently retired pensioner units are also included in the Under 75 year old category.
4. Pensioner units are allocated to **age categories** according to the age of the head. The **head of a couple** is defined as the man.
5. Figures for **Retirement Pension** (Tables [8](#) and [16](#)) also include the other National Insurance Fund-based benefits for the elderly, Widows' Benefits and Incapacity Benefit.
6. **Income related benefits** (Tables [9](#) and [16](#)) refer to Income Support, Family Credit, Housing Benefit, Council Tax Benefit and Social Fund Grants.
7. **Disability benefits** (Tables [10](#) and [16](#)) 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.
8. Estimates of these three types of benefit income are based on survey respondents' identification of the different benefits, and are therefore subject to misreporting.
9. Definitions of other types and sources of income can be found in [Section 5](#).
10. All money amounts are expressed in July 1998 prices and are rounded to the nearest pound. Growth estimates and differences quoted in the text are based on money amounts before rounding, and may not equal the difference between rounded estimates.
11. Components may not sum to totals due to rounding.
12. All average amounts quoted are means unless otherwise stated.
13. **Pensioner income distributions:** In Tables 13-16, the distribution of income is based on unequivalised net income, and has been calculated separately under the before and after housing cost measures of income. The distribution of income is also calculated separately for singles and couples, i.e. estimates for pensioner couples show income for each quintile of the pensioner couples' income distribution. For this reason, Tables 13-16 are not comparable with Tables 17 and 18.
14. **Overall population income distribution:** In Tables 17 and 18, figures have been calculated using HBAI methodology (see Sections [6](#) & [12](#)). Estimates therefore show the position of individuals in pensioner families in the overall population income distribution, with income defined as household equivalised net income. Comparisons between couples and singles are sensitive to precise way in which incomes are equivalised; they should therefore be treated with extreme caution. The distribution is calculated separately under the before and after housing costs measures. The estimates are not comparable with those shown in Tables 13-16.
15. 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 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 19.

(a) All pensioner units

On average, pensioner units received £224 a week in gross (pre-tax) income in 1998/9 ([Table 1](#)). After the deduction of tax, pensioner units received an average of £192 a week in net income. After the deduction of housing costs, average income stood at £170 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. Estimates in this publication are not accurate enough to give a reliable picture of short-term trends (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%). By way of comparison, average earnings in the whole economy grew by 36% in real terms over the same period, suggesting that growth in average pensioners' incomes was significantly higher than growth in 'the wealth of the nation'.

Figure 1: Real income of pensioners, 1979-1996/7
(£ per week at July 1998 prices)



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 £148 in 1998/9, some £44 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 1998/9, 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 14% came from investment income. Earnings accounted for 8% of gross income on average, but tended 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 early 1990s. The proportional growth in benefit income (41%) appears less substantial, but in absolute terms benefits have contributed just as much to overall growth from 1979 to 1996/7 (up £33) as occupational pensions (up £34) and more than investment income (up £16). Earnings and other income were at around the same level in 1996/7 as they were in 1979.

Figure 2: Sources of gross income 1998/9
(£ per week at July 1998 prices)

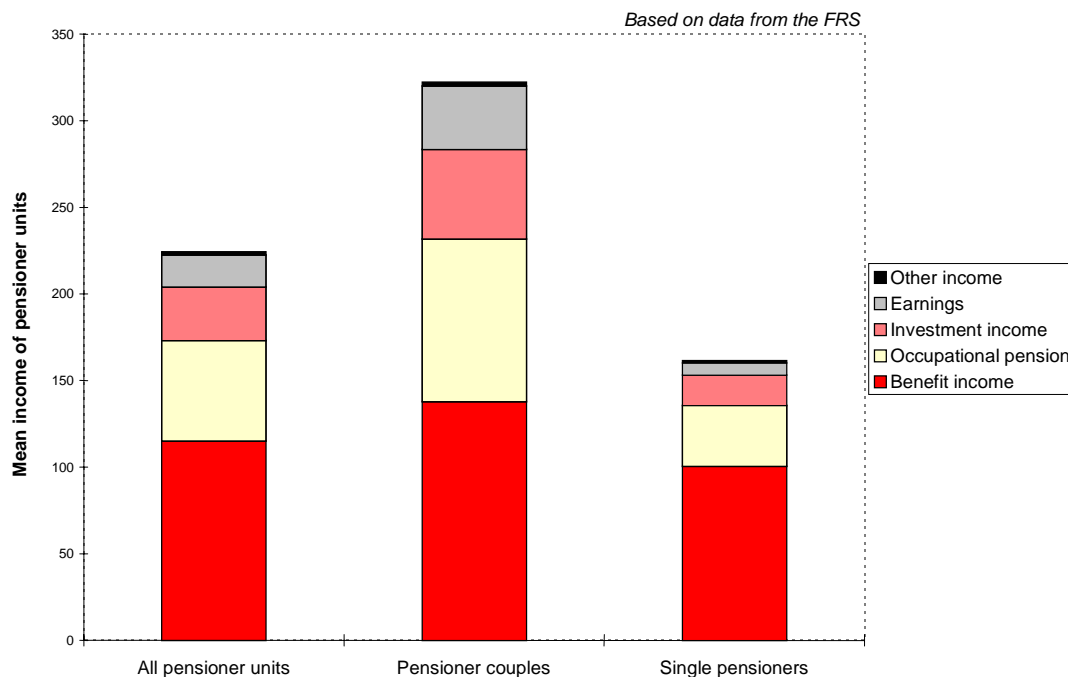
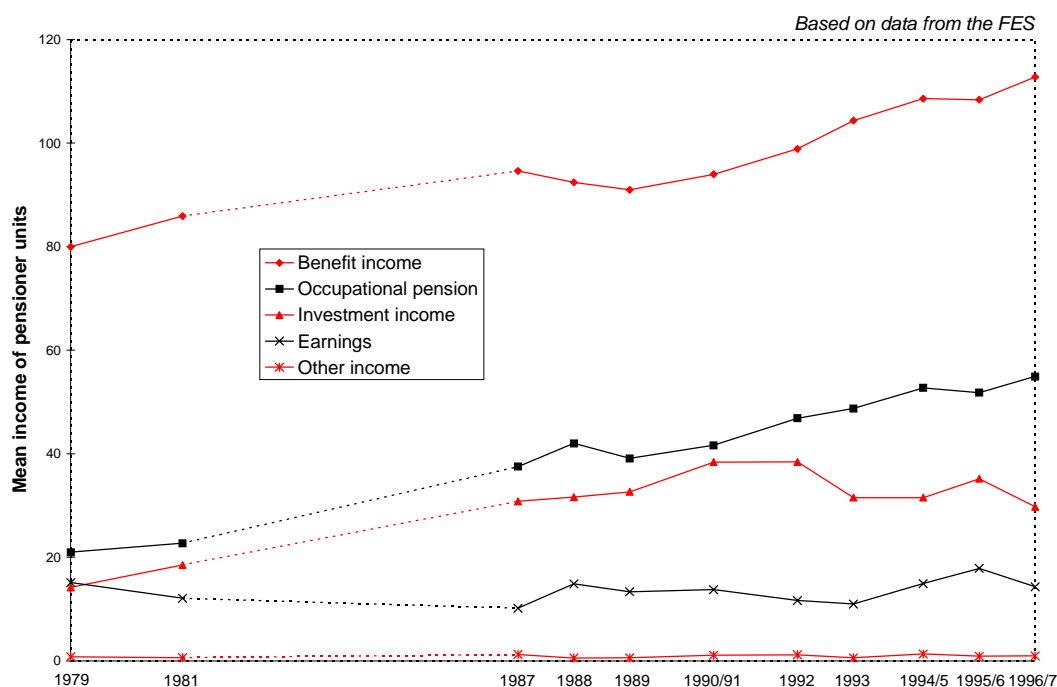


Figure 3: Growth in sources of gross income of all pensioner units, 1979-1996/7
(£ per week at July 1998 prices)



(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 than one person.

We would expect pensioner couples to receive more income than single pensioners. In fact, they received twice as much gross income (£322) on average as single pensioners (£162) in 1998/9. 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 most 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 37% higher than for singles. As a result of these differences, benefit income accounted for 62% of gross income for singles, compared with 43% of gross income for couples, in 1998/9.

Average (mean) net income grew by 60% between 1979 and 1996/7 for both singles and couples. Couples saw slower growth in their housing costs, however. Their average net income AHC increased by 69% over the period, compared with 60% for singles.

Part of the general 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 the average gross income of all pensioner units growing faster (at 62%) than that 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 £207 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 £297 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, 1994/5-1998/9
Results based upon data from the FRS & FES
Incomes in £ per week, July 1998 prices

	FRS					As a % of gross income in 1998/9	FES
	1994/5	1995/6	1996/7	1997/8	1998/9		% Growth 1979-1996/7
All pensioner units							
Gross income	203	200	212	216	224	100%	62%
Of which:							
Benefit income	108	109	112	113	115	51%	41%
Occupational pension	51	51	55	57	58	26%	162%
Investment income	28	25	28	28	31	14%	110%
Earnings	16	14	17	16	19	8%	-5%
Other income	1	1	1	1	2	1%	21%
Net income before housing costs							
Mean	175	174	184	186	192	86%	64%
Median	134	136	145	146	148	66%	63%
Net income after housing costs							
Mean	150	150	160	163	170	76%	70%
Median	109	111	118	123	125	56%	64%
Pensioner couples							
Gross income	294	286	309	314	322	100%	58%
Of which:							
Benefit income	133	133	137	138	138	43%	34%
Occupational pension	84	85	90	93	94	29%	139%
Investment income	45	41	47	50	52	16%	124%
Earnings	31	26	34	32	37	11%	-7%
Other income	1	1	1	2	2	1%	25%
Net income before housing costs							
Mean	250	246	265	267	272	84%	60%
Median	197	194	209	209	214	66%	57%
Net income after housing costs							
Mean	226	223	241	245	253	78%	69%
Median	175	172	184	189	195	60%	63%
Single pensioners							
Gross income	147	146	152	154	162	100%	59%
Of which:							
Benefit income	92	94	97	98	101	62%	43%
Occupational pension	30	29	33	34	35	22%	173%
Investment income	17	15	15	15	18	11%	83%
Earnings	7	6	6	7	7	4%	-19%
Other income	1	1	1	1	1	1%	13%
Net income before housing costs							
Mean	129	129	133	136	141	87%	60%
Median	109	111	115	117	118	73%	52%
Net income after housing costs							
Mean	103	104	108	111	117	72%	60%
Median	76	78	81	84	88	55%	47%

Notes:
*(1) Estimates of less than £0.50 or 0.5% are labelled *.*
(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](#)).
Please also see 'General notes and definitions' on [page 18](#).

(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 the 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 are narrower for couples and singles than for all pensioner units.

The net income of couples in 1998/9 was £51 a week (or 21%) higher for 'under 75s' than for 'over 75s' (Table 2). This compares with under 75s having 31% higher incomes than over 75s among all pensioner units. Between 1979 and 1996/7, average net income grew slightly faster for over 75s (up 71%) than for under 75s (up 60%), although in absolute terms this represented an increase of just over £100 for both groups.

The contributions of the various 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.

Figure 4: Sources of gross income of pensioner couples by age of head, 1998/9
(£ per week at July 1998 prices)

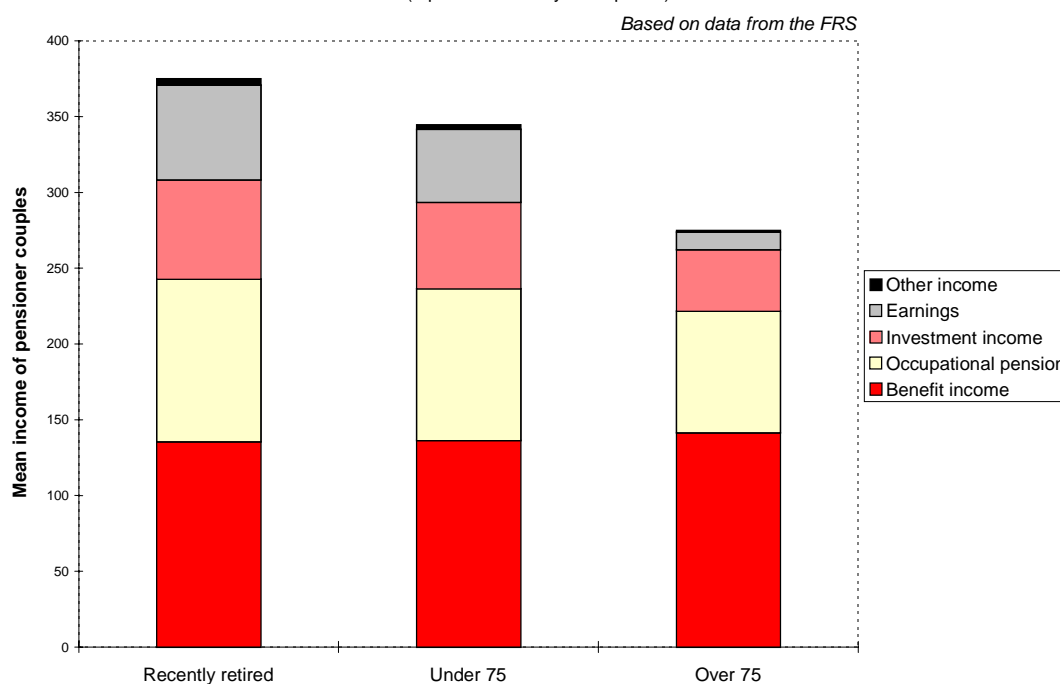


Table 2: The average incomes of pensioner couples by age, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					As a % of gross income in 1998/9	FES
	1994/5	1995/6	1996/7	1997/8	1998/9		% Growth 1979-1996/7
Recently retired pensioner couples							
Gross income	331	331	357	370	375	100%	71%
Of which:							
Benefit income	131	131	133	136	136	36%	37%
Occupational pension	94	100	106	112	107	29%	140%
Investment income	50	50	56	63	66	17%	162%
Earnings	55	47	61	56	62	17%	38%
Other income	2	2	1	3	4	1%	46%
Net income before housing costs							
Mean	278	277	302	306	310	83%	73%
Median	218	217	232	241	240	64%	68%
Net income after housing costs							
Mean	253	254	277	284	291	78%	85%
Median	194	197	211	219	224	60%	79%
Pensioner couples where the head is under 75							
Gross income	313	304	334	336	345	100%	57%
Of which:							
Benefit income	132	132	135	137	136	40%	35%
Occupational pension	89	91	99	100	100	29%	130%
Investment income	50	44	52	55	57	17%	128%
Earnings	41	35	47	41	48	14%	-1%
Other income	1	2	1	2	3	1%	21%
Net income before housing costs							
Mean	264	258	284	283	288	84%	60%
Median	206	204	221	219	227	66%	55%
Net income after housing costs							
Mean	239	235	260	261	270	78%	70%
Median	184	183	198	199	209	61%	62%
Pensioner couples where the head is 75 or over							
Gross income	251	250	256	268	275	100%	73%
Of which:							
Benefit income	135	133	142	139	141	51%	30%
Occupational pension	74	73	69	77	80	29%	184%
Investment income	34	35	36	38	41	15%	119%
Earnings	8	8	9	13	12	4%	95%
Other income	*	1	*	1	1	*	*
Net income before housing costs							
Mean	219	221	227	234	238	87%	71%
Median	179	176	189	196	188	68%	59%
Net income after housing costs							
Mean	195	199	203	211	218	79%	80%
Median	155	154	162	173	166	60%	60%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

(2) Recently retired couples are defined as those where the man is aged 65-69. All recently retired couples are also included in the Under 75 year old category.

(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](#)).

Please also see 'General notes and definitions' on [page 18](#).

The net income of single pensioners in 1998/9 was also higher for the under 75s than the over 75s ([Table 3](#)). Earnings were negligible for the over 75s, who also had less income from occupational pensions and investments, but slightly higher income from benefits ([Figure 5](#)).

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, 1998/9
(£ per week at July 1998 prices)

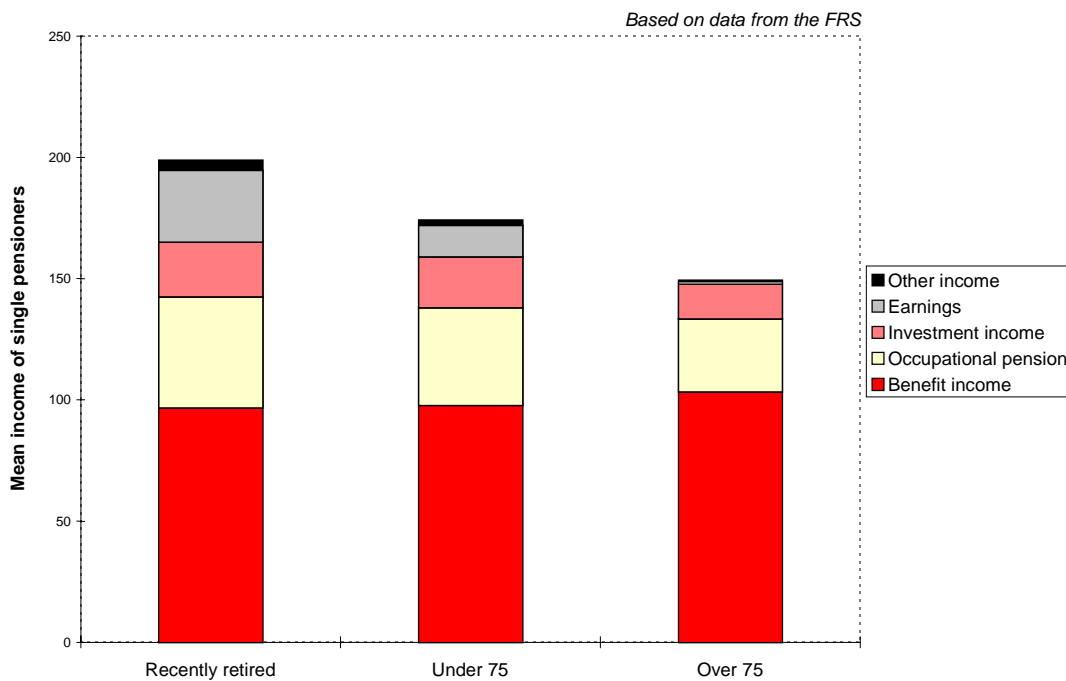


Table 3: The average incomes of single pensioners by age, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					As a % of gross income in 1998/9	FES
	1994/5	1995/6	1996/7	1997/8	1998/9		% Growth 1979-1996/7
Recently retired single pensioners							
Gross income	187	177	177	199	199	100%	66%
Of which:							
Benefit income	90	93	94	94	97	49%	53%
Occupational pension	43	40	45	45	46	23%	213%
Investment income	22	16	18	25	23	11%	54%
Earnings	30	26	19	32	30	15%	18%
Other income	1	2	2	2	4	2%	123%
Net income before housing costs							
Mean	156	152	151	166	167	84%	68%
Median	121	123	128	134	130	65%	65%
Net income after housing costs							
Mean	131	125	122	140	141	71%	72%
Median	96	96	99	109	101	51%	62%
Single pensioners, under 75							
Gross income	157	156	164	166	174	100%	55%
Of which:							
Benefit income	91	94	94	97	98	56%	44%
Occupational pension	36	34	41	40	40	23%	168%
Investment income	18	16	17	16	21	12%	41%
Earnings	11	11	10	12	13	7%	-2%
Other income	1	1	1	1	2	1%	66%
Net income before housing costs							
Mean	136	136	142	144	149	85%	57%
Median	111	114	118	121	121	69%	52%
Net income after housing costs							
Mean	110	111	116	119	125	72%	56%
Median	79	82	86	91	91	52%	50%
Single pensioners, 75 or over							
Gross income	136	136	140	143	149	100%	66%
Of which:							
Benefit income	94	95	98	99	103	69%	41%
Occupational pension	23	25	26	29	30	20%	200%
Investment income	15	13	14	13	14	10%	116%
Earnings	3	2	1	1	1	1%	*
Other income	1	*	*	1	1	*	*
Net income before housing costs							
Mean	121	121	126	128	133	89%	66%
Median	106	109	113	113	116	78%	54%
Net income after housing costs							
Mean	96	98	101	104	109	73%	68%
Median	74	76	78	79	86	58%	47%

Notes:

- (1) Estimates of less than £0.50 or 0.5% are labelled *.
- (2) Recently retired single pensioners are defined as single women aged 60-64 and single men aged 65-69. All recently retired single pensioners are also included in the Under 75 year old category.
- (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](#)).

Please also see 'General notes and definitions' on [page 18](#).

[Table 4](#) shows that for pensioner units as a whole, under 75s received an average net income of £214 a week in 1998/9 (including recently retired pensioner units receiving £258 on average), while the over 75s received £163 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.

Figure 6: Sources of gross income of all pensioner units by age of head, 1998/9
 (£ per week at July 1998 prices)

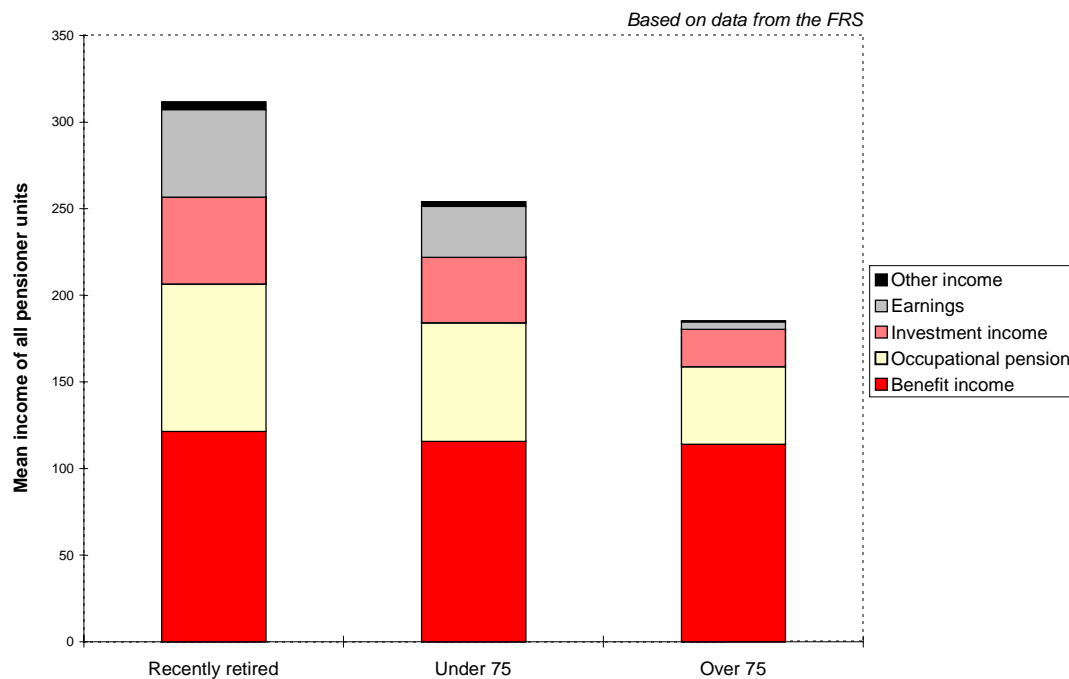


Table 4: The average incomes of pensioner units by age, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					As a % of gross income in 1998/9	FES
	1994/5	1995/6	1996/7	1997/8	1998/9		% Growth 1979-1996/7
Recently retired pensioner units							
Gross income	274	271	290	304	312	100%	73%
Of which:							
Benefit income	115	117	119	120	122	39%	43%
Occupational pension	74	77	83	86	85	27%	160%
Investment income	39	37	42	48	50	16%	142%
Earnings	45	39	45	47	51	16%	35%
Other income	2	2	2	2	4	1%	74%
Net income before housing costs							
Mean	230	229	246	253	258	83%	75%
Median	178	179	190	196	199	64%	63%
Net income after housing costs							
Mean	204	204	219	229	237	76%	85%
Median	156	156	166	176	177	57%	74%
Pensioner units where the head is under 75							
Gross income	228	224	243	246	254	100%	61%
Of which:							
Benefit income	110	111	113	116	116	46%	42%
Occupational pension	60	60	68	68	68	27%	153%
Investment income	33	29	33	35	38	15%	102%
Earnings	25	22	27	26	29	12%	4%
Other income	1	1	1	2	3	1%	44%
Net income before housing costs							
Mean	195	192	208	209	214	84%	64%
Median	150	150	159	163	163	64%	57%
Net income after housing costs							
Mean	169	168	183	186	193	76%	70%
Median	125	125	136	140	142	56%	61%
Pensioner units where the head is 75 or over							
Gross income	168	169	174	178	185	100%	75%
Of which:							
Benefit income	105	106	111	110	114	62%	41%
Occupational pension	37	39	39	42	45	24%	215%
Investment income	21	20	20	20	22	12%	124%
Earnings	4	3	3	5	4	2%	75%
Other income	1	*	*	1	1	*	*
Net income before housing costs							
Mean	148	150	155	158	163	88%	74%
Median	119	121	128	129	132	71%	62%
Net income after housing costs							
Mean	123	127	130	134	140	76%	79%
Median	92	98	104	106	111	60%	71%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

(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. All recently retired pensioner units are also included in the Under 75 year old category.

(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](#)).

Please also see 'General notes and definitions' on [page 18](#).

(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 in this publication, as the extent of income sharing within pensioner units is not known. However, individual income estimates for pensioners, based on the income accruing to men and women in their own right (regardless of subsequent income sharing), are available in the *Individual Incomes Series* published by the [Women's Unit](#).

On average, net income was higher for single men (at £156) than for single women (£136) in 1998/9. [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 1998/9, single men received £50 a week on average from this source, compared with £31 for single women. Single men also received more investment income, but average incomes from the other sources were very similar for single men and women.

Incomes may be affected by the different age distributions for single men and women. There are more older single women than men, reflecting their higher life expectancy. However, there are also more younger single women than men in this analysis, because our definition of pensioner units includes single women aged 60-64 but not single men of the same age. It is thought that these two age effects counter-balance one another to some extent.

Figure 7: Net income of single pensioners by gender, 1979-1996/7
(£ per week at July 1998 prices)

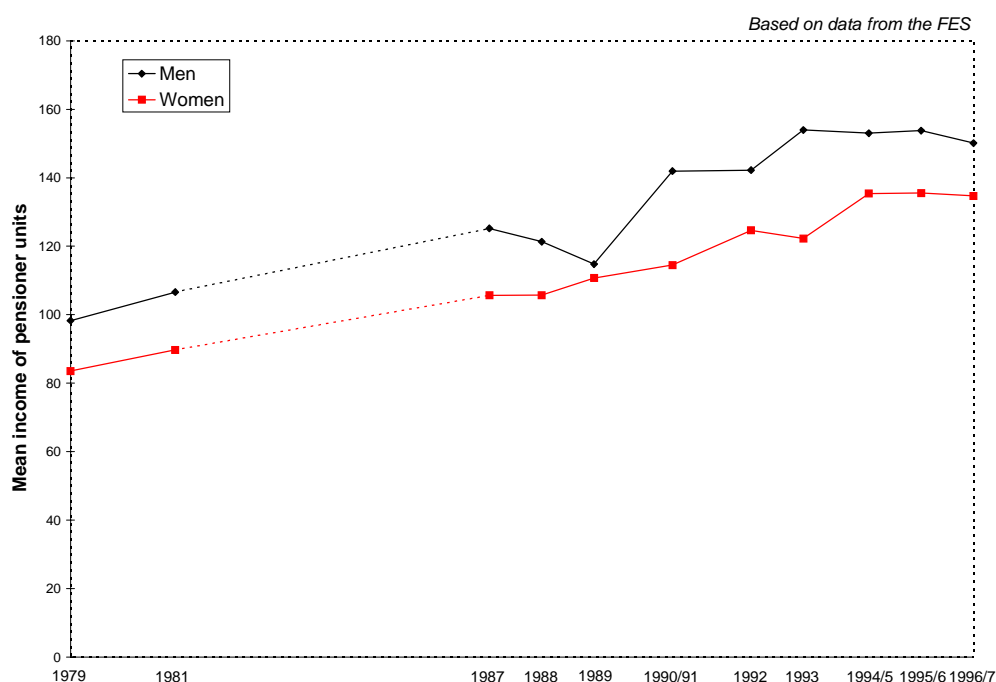


Table 5: The average incomes of single pensioners by gender, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					As a % of gross income in 1998/9	FES
	1994/5	1995/6	1996/7	1997/8	1998/9		% Growth 1979-1996/7
Single male pensioners							
Gross income	178	164	172	173	181	100%	49%
Of which:							
Benefit income	91	94	96	98	99	55%	45%
Occupational pension	51	41	49	46	50	28%	123%
Investment income	25	20	21	20	23	13%	39%
Earnings	10	9	5	8	7	4%	-52%
Other income	1	*	*	1	2	1%	*
Net income before housing costs							
Mean	150	144	149	150	156	86%	53%
Median	117	117	123	123	125	69%	47%
Net income after housing costs							
Mean	124	119	122	124	131	73%	54%
Median	89	88	94	93	96	53%	51%
Single female pensioners							
Gross income	138	141	146	149	156	100%	61%
Of which:							
Benefit income	92	95	97	98	101	65%	43%
Occupational pension	24	26	29	30	31	20%	188%
Investment income	14	13	14	13	16	10%	97%
Earnings	6	6	6	6	7	4%	-3%
Other income	1	1	1	1	1	1%	17%
Net income before housing costs							
Mean	123	125	129	132	136	87%	61%
Median	107	110	113	115	116	74%	53%
Net income after housing costs							
Mean	98	100	104	108	113	72%	61%
Median	74	76	79	82	86	55%	44%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

(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](#)).

Please also see 'General notes and definitions' on [page 18](#).

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 different pensioner units varies. In 1998/9, 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 86% in 1998/9.

Although state benefits accounted for just 51% of gross income on average in 1998/9, 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 (58%) than singles (78%), 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 ([Figure 8](#)).

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.

Figure 8: Benefit and non-benefit income, 1979-1996/7
(£ per week at July 1998 prices)

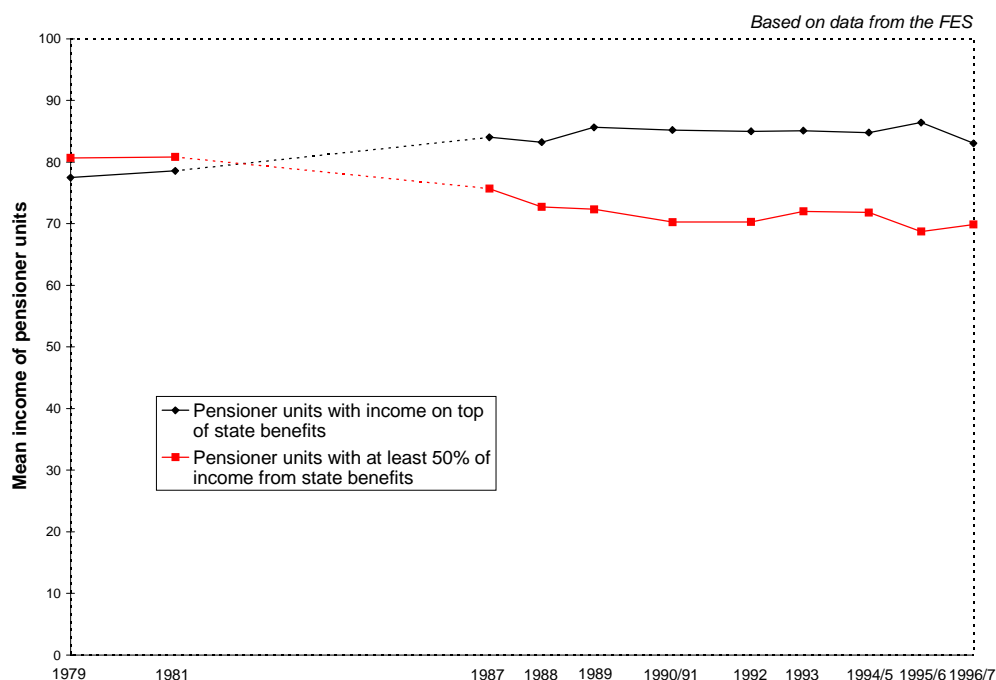


Table 6: The proportion of pensioner units with income on top of state benefits, 1994/5-1998/9

Results based upon data from the FRS

	1994/5	1995/6	1996/7	1997/8	1998/9
All pensioner units					
Total	84%	82%	84%	83%	83%
Pensioner couples	92%	93%	93%	92%	92%
Single pensioners	78%	76%	78%	77%	77%
Recently retired pensioner units					
Total	88%	86%	87%	87%	86%
Pensioner couples	93%	92%	92%	93%	92%
Single pensioners	80%	75%	78%	78%	75%

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.*

Please also see 'General notes and definitions' on [page 18](#).

Table 7: The proportion of pensioner units with at least 50% of income from state benefits, 1994/5-1998/9

Results based upon data from the FRS

	1994/5	1995/6	1996/7	1997/8	1998/9
All pensioner units					
Total	73%	73%	72%	71%	71%
Pensioner couples	62%	63%	61%	60%	58%
Single pensioners	80%	79%	78%	77%	78%
Recently retired pensioner units					
Total	59%	60%	57%	55%	55%
Pensioner couples	54%	54%	51%	51%	49%
Single pensioners	66%	68%	67%	61%	66%

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.*

Please also see 'General notes and definitions' on [page 18](#).

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 each of the main sources of income for pensioners, including three broad types of benefit income. These three benefit types are not exhaustive – there are benefits, such as Winter Fuel Payments, which do not fit into any of these categories but are still included in total 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 1998/9 was the state Retirement Pension (or one of the National Insurance Fund-based alternatives – widows benefits or incapacity benefit). Almost all pensioner units (99%) received income from this source ([Figure 9](#)). Seven in ten pensioner units received investment income, while six in ten received income from an occupational pension. All other sources were received by less than half of all pensioner units, including earnings (received by around 8%).

[Figure 10](#) shows the levels of income that pensioners tend to receive from various sources. These figures should be treated as broad estimates only, since the estimated proportion of pensioners in any given £10 band will be subject to a high degree of sampling error. Also note that benefit incomes do not relate precisely to benefit rates, since they are expressed in July 1998 prices. The vast majority of pensioner units received more than £60 a week from the state Retirement Pension (RP). Most were clustered just above the level of the full basic state pension (£64.70 for singles and £103.40 for couples in 1998/9), although other components such as SERPS boosted RP income for many. Nearly three-quarters of those with disability benefits received between £30 and £60 a week. Amounts of investment income received were typically small, with 58% receiving less than £10, although 5% received more than £200. Pensioners with an occupational pension were more likely to receive a significant amount, with over half receiving more than £50 a week, including 13% with more than £200 a week.

Figure 9: Proportion of pensioner units in receipt of selected sources of income, 1998/9

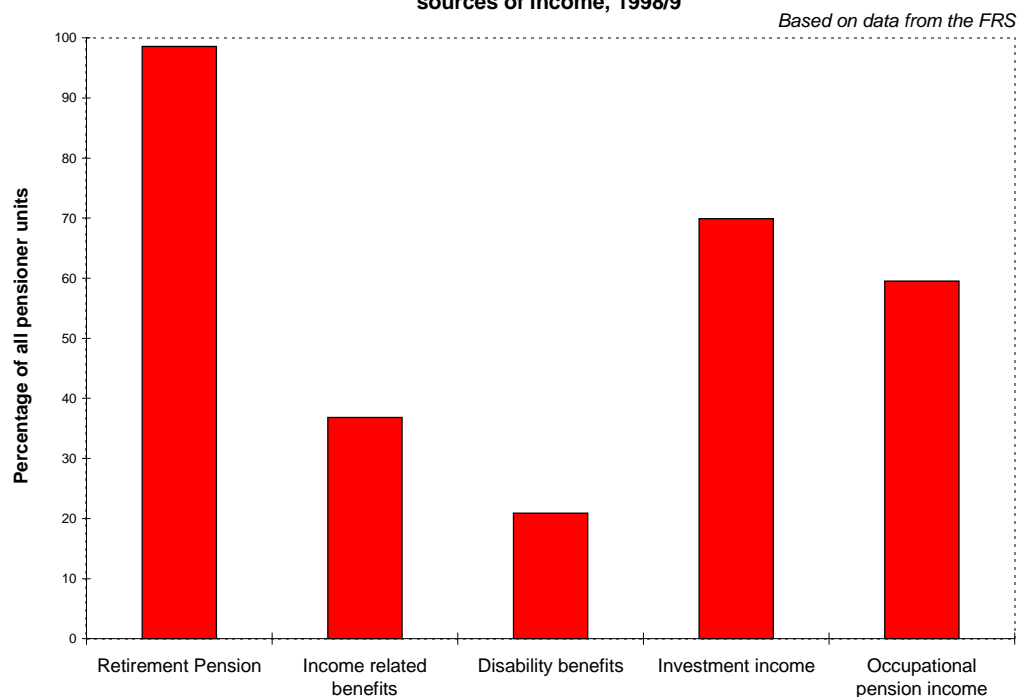
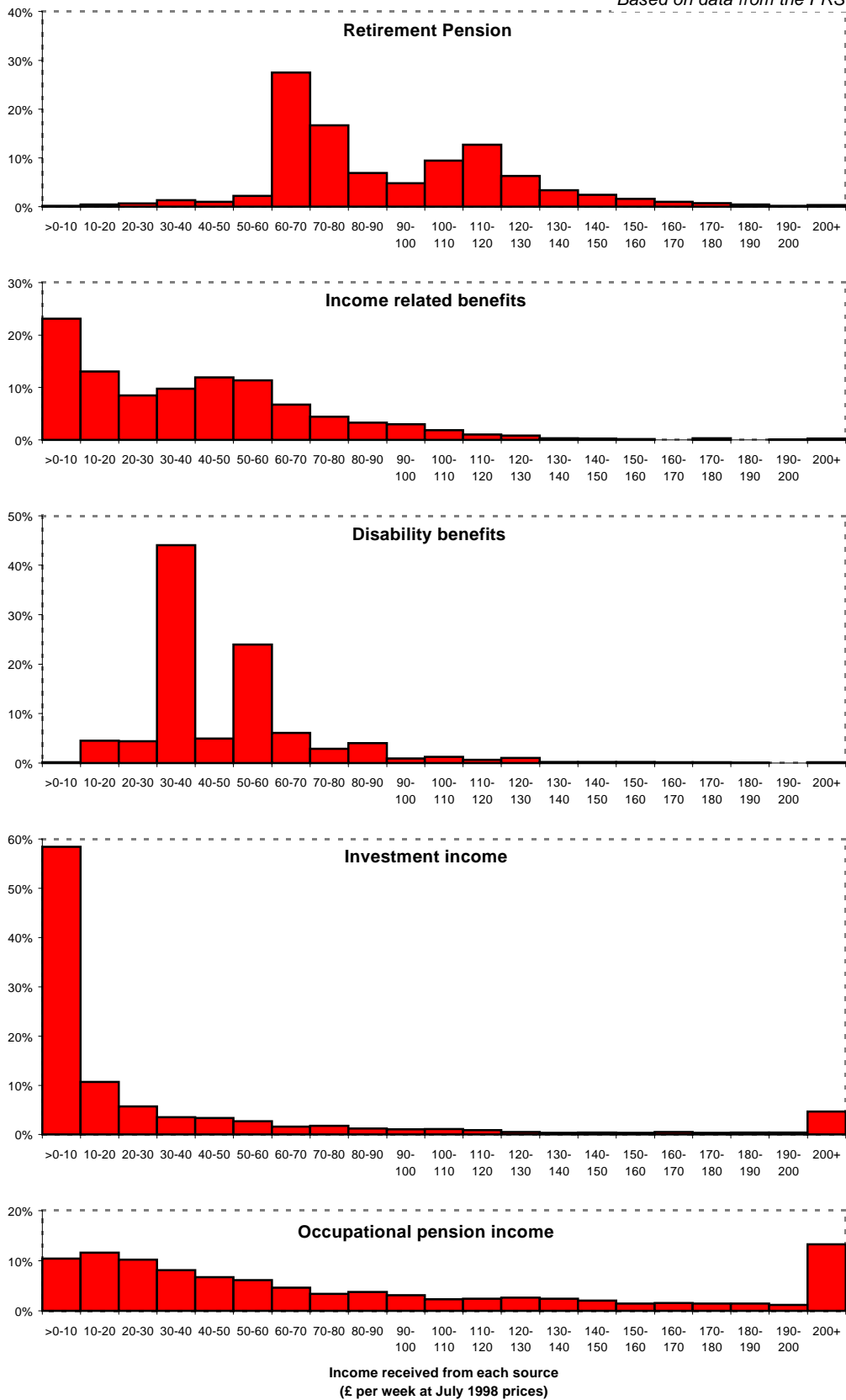


Figure 10: Distribution of income received from selected sources, 1998/9

(Percentage of those pensioner units in receipt that fall into each income band)

Based on data from the FRS



Notes:

- (1) The benefits included under each of the first three income sources are listed in the notes to Tables 8-10.
- (2) Results based on survey respondents' identification of different elements of benefit income may be subject to misreporting.

(a) Pensioners in receipt of state Retirement Pension

State Retirement Pension includes not only the basic state pension, but also an earnings-related component from the State Earnings-Related Pension Scheme (SERPS) or its predecessor (graduated retirement benefit). There are also other components, for example increases for dependent spouses and children.

As mentioned above, virtually all pensioner units (99%) received the state Retirement Pension (or one of the contributory benefit alternatives, widows benefits or incapacity benefit) in 1998/9 (Table 8). The proportion was 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 had increased to £91 per week in 1998/9 (£72 for singles and £119 for couples). Between 1979 and 1996/7 there was growth of 27% in real terms (Figure 11). This growth has mainly been due to the maturing of the earnings-related component (SERPS) of RP. This was introduced in 1978, since when each new wave of retirees has had the opportunity to make contributions over a longer period, leading to a growth in average income from this component over time.

Figure 11: Pensioner units in receipt of state Retirement Pension, 1979-1996/7
(£ per week at July 1998 prices)

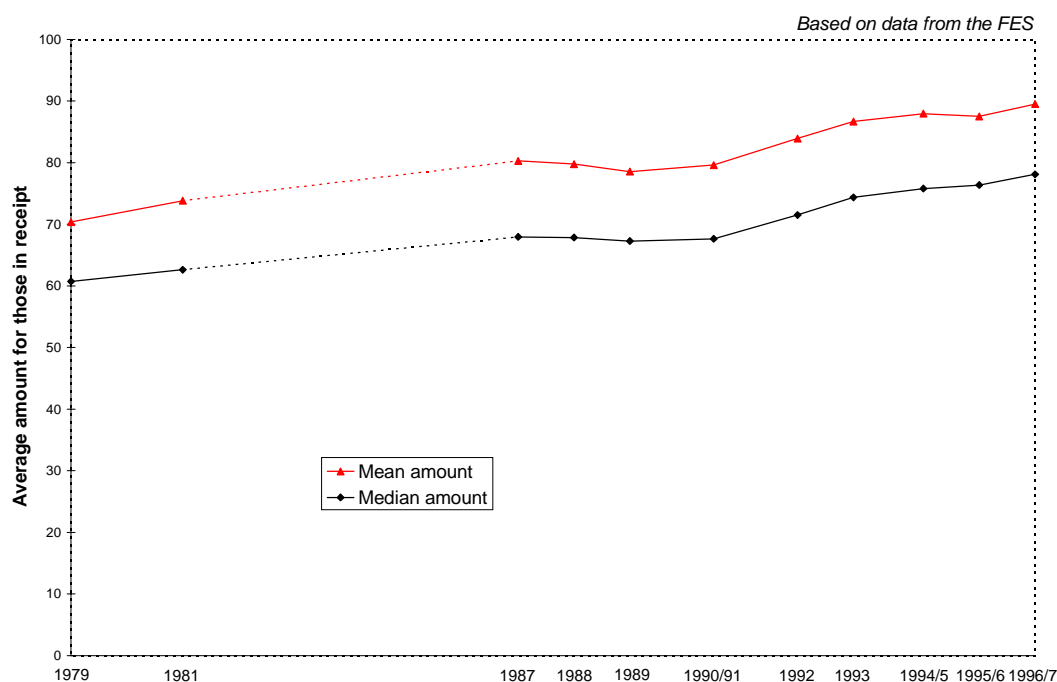


Table 8: The proportion of pensioner units with income from state Retirement Pension and the average amount for those in receipt, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					FES
	1994/5	1995/6	1996/7	1997/8	1998/9	% Growth in average amount 1979-1996/7
Proportion in receipt of state Retirement Pension (%)						
All pensioner units						
Total	98%	98%	98%	98%	99%	
Pensioner couples	99%	99%	99%	99%	100%	
Single pensioners	98%	97%	98%	97%	98%	
Recently retired pensioner units						
Total	96%	96%	97%	96%	98%	
Pensioner couples	98%	98%	98%	98%	99%	
Single pensioners	95%	93%	95%	93%	96%	
Average amount of RP for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	89	86	90	90	91	27%
Pensioner couples	119	113	118	119	119	26%
Single pensioners	71	69	72	71	72	24%
Recently retired pensioner units						
Total	102	97	101	104	105	31%
Pensioner couples	120	112	116	120	121	27%
Single pensioners	73	72	75	75	76	34%
Median amounts						
All pensioner units						
Total	76	75	79	78	80	29%
Pensioner couples	114	112	115	115	116	23%
Single pensioners	68	67	69	68	69	18%
Recently retired pensioner units						
Total	106	102	106	107	108	25%
Pensioner couples	115	112	114	116	117	24%
Single pensioners	72	71	73	73	73	26%

Notes:

- (1) Figures for Retirement Pension also include the other contributory 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](#)).

Please also see 'General notes and definitions' on [page 18](#).

(b) Pensioners in receipt of income related benefits

Income related benefits in 1998/9 included Income Support, Family Credit, Housing Benefit, Council Tax Benefit and Social Fund Grants. These benefits were less common than state Retirement Pensions, but were nevertheless received by just under two-fifths of all pensioner units in 1998/9 (Table 9). Receipt was considerably more common among single pensioners (47%) 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 £37 a week (Figure 12). The increase has been most rapid in the 1990s. This is consistent with the rapid growth during 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.

Figure 12: Pensioner units in receipt of income related benefits, 1979-1996/7
(£ per week at July 1998 prices)

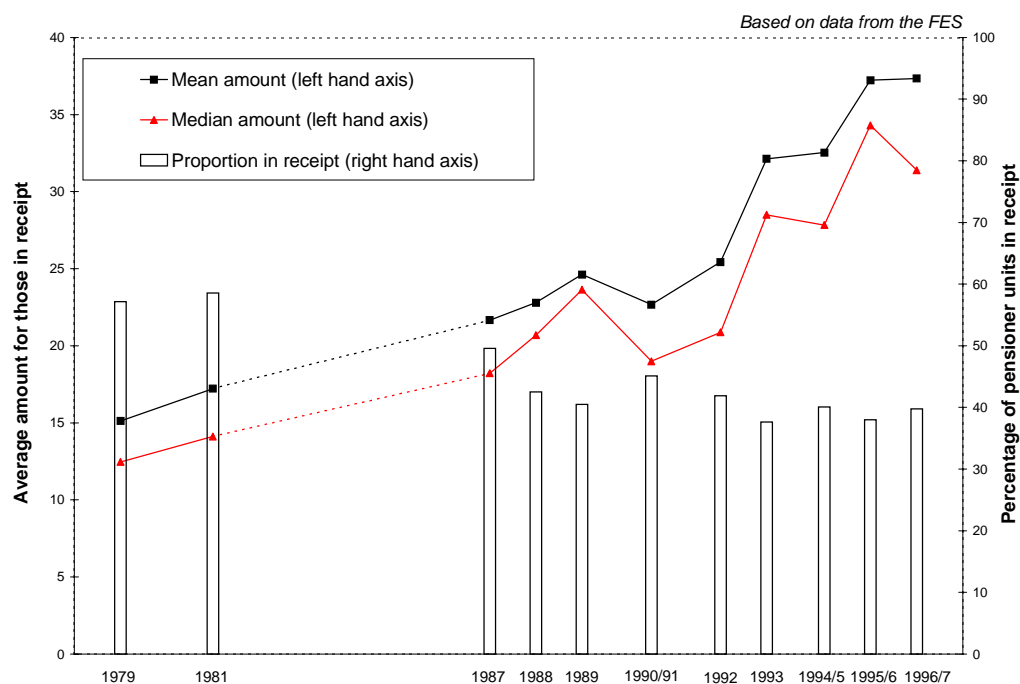


Table 9: The proportion of pensioner units with income from income related benefits and the average amount for those in receipt, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					FES
	1994/5	1995/6	1996/7	1997/8	1998/9	% Growth in average amount 1979-1996/7
Proportion in receipt of Income Related Benefits (%)						
All pensioner units						
Total	38%	41%	39%	37%	37%	
Pensioner couples	23%	24%	24%	21%	21%	
Single pensioners	47%	51%	49%	48%	47%	
Recently retired pensioner units						
Total	26%	29%	28%	24%	25%	
Pensioner couples	17%	19%	21%	16%	15%	
Single pensioners	41%	44%	41%	39%	42%	
Average amount of IRB for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	35	37	37	39	40	147%
Pensioner couples	30	31	32	32	33	149%
Single pensioners	37	38	39	41	42	142%
Recently retired pensioner units						
Total	37	40	37	41	39	214%
Pensioner couples	32	36	34	35	34	217%
Single pensioners	39	43	41	45	43	200%
Median amounts						
All pensioner units						
Total	32	32	33	35	35	152%
Pensioner couples	23	22	23	22	22	109%
Single pensioners	35	35	36	38	39	153%
Recently retired pensioner units						
Total	30	33	27	31	35	195%
Pensioner couples	19	28	21	22	22	84%
Single pensioners	36	35	34	39	41	154%

Notes:

- (1) Income related benefits refer to 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](#)).

Please also see 'General notes and definitions' on [page 18](#).

(c) Pensioners in receipt of disability benefits

One fifth of all pensioner units received some form of disability benefit in 1998/9. [Figure 13](#) shows the large increase in this proportion between 1979 and 1996/7. The increase was particularly large among single pensioners. Couples were 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 have a disability. Receipt was slightly less common for recently retired pensioners.

The average amount to those in receipt was £47 a week in 1998/9. This followed an increase of 30% between 1979 and 1996/7.

Figure 13: Pensioner units in receipt of disability benefits, 1979-1996/7
(£ per week at July 1998 prices)

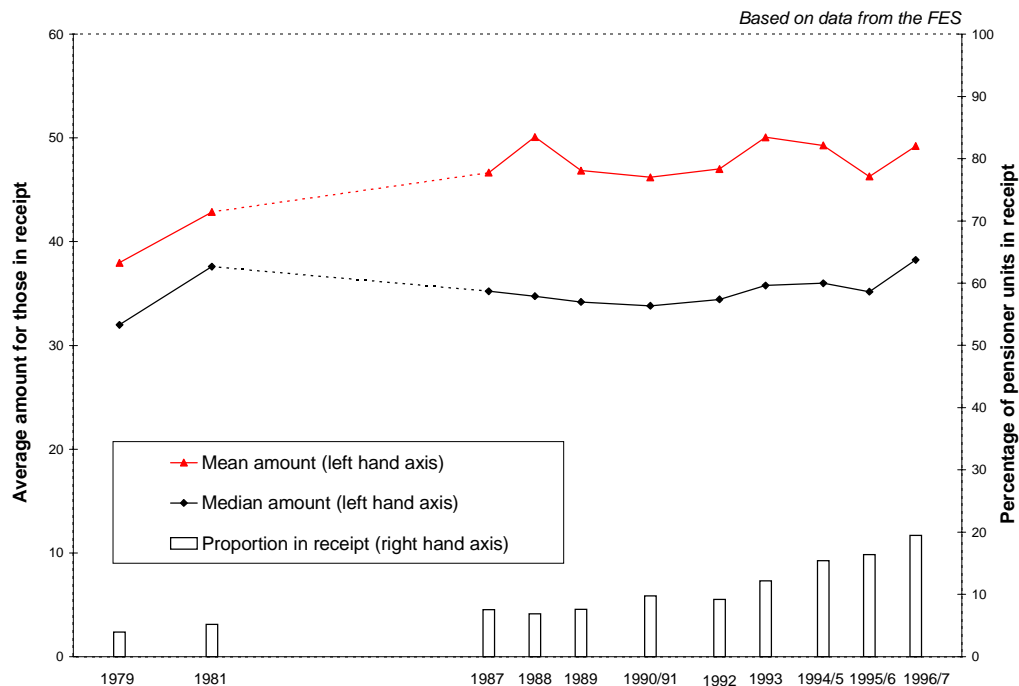


Table 10: The proportion of pensioner units with income from disability benefits and the average amount for those in receipt, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					FES
	1994/5	1995/6	1996/7	1997/8	1998/9	% Growth in average amount 1979-1996/7
Proportion in receipt of disability benefits (%)						
All pensioner units						
Total	14%	19%	18%	20%	21%	
Pensioner couples	17%	26%	24%	23%	23%	
Single pensioners	12%	15%	14%	18%	20%	
Recently retired pensioner units						
Total	14%	23%	19%	18%	16%	
Pensioner couples	16%	27%	22%	20%	18%	
Single pensioners	11%	16%	13%	13%	13%	
Average amount of disability benefits for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	48	48	48	49	47	30%
Pensioner couples	52	51	53	56	52	38%
Single pensioners	45	45	43	44	44	28%
Recently retired pensioner units						
Total	52	52	52	54	50	16%
Pensioner couples	55	52	53	60	53	27%
Single pensioners	45	51	48	41	43	-13%
Median amounts						
All pensioner units						
Total	36	35	36	39	36	20%
Pensioner couples	39	38	51	50	49	53%
Single pensioners	34	34	35	35	36	14%
Recently retired pensioner units						
Total	38	41	49	47	39	-11%
Pensioner couples	41	49	51	50	47	16%
Single pensioners	36	36	41	35	36	-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](#)).

Please also see 'General notes and definitions' on [page 18](#).

(d) Pensioners in receipt of investment income

Investment income was the second most common source of income, received by 70% of all pensioner units in 1998/9 ([Table 11](#)). Couples were more likely to receive income from this source than singles. The proportions of recently retired pensioners in receipt were similar to pensioner units as a whole, although the recently retired tended to receive higher amounts on average.

The overall proportion in receipt was higher in 1996/7 than in 1979, as was the average amount to those in receipt ([Figure 14](#)). 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 £6 a week - i.e. the median - in 1998/9), while a small number of pensioners receive considerably higher amounts (boosting the mean to £44 a week in 1998/9). However, both median and mean investment income grew by 80% 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. It should also be noted that a comparative study found that FRS-based estimates of investment income were significantly lower than FES-based estimates (see [Section 4](#)).

Figure 14: Pensioner units in receipt of investment income, 1979-1996/7
(£ per week at July 1998 prices)

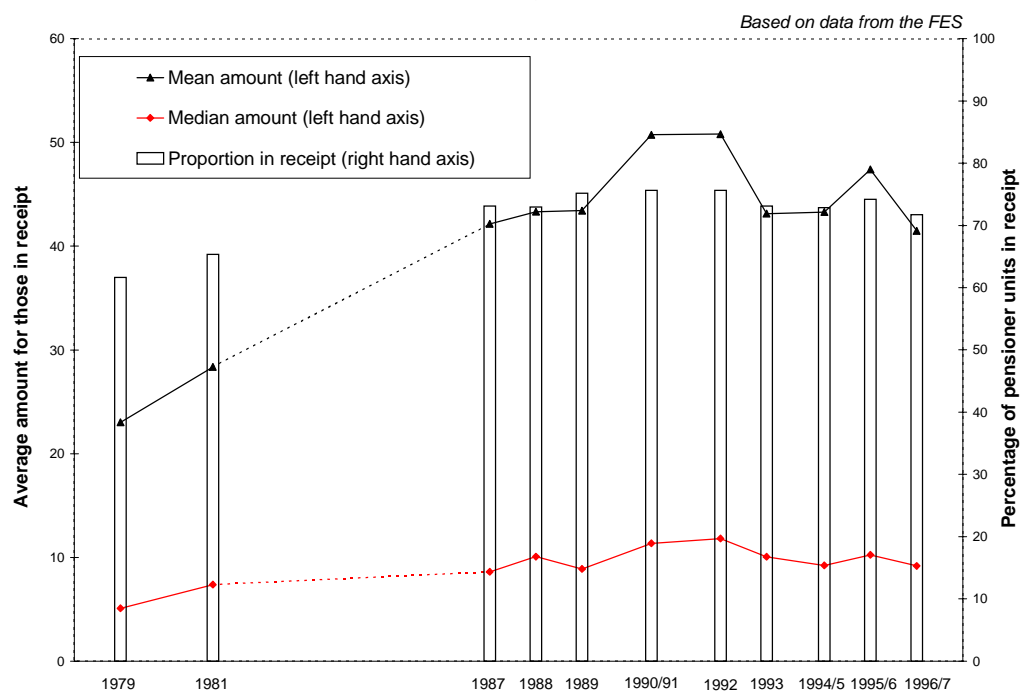


Table 11: The proportion of pensioner units with investment income and the average amount for those in receipt, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					FES
	1994/5	1995/6	1996/7	1997/8	1998/9	% Growth in average amount 1979-1996/7
Proportion in receipt of investment income (%)						
All pensioner units						
Total	72%	70%	71%	68%	70%	
Pensioner couples	81%	80%	80%	79%	80%	
Single pensioners	67%	63%	65%	62%	64%	
Recently retired pensioner units						
Total	75%	72%	73%	72%	73%	
Pensioner couples	81%	79%	79%	80%	80%	
Single pensioners	67%	60%	63%	61%	59%	
Average amount of investment income for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	38	36	39	41	44	80%
Pensioner couples	55	51	59	63	65	100%
Single pensioners	25	23	24	23	28	54%
Recently retired pensioner units						
Total	52	51	57	67	69	124%
Pensioner couples	61	63	71	79	82	139%
Single pensioners	33	26	28	41	38	50%
Median amounts						
All pensioner units						
Total	7	6	6	6	6	80%
Pensioner couples	14	13	12	10	12	165%
Single pensioners	5	4	3	3	3	43%
Recently retired pensioner units						
Total	12	12	11	11	11	196%
Pensioner couples	15	17	16	14	16	294%
Single pensioners	7	6	5	5	5	69%

Notes:

- (1) Investment income is based on respondents' own assessment and may be subject to under-reporting. In particular, FRS-based estimates have been found to be lower than FES-based estimates (see [Section 4](#)).
- (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](#)).

Please also see 'General notes and definitions' on [page 18](#).

(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 57% of pensioner units in 1996/7, compared to 40% in 1979 ([Figure 15](#)). 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, due to a number of factors. 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, and were therefore entitled to higher pensions. 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 more recently. 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.

The latest estimates based on FRS data, which are not directly comparable with the FES-based time series (see [Section 4](#)), show that in 1998/9 60% of pensioner units received occupational pension income, at an average of £97 a week ([Table 12](#)).

Figure 15: Pensioner units in receipt of occupational pension income, 1979-1996/7

(£ per week at July 1998 prices)

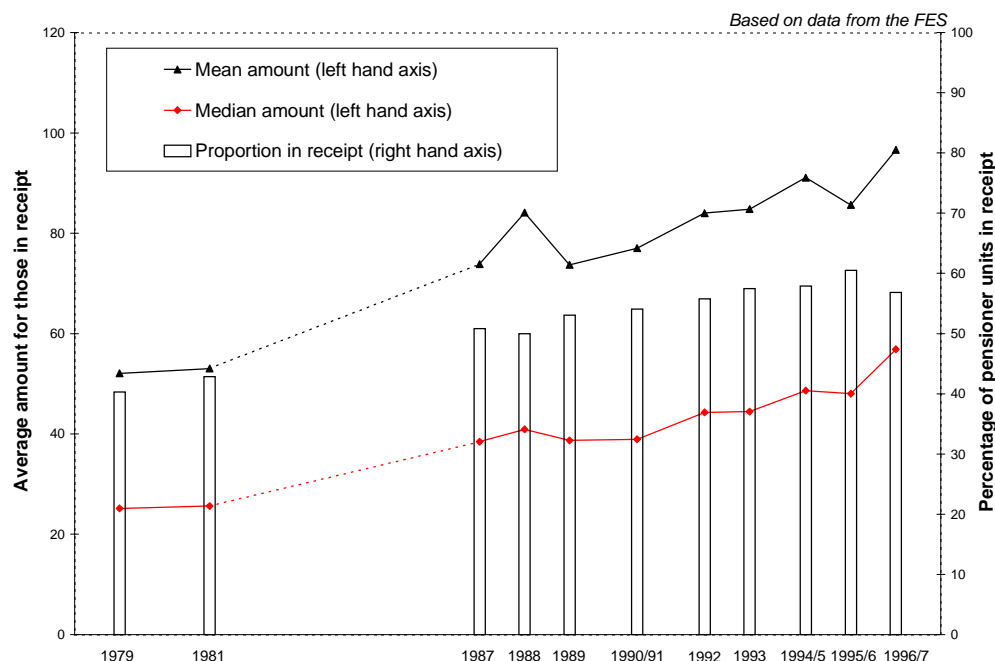


Table 12: The proportion of pensioner units with occupational pension income and the average amount for those in receipt, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					FES
	1994/5	1995/6	1996/7	1997/8	1998/9	% Growth in average amount 1979-1996/7
Proportion in receipt of occupational pension income (%)						
All pensioner units						
Total	57%	58%	60%	60%	60%	
Pensioner couples	72%	73%	74%	75%	74%	
Single pensioners	48%	48%	51%	50%	50%	
Recently retired pensioner units						
Total	65%	64%	67%	67%	66%	
Pensioner couples	74%	73%	75%	76%	74%	
Single pensioners	51%	49%	52%	51%	52%	
Average amount of occupational pension income for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	89	88	92	95	97	86%
Pensioner couples	117	116	121	124	127	107%
Single pensioners	62	61	65	68	70	65%
Recently retired pensioner units						
Total	113	120	125	130	129	100%
Pensioner couples	126	137	141	147	145	109%
Single pensioners	84	81	85	88	89	90%
Median amounts						
All pensioner units						
Total	49	48	52	55	55	126%
Pensioner couples	74	65	73	80	81	200%
Single pensioners	36	35	38	40	41	94%
Recently retired pensioner units						
Total	72	70	78	83	82	170%
Pensioner couples	83	80	93	102	99	203%
Single pensioners	52	54	58	60	56	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](#)).

Please also see 'General notes and definitions' on [page 18](#).

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 from each source. [Table 13](#) shows the distribution of the 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 17 and 18 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.

For both pensioner couples and single pensioners, the average income of the top fifth was more than three times that of the bottom fifth. The median net income (before housing costs) of the bottom fifth of pensioner couples stood at £127 a week in 1998/9, compared with £438 for the top fifth. Among single pensioners, the bottom fifth received £71 and the top fifth £218. The distribution of incomes has become wider since 1979. [Figure 16](#) 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 – [Table A13](#)). The pattern for single pensioners is similar (76% growth for the top fifth, compared with 28% for the bottom fifth).

Figure 16: Net income of pensioner couples, by position in the net income distribution, 1979 & 1996/7 (£ per week at July 1998 prices)

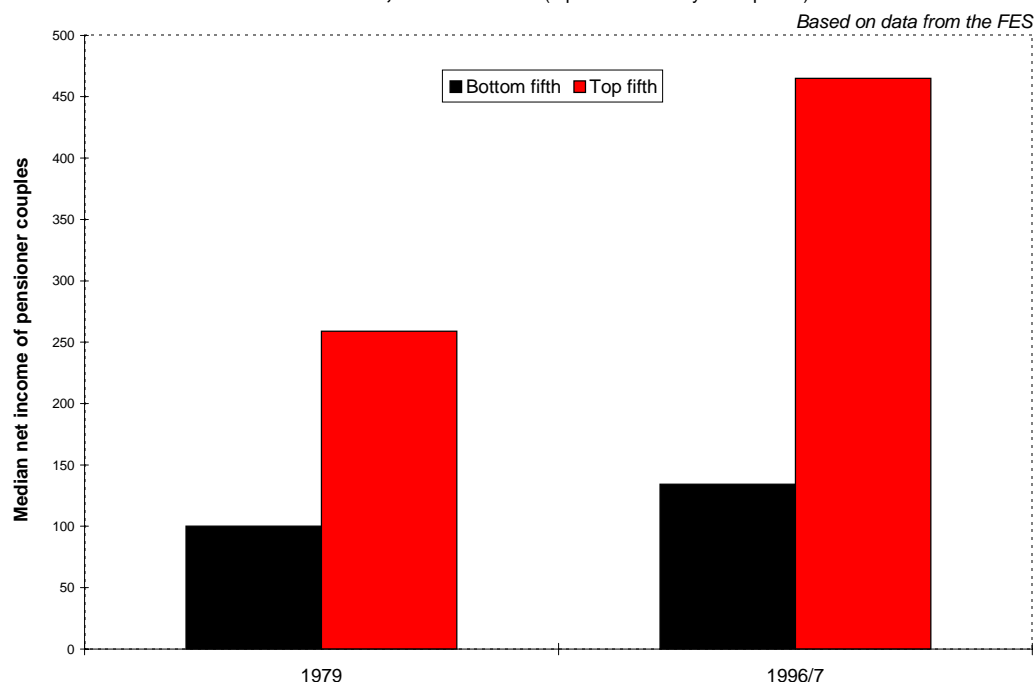


Table 13: The median net income of pensioner units by quintile of the net income distribution, 1994/5 & 1998/9

Results based upon data from the FRS

Incomes in £ per week, July 1998 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	125	161	197	258	416	250
Single pensioners	69	91	109	130	199	129
Net income after housing costs						
Pensioner couples	103	135	175	235	394	226
Single pensioners	49	67	76	107	177	103
1998/9						
Medians						
Net income before housing costs						
Pensioner couples	127	169	214	282	438	272
Single pensioners	71	99	118	149	218	141
Net income after housing costs						
Pensioner couples	108	147	195	265	427	253
Single pensioners	56	70	88	126	195	117

Notes:

- (1) *Estimates show medians of unequivalised net income for each quintile of the unequivalised net income distribution.*
- (2) *In Tables 13-16, the distribution of income is based on unequivalised net income, and has been calculated separately under the before and after housing cost measures of income. The distribution of income is also calculated separately for singles and couples, i.e. estimates for pensioner couples show income for each quintile of the pensioner couples' income distribution. For this reason, Tables 13-16 are not comparable with Tables 17 and 18.*

Please also see 'General notes and definitions' on [page 18](#).

It should be noted that the income distributions shown here are only indicative of the range of living standards experienced by pensioners. Income is just one factor that influences living standards. Furthermore, living standards may be improved by sharing certain expenses (such as food) with other benefit units in the household. In 1998/9, around one in six pensioner units shared a household with at least one other benefit unit. This was more common among pensioners lower down the income distribution, particularly for single pensioners where one in three of the bottom fifth shared a household.

[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.

Income from state benefits was fairly even across the distribution of pensioner couples in 1998/9 ([Figure 17](#)). The bottom fifth received little income from other sources, with benefits accounting for 84% of gross income. Occupational pension income increases rapidly as we move up the distribution, reaching an average of £251 for the top fifth of pensioner couples. Investment income and earnings increase more slowly as we move up the distribution, before a considerable jump up to £187 and £139 respectively for the top fifth.

The patterns for single pensioners are similar, although benefits increase gradually as we move up the income distribution. This may be caused by the earnings-related component (SERPS) of state Retirement Pension. In contrast, the top two-fifths of the couples' income distribution received less benefit income on average than the middle fifth. This may be due to couples at the top of the distribution being more likely to have 'contracted out' of SERPS while they were working (with the contributions going towards an occupational or personal pension instead).

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.

Figure 17: Sources of gross income of pensioner couples, by position in the net income distribution, 1998/9 (£ per week at July 1998 prices)

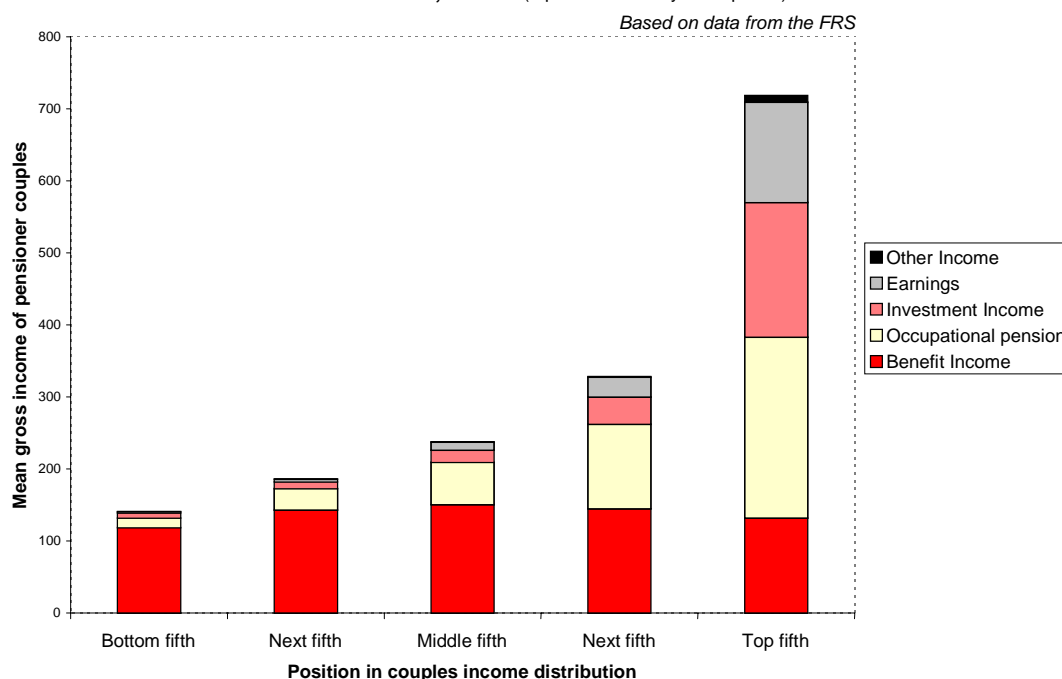


Table 14: Components of mean gross income of pensioner units by quintile of the net income distribution, 1994/5 & 1998/9

Results based upon data from the FRS

Incomes in £ per week, July 1998 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	137	175	218	297	644	294
Of which:						
Benefit income	119	136	144	141	126	133
Occupational pension	10	25	50	105	231	84
Investment income	7	11	15	29	163	45
Earnings	1	3	9	22	120	31
Other income	*	1	*	*	4	1
Single pensioners						
Gross income	76	99	118	145	295	147
Of which:						
Benefit income	69	82	99	104	105	92
Occupational pension	3	11	13	28	95	30
Investment income	4	6	4	9	60	17
Earnings	*	*	1	2	31	7
Other income	*	*	*	1	3	1
1998/9 Means						
Pensioner couples						
Gross income	141	186	238	328	719	322
Of which:						
Benefit income	119	143	151	145	132	138
Occupational pension	13	30	58	118	251	94
Investment income	8	9	17	38	187	52
Earnings	2	4	11	27	139	37
Other income	*	*	*	1	9	2
Single pensioners						
Gross income	78	108	130	167	326	162
Of which:						
Benefit income	71	89	106	113	124	101
Occupational pension	4	13	17	39	103	35
Investment income	3	5	6	11	63	18
Earnings	*	*	1	2	32	7
Other income	*	*	*	1	5	1

Notes:

(1) Estimates of less than £0.50 are labelled *.

(2) In Tables 13-16, the distribution of income is based on unequivalised net income, and has been calculated separately under the before and after housing cost measures of income. The distribution of income is also calculated separately for singles and couples, i.e. estimates for pensioner couples show income for each quintile of the pensioner couples' income distribution. For this reason, Tables 13-16 are not comparable with Tables 17 and 18.

Please also see 'General notes and definitions' on [page 18](#).

Certain types of pensioner unit are more likely to be found towards the bottom of the distribution than others. [Table 15](#) shows the spread of selected groups of pensioners across the income distribution in 1998/9. If the spread of income for, say, singles aged over 75 was the same as for all single pensioners, we would expect 20% of them to fall into each quintile. Comparing the actual percentage to 20% enables us to see whether a certain type of pensioner is over-represented or under-represented in a given quintile.

There were more single female pensioners than single males in the bottom fifth in 1998/9, but mainly because there were more in the population as a whole. Based on the distribution of net income BHC, single females were only slightly over-represented in the bottom fifth (21%). Single men were more likely to be in the top fifth (23%) than the bottom fifth (16%). The pattern is similar after housing costs have been taken into account.

Older pensioners were more likely to be found towards the bottom of the distribution, with 27% of couples where the head was 75 or over falling into the bottom fifth ([Figure 18](#)). The pattern for singles was less pronounced. Older pensioners were only slightly over-represented at the bottom of the distribution, with 22% of singles aged 75 or over falling into the bottom fifth. After housing costs have been taken into account, the differences between age groups were similar.

Figure 18: Pensioner couples by age and position in the net income distribution 1998/9

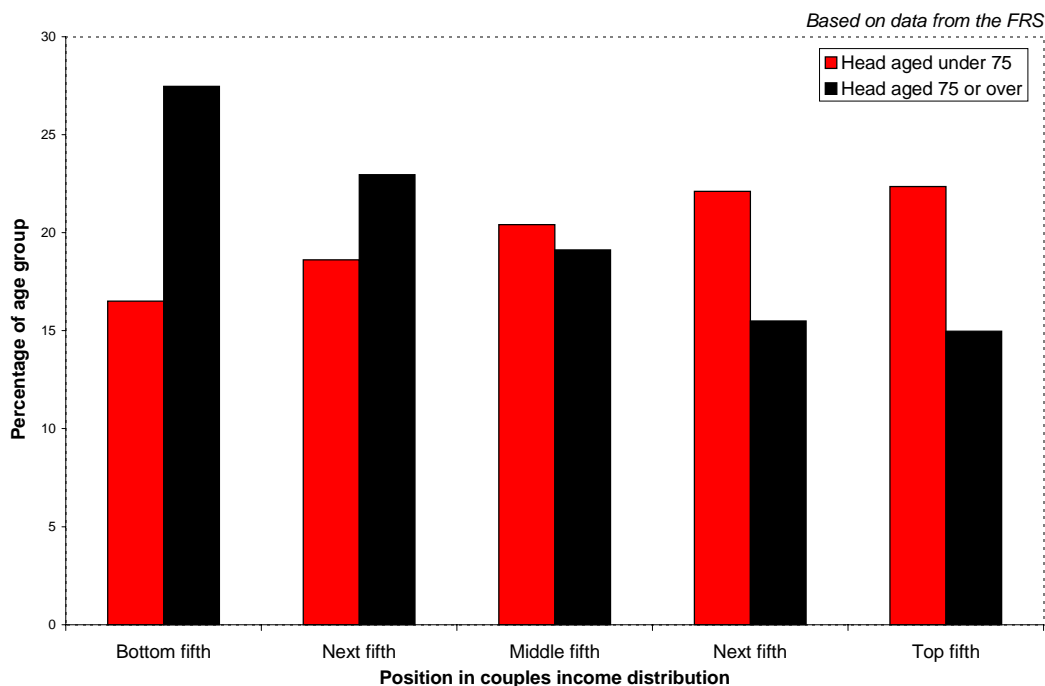


Table 15: Age and gender of pensioners by quintile of the net income distribution, 1998/9

Results based upon data from the FRS

	Quintiles of the Income Distribution					All
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
Pensioner couples' net income before housing costs distribution						
All pensioner couples	20%	20%	20%	20%	20%	100%
Recently retired	13%	18%	19%	23%	26%	100%
Head aged under 75	17%	19%	20%	22%	22%	100%
Head aged 75 or over	27%	23%	19%	16%	15%	100%
Pensioner couples' net income after housing costs distribution						
All pensioner couples	20%	20%	20%	20%	20%	100%
Recently retired	15%	16%	19%	24%	26%	100%
Head aged under 75	17%	17%	21%	23%	22%	100%
Head aged 75 or over	27%	25%	18%	15%	15%	100%
Single pensioners' net income before housing costs distribution						
All single pensioners	20%	20%	20%	20%	20%	100%
Single male pensioners	16%	18%	20%	22%	23%	100%
Single female pensioners	21%	21%	20%	19%	19%	100%
Recently retired	14%	17%	19%	22%	28%	100%
Aged under 75	18%	20%	20%	20%	22%	100%
Aged 75 or over	22%	20%	20%	20%	18%	100%
Single pensioners' net income after housing costs distribution						
All single pensioners	20%	20%	20%	20%	20%	100%
Single male pensioners	16%	17%	22%	18%	25%	100%
Single female pensioners	21%	21%	19%	20%	18%	100%
Recently retired	18%	14%	20%	19%	29%	100%
Aged under 75	20%	19%	19%	19%	23%	100%
Aged 75 or over	20%	21%	21%	21%	17%	100%

Notes:

- (1) In Tables 13-16, the distribution of income is based on unequivalised net income and has been calculated separately under the before and after housing cost measures of income. The distribution of income is also calculated separately for singles and couples, i.e. estimates for pensioner couples show income for each quintile of the pensioner couples' income distribution. For this reason, Tables 13-16 are not comparable with Tables 17 and 18.
- (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. All recently retired pensioner units are also included in the Under 75 year old category.

Please also see 'General notes and definitions' on [page 18](#).

The analysis of income receipt in [Table 16](#) differs from [Table 15](#) in that it shows the proportion *within each quintile* who received a given source of income. As we might expect from the results in [Table 14](#), pensioners towards the bottom of the income distribution in 1998/9 were less likely to receive income from investments or occupational pensions. The proportion of pensioner couples with investment income ranged from 65% among the bottom fifth to 94% among the top fifth, while rates of occupational pension receipt ranged from 50% to 87% respectively.

In every quintile, more than 95% of pensioners received income from Retirement Pension. Receipt of other benefits was more varied.

The lowest rates of receipt for disability benefits were found towards the bottom of the income distribution. This is not because pensioners with low incomes are less likely to receive such benefits, but rather because pensioners who claim disability benefits are less likely to have a low income. The disability benefits themselves (and disability-related additions to income related benefits) help move people up the income distribution. It should be noted, however, that no account is taken of the extra costs associated with disability when calculating each pensioner's position in the income distribution.

Income related benefits were by no means limited to those in the bottom fifth. A significant proportion of those further up the income distribution also received such benefits, especially among single pensioners. Again, this is partly due to the benefits themselves lifting people up the distribution, particularly disability-related additions to income-related benefits (which are paid in addition to disability benefits such as Attendance Allowance and Disability Living Allowance).

Another reason for those further up the distribution receiving income-related benefits is the 'taper' on housing benefit and council tax benefit. Rather than being withdrawn 'pound for pound' as income increases above Income Support levels, housing benefit is withdrawn at a rate of 65p in the pound, while council tax benefit is withdrawn at 20p in the pound. This means that some people on relatively high incomes may be eligible for small amounts of benefit if they have high rent and/or disability-related additions. This can be accounted for, to some extent, by looking at the distribution of net income after housing costs. Rates of receipt are much lower in the top three quintiles after housing costs have been taken into account.

Table 16: The proportion of pensioner units with selected sources of income by quintile of the net income distribution, 1998/9

Results based upon data from the FRS

	Quintiles of the Income Distribution					All
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
Pensioner couples' net income before housing costs distribution						
Proportion in each quintile in receipt of:						
State Retirement Pension	99%	99%	100%	100%	100%	100%
Income related benefits	37%	36%	21%	8%	2%	21%
Disability benefits	9%	24%	37%	29%	14%	23%
Investment income	65%	72%	79%	89%	94%	80%
Occupational pension income	50%	69%	78%	85%	87%	74%
Pensioner couples' net income after housing costs distribution						
Proportion in each quintile in receipt of:						
State Retirement Pension	98%	100%	100%	100%	100%	100%
Income related benefits	52%	31%	15%	5%	1%	21%
Disability benefits	8%	32%	34%	24%	15%	23%
Investment income	57%	75%	81%	91%	94%	80%
Occupational pension income	45%	68%	81%	86%	89%	74%
Single pensioners' net income before housing costs distribution						
Proportion in each quintile in receipt of:						
State Retirement Pension	96%	99%	98%	99%	97%	98%
Income related benefits	43%	49%	63%	47%	34%	47%
Disability benefits	2%	9%	17%	36%	35%	20%
Investment income	61%	62%	57%	62%	77%	64%
Occupational pension income	24%	50%	48%	63%	67%	50%
Single pensioners' net income after housing costs distribution						
Proportion in each quintile in receipt of:						
State Retirement Pension	96%	98%	99%	98%	98%	98%
Income related benefits	51%	79%	42%	41%	22%	47%
Disability benefits	4%	2%	19%	48%	26%	20%
Investment income	54%	51%	66%	65%	83%	64%
Occupational pension income	24%	34%	61%	58%	75%	50%

Notes:

- (1) In Tables 13-16, the distribution of income is based on unequalised net income and has been calculated separately under the before and after housing cost measures of income. The distribution of income is also calculated separately for singles and couples, i.e. estimates for pensioner couples show income for each quintile of the pensioner couples' income distribution. For this reason, Tables 13-16 are not comparable with Tables 17 and 18.
- (2) Definitions of benefit categories are given in the footnotes to Tables 8-10. These results are based on survey respondents' identification of different elements of benefit income, and are therefore subject to misreporting.

Please also see 'General notes and definitions' on [page 18](#).

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 17 and 18 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 17 and 18 are not comparable with other tables in the publication.

Average incomes grew faster for pensioners than for non-pensioners between 1979 and 1995/96. Over this period, the real growth in average net equivalised household income was 53% for individuals in pensioner families, compared with 41% for individuals in non-pensioner families. After housing costs have been taken into account, the difference between pensioners (59% growth) and non-pensioners (42%) was even greater. The income growth figures for pensioners differ from those elsewhere in the publication, since it is necessary to use HBAI methodology in order to make meaningful comparisons with non-pensioners.

This has led to 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 19](#). 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 (i.e. the combined financial years 1995/6 and 1996/7), this proportion had almost halved to 24%. There were increases in the proportion of pensioners falling into each of the other four fifths. In 1995/96, pensioners were most commonly found in the second fifth. Pensioners' move up the distribution is not only a result of faster income growth than non-pensioners. Another factor has been certain low income groups among non-pensioners, such as lone parents and workless households, have become more numerous.

Figure 19: Pensioners' position in the overall net income distribution
1979 & 1995/96

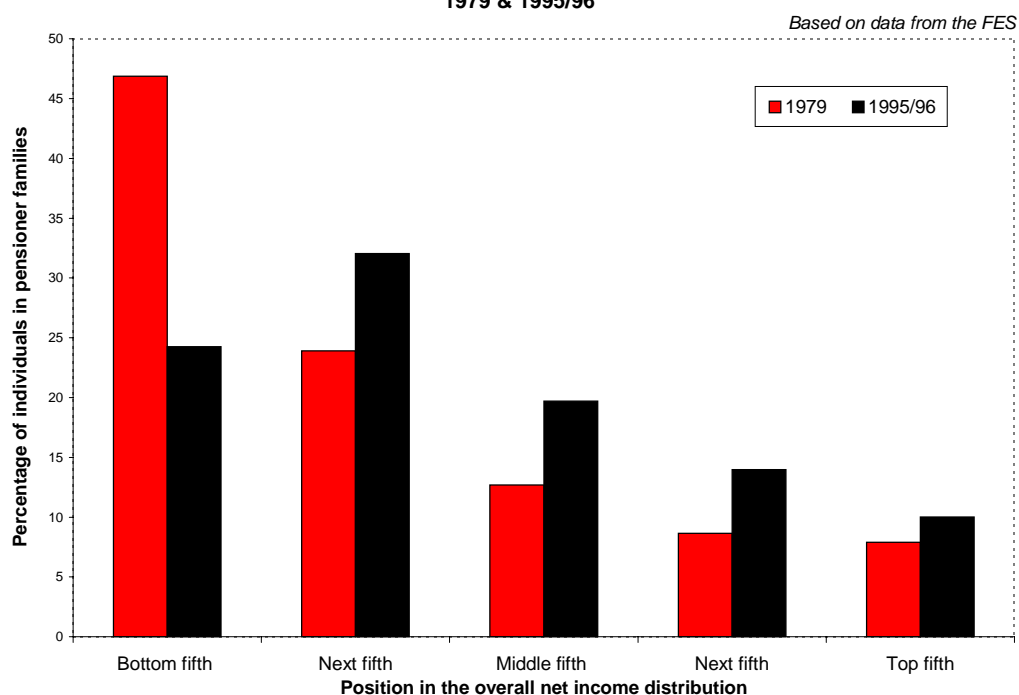


Table 17: The proportion of individuals in pensioner families in each quintile of the overall net income distribution

HBAI Methodology

Results based upon data from the FRS

	Quintiles of the Income Distribution					All
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
HBAI 1998/9						
All pensioners						
Before housing costs	26%	30%	20%	14%	10%	100%
After housing costs	20%	31%	21%	16%	13%	100%
Pensioner couples						
Before housing costs	26%	27%	19%	16%	12%	100%
After housing costs	18%	29%	22%	16%	15%	100%
Single pensioners						
Before housing costs	26%	34%	21%	13%	7%	100%
After housing costs	22%	33%	21%	15%	9%	100%

Notes:

(1) In Tables 17 and 18, figures have calculated using HBAI methodology (see [Sections 6 & 12](#)). Estimates therefore show the proportion of individuals in pensioner families in each quintile of the overall population income distribution, with income defined as household equivalised net income. Comparisons between couples and singles are sensitive to precise way in which incomes are equivalised; they should therefore be treated with extreme caution. The distribution is calculated separately under the before and after housing costs measures. The estimates are not comparable with figures shown in Tables 13-16.

Please also see 'General notes and definitions' on [page 18](#).

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.

Pensioners were more likely in 1996/7 than in previous years to be in the top half of the overall population income distribution (Figure 20). Nearly a third of pensioners were in the top half in 1998/9, including 36% of individuals in pensioner couples and 28% of single pensioners (Table 18). 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, nearly two in five pensioners were in the top half in 1998/9, including 42% of individuals in pensioner couples and 35% of single pensioners.

It should be noted that this is an arbitrary measure of pensioners' position in the income distribution. Estimates can 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 20: Proportion of individuals in pensioner families in the top half of the overall population net income distribution, 1979 & 1995/96
(£ per week at July 1998 prices)

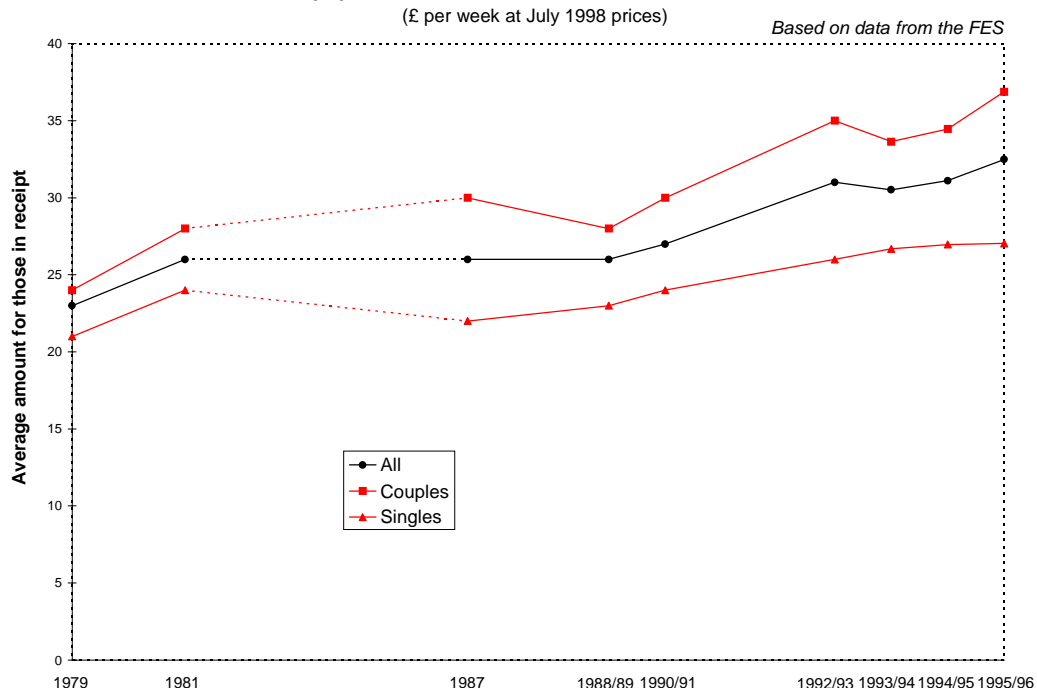


Table 18: The proportion of individuals in pensioner families in the top half of the overall population net income distribution, 1994/5-1998/9

HBAI Methodology

Results based upon data from the FRS

	1994/5	1995/6	1996/7	1997/8	1998/9
Net income before housing costs					
All pensioners	32%	32%	33%	33%	32%
Pensioner couples	35%	35%	37%	36%	36%
Single pensioners	27%	29%	28%	29%	28%
Net income after housing costs					
All pensioners	36%	37%	38%	38%	39%
Pensioner couples	41%	40%	41%	41%	42%
Single pensioners	31%	33%	33%	35%	35%

Notes:

(1) In Tables 17 and 18, figures have calculated using HBAI methodology (see [Sections 6 & 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 household equivalised net income. Comparisons between couples and singles are sensitive to precise way in which incomes are equivalised; they should therefore be treated with extreme caution. The distribution is calculated separately under the before and after housing costs measures. The estimates are not comparable with figures shown in Tables 13-16.

Please also see 'General notes and definitions' on [page 18](#).

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 £434 a week in 1998/9, with net income at £336 and net income after housing costs at £312 ([Table 19](#)). [Figure 21](#) 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 nearly six times as much as pensioner couples on average. On the other hand, mixed status couples receive around 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 21: Sources of gross income of couples where the woman is over state pension age but the man is not, 1998/9 (£ per week at July 1998 prices)

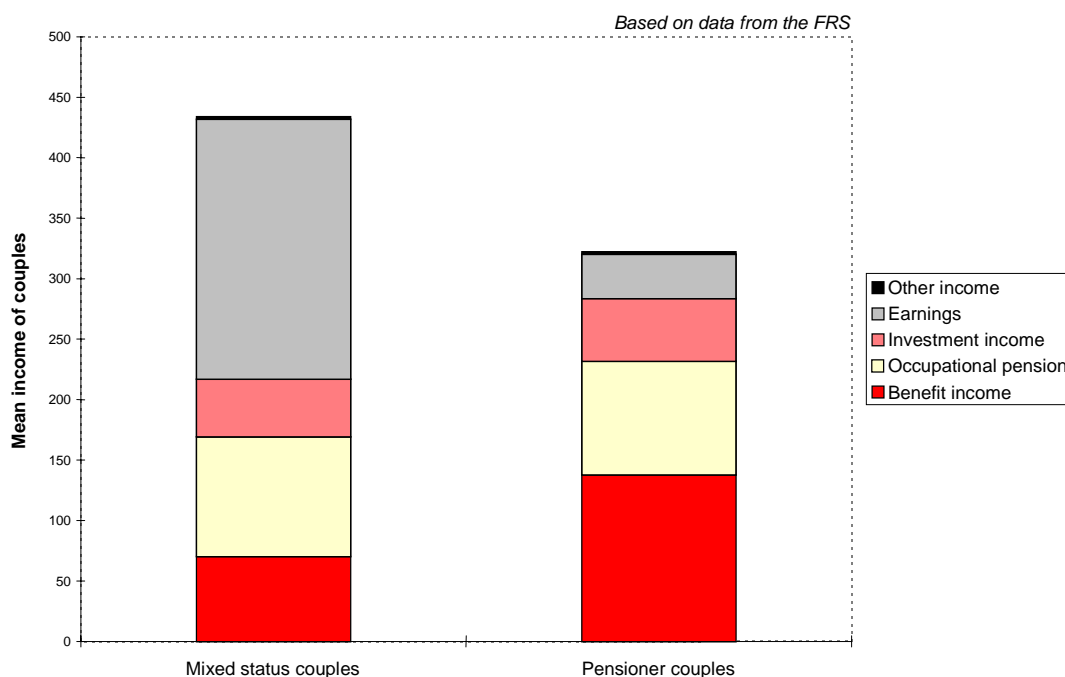


Table 19: The average incomes of couples where the woman is over state pension age but the man is not, 1994/5-1998/9

Results based upon data from the FRS & FES

Incomes in £ per week, July 1998 prices

	FRS					As a % of gross income in 1998/9	FES
	1994/5	1995/6	1996/7	1997/8	1998/9		% Growth 1979-1996/7
Couples where the woman is over state pension age but the man is not							
Gross income	364	363	381	402	434	100%	46%
Of which:							
Benefit income	72	71	71	64	70	16%	57%
Occupational pension	89	91	91	91	99	23%	273%
Investment income	42	40	37	42	48	11%	345%
Earnings	160	159	180	204	215	50%	-10%
Other income	2	2	4	1	2	*	121%
Net income before housing costs							
Mean	273	276	289	310	336	77%	53%
Median	228	226	230	254	265	61%	41%
Net income after housing costs							
Mean	248	251	261	284	312	72%	62%
Median	204	201	205	228	239	55%	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) Estimates of less than £0.50 or 0.5% are labelled *.
- (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](#)).

Please also see 'General notes and definitions' on [page 18](#).

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 1998 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	131	177	209	214	213	62%	100%
Of which:							
Benefit income	80	91	109	108	113	41%	53%
Occupational pension	21	39	53	52	55	162%	26%
Investment income	14	33	32	35	30	110%	14%
Earnings	15	13	15	18	14	-5%	7%
Other income	1	1	1	1	1	21%	*
Net income before housing costs							
Mean	114	148	182	185	186	64%	88%
Median	90	111	139	143	148	63%	69%
Net income after housing costs							
Mean	95	130	158	161	161	70%	76%
Median	74	96	114	117	121	64%	57%
Pensioner couples							
Gross income	193	254	288	302	305	58%	100%
Of which:							
Benefit income	103	114	134	132	138	34%	45%
Occupational pension	38	65	86	82	91	139%	30%
Investment income	20	48	43	53	46	124%	15%
Earnings	31	27	23	34	28	-7%	9%
Other income	1	1	2	1	1	25%	*
Net income before housing costs							
Mean	165	212	251	260	265	60%	87%
Median	135	162	204	208	212	57%	70%
Net income after housing costs							
Mean	142	193	228	237	240	69%	79%
Median	115	147	180	187	187	63%	61%
Single pensioners							
Gross income	98	133	161	160	156	59%	100%
Of which:							
Benefit income	68	78	93	94	97	43%	62%
Occupational pension	12	25	32	33	32	173%	21%
Investment income	11	24	25	24	20	83%	13%
Earnings	7	6	10	8	6	-19%	4%
Other income	1	1	1	1	1	13%	*
Net income before housing costs							
Mean	86	112	139	139	138	60%	88%
Median	77	91	111	115	117	52%	75%
Net income after housing costs							
Mean	70	94	115	115	113	60%	72%
Median	59	65	78	87	87	47%	56%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7
All pensioner units						
Gross income	131	175	205	209	207	58%
Of which:						
Benefit income	80	90	107	107	111	39%
Occupational pension	21	38	51	50	53	152%
Investment income	14	32	31	34	29	103%
Earnings	15	13	14	17	14	-11%
Other income	1	1	1	1	1	18%
Net income before housing costs						
Mean	114	146	178	181	182	60%
Net income after housing costs						
Mean	95	128	154	157	157	65%
Recently retired pensioner units						
Gross income	175	229	265	275	297	70%
Of which:						
Benefit income	84	97	112	111	118	42%
Occupational pension	33	51	75	71	83	154%
Investment income	17	42	38	44	41	134%
Earnings	40	38	39	47	53	32%
Other income	2	1	2	2	3	76%
Net income before housing costs						
Mean	148	190	227	234	254	72%
Net income after housing costs						
Mean	125	170	203	210	227	81%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

(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. See Tables A2-A4 for key estimates for recently retired pensioners.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 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	217	278	308	336	372	71%	100%
Of which:							
Benefit income	99	111	128	124	135	37%	36%
Occupational pension	45	68	95	95	109	140%	29%
Investment income	22	51	40	56	58	162%	16%
Earnings	49	47	43	59	68	38%	18%
Other income	2	1	2	2	2	46%	1%
Net income before housing costs							
Mean	183	231	267	287	317	73%	85%
Median	152	173	212	236	256	68%	69%
Net income after housing costs							
Mean	158	211	245	263	291	85%	78%
Median	130	157	193	217	233	79%	63%
Pensioner couples where the head is under 75							
Gross income	204	266	290	324	319	57%	100%
Of which:							
Benefit income	102	113	134	128	138	35%	43%
Occupational pension	41	69	87	89	93	130%	29%
Investment income	21	48	41	58	48	128%	15%
Earnings	39	36	27	47	39	-1%	12%
Other income	1	1	1	2	2	21%	*
Net income before housing costs							
Mean	173	221	254	277	276	60%	87%
Median	143	168	208	220	222	55%	70%
Net income after housing costs							
Mean	149	202	232	253	252	70%	79%
Median	122	152	186	199	197	62%	62%
Pensioner couples where the head is 75 or over							
Gross income	160	226	284	256	276	73%	100%
Of which:							
Benefit income	105	117	135	138	137	30%	50%
Occupational pension	31	56	84	67	88	184%	32%
Investment income	19	47	46	44	42	119%	15%
Earnings	4	7	15	7	8	95%	3%
Other income	*	1	3	*	1	*	*
Net income before housing costs							
Mean	141	192	245	225	241	71%	87%
Median	121	151	190	184	191	59%	69%
Net income after housing costs							
Mean	120	174	220	204	217	80%	78%
Median	102	129	167	161	164	60%	59%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

(2) Recently retired couples are defined as those where the man is aged 65-69. All recently retired couples are also included in the Under 75 year old category.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross Income in 1996/7
Recently retired single pensioners							
Gross income	117	160	205	189	194	66%	100%
Of which:							
Benefit income	62	77	88	93	95	53%	49%
Occupational pension	15	28	47	37	46	213%	24%
Investment income	11	29	34	28	17	54%	9%
Earnings	28	26	33	30	33	18%	17%
Other income	1	1	2	1	3	123%	2%
Net income before housing costs							
Mean	99	132	170	161	166	68%	85%
Median	83	97	119	122	137	65%	71%
Net income after housing costs							
Mean	81	112	145	136	139	72%	72%
Median	66	73	91	100	107	62%	55%
Single pensioners, under 75							
Gross income	103	145	173	162	160	55%	100%
Of which:							
Benefit income	66	78	89	92	96	44%	60%
Occupational pension	14	31	40	37	37	168%	23%
Investment income	10	25	27	20	15	41%	9%
Earnings	12	10	16	12	11	-2%	7%
Other income	1	1	2	1	1	66%	1%
Net income before housing costs							
Mean	89	121	147	141	140	57%	88%
Median	78	95	113	118	118	52%	74%
Net income after housing costs							
Mean	73	102	122	117	114	56%	71%
Median	60	70	80	91	90	50%	56%
Single pensioners, 75 or over							
Gross income	92	120	148	158	153	66%	100%
Of which:							
Benefit income	70	78	97	96	99	41%	65%
Occupational pension	9	18	24	30	28	200%	19%
Investment income	11	23	22	28	25	116%	16%
Earnings	1	1	4	5	*	*	*
Other income	*	*	*	*	*	*	*
Net income before housing costs							
Mean	82	102	131	138	136	66%	89%
Median	75	85	109	114	117	54%	76%
Net income after housing costs							
Mean	67	85	108	113	112	68%	73%
Median	59	64	77	82	86	47%	56%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

(2) Recently retired single pensioners are defined as single women aged 60-64 and single men aged 65-69. All recently retired single pensioners are also included in the Under 75 year old category.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7	As a % of gross Income in 1996/7
Recently retired pensioner units							
Gross income	175	230	265	279	303	73%	100%
Of which:							
Benefit income	84	97	112	112	120	43%	39%
Occupational pension	33	52	75	72	85	160%	28%
Investment income	17	42	38	45	42	142%	14%
Earnings	40	38	39	48	54	35%	18%
Other income	2	1	2	2	3	74%	1%
Net income before housing costs							
Mean	148	191	227	238	259	75%	85%
Median	123	147	181	198	200	63%	66%
Net income after housing costs							
Mean	125	170	204	214	233	85%	77%
Median	102	129	157	179	179	74%	59%
Pensioner units where the head is under 75							
Gross income	144	197	226	236	233	61%	100%
Of which:							
Benefit income	81	93	109	109	115	42%	49%
Occupational pension	25	47	61	61	63	153%	27%
Investment income	15	35	34	38	30	102%	13%
Earnings	23	21	21	28	24	4%	10%
Other income	1	1	1	1	1	44%	1%
Net income before housing costs							
Mean	124	164	195	203	203	64%	87%
Median	102	130	151	159	161	57%	69%
Net income after housing costs							
Mean	104	145	172	179	177	70%	76%
Median	85	109	129	135	137	61%	59%
Pensioner units where the head is 75 or over							
Gross income	108	148	186	186	188	75%	100%
Of which:							
Benefit income	78	88	108	108	110	41%	59%
Occupational pension	14	28	41	40	45	215%	24%
Investment income	13	29	29	32	30	124%	16%
Earnings	1	2	7	5	3	75%	1%
Other income	*	*	1	*	*	*	*
Net income before housing costs							
Mean	96	126	163	163	166	74%	88%
Median	81	95	123	126	131	62%	70%
Net income after housing costs							
Mean	79	108	139	139	142	79%	75%
Median	63	71	101	107	108	71%	57%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

(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. All recently retired pensioner units are also included in the Under 75 year old category.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 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	115	136	179	180	172	49%	100%
Of which:							
Benefit income	65	77	93	91	94	45%	55%
Occupational pension	23	32	45	53	50	123%	29%
Investment income	15	22	28	29	21	39%	12%
Earnings	12	4	12	7	6	-52%	3%
Other income	*	*	*	*	*	*	*
Net income before housing costs							
Mean	98	115	153	154	150	53%	88%
Median	83	95	117	121	122	47%	71%
Net income after housing costs							
Mean	82	97	129	132	126	54%	73%
Median	65	73	86	99	99	51%	58%
Single female pensioners							
Gross income	95	132	156	155	152	61%	100%
Of which:							
Benefit income	69	78	93	95	98	43%	65%
Occupational pension	9	23	29	28	27	188%	18%
Investment income	10	25	24	23	20	97%	13%
Earnings	6	6	9	9	6	-3%	4%
Other income	1	1	1	1	1	17%	1%
Net income before housing costs							
Mean	84	111	135	136	135	61%	89%
Median	76	89	110	114	116	53%	76%
Net income after housing costs							
Mean	68	93	112	110	109	61%	72%
Median	58	65	77	82	84	44%	55%

Notes:

(1) Estimates of less than £0.50 or 0.5% are labelled *.

Please also see 'General notes and definitions' on [page 18](#).

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.*

Please also see 'General notes and definitions' on [page 18](#).

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.*

Please also see 'General notes and definitions' on [page 18](#).

Table A8: The proportion of pensioner units with income 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 1998 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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	70	79	88	87	90	27%
Pensioner couples	94	104	117	116	119	26%
Single pensioners	57	64	70	70	71	24%
Recently retired pensioner units						
Total	79	89	99	99	103	31%
Pensioner couples	93	103	115	115	119	27%
Single pensioners	57	67	75	72	76	34%
Median amounts						
All pensioner units						
Total	61	67	76	76	78	29%
Pensioner couples	94	104	114	113	116	23%
Single pensioners	58	63	67	67	68	18%
Recently retired pensioner units						
Total	87	97	105	105	109	25%
Pensioner couples	94	105	113	113	117	24%
Single pensioners	58	65	74	73	73	26%

Notes:

- (1) Figures for Retirement Pension also include the other contributory 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.

Please also see 'General notes and definitions' on [page 18](#).

Table A9: The proportion of pensioner units with income 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 1998 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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	25	33	37	37	147%
Pensioner couples	12	20	26	33	29	149%
Single pensioners	17	26	35	39	40	142%
Recently retired pensioner units						
Total	13	25	31	42	42	214%
Pensioner couples	11	20	24	37	35	217%
Single pensioners	16	28	37	45	48	200%
Median amounts						
All pensioner units						
Total	12	24	28	34	31	152%
Pensioner couples	9	14	17	27	18	109%
Single pensioners	14	26	31	36	36	153%
Recently retired pensioner units						
Total	10	22	26	36	30	195%
Pensioner couples	8	16	15	30	15	84%
Single pensioners	15	27	32	36	39	154%

Notes:

- (1) Income Related Benefits are Income Support (Supplementary Benefit prior to 1988), Family Credit (Family Income Support prior to 1988), Housing Benefit and 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.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 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	38	47	49	46	49	30%
Pensioner couples	39	50	54	52	54	38%
Single pensioners	36	43	44	42	46	28%

Recently retired pensioner units

Total	45	54	53	49	52	16%
Pensioner couples	44	55	52	51	55	27%
Single pensioners	53	51	55	45	46	-13%

Median amounts

All pensioner units

Total	32	34	36	35	38	20%
Pensioner couples	33	36	50	49	50	53%
Single pensioners	31	34	35	34	36	14%

Recently retired pensioner units

Total	43	37	36	38	39	-11%
Pensioner couples	36	35	36	42	42	16%
Single pensioners	47	48	36	36	39	-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.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 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	23	43	43	47	41	80%
Pensioner couples	29	55	52	65	58	100%
Single pensioners	19	35	37	35	30	54%

Recently retired pensioner units

Total	26	54	50	58	58	124%
Pensioner couples	31	59	49	65	73	139%
Single pensioners	18	45	51	42	27	50%

Median amounts

All pensioner units

Total	5	9	9	10	9	80%
Pensioner couples	7	15	16	18	18	165%
Single pensioners	4	7	6	6	6	43%

Recently retired pensioner units

Total	7	14	13	18	20	196%
Pensioner couples	7	15	19	23	29	294%
Single pensioners	5	12	7	8	9	69%

Notes:

- (1) Investment income is based on respondents' own assessment and may be subject to under-reporting. In particular, FRS-based estimates have been found to be lower than FES-based estimates (see [Section 4](#)).
- (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.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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	52	74	91	86	97	86%
Pensioner couples	62	89	116	111	128	107%
Single pensioners	41	59	67	64	68	65%
Recently retired pensioner units						
Total	65	82	111	108	130	100%
Pensioner couples	73	93	126	121	152	109%
Single pensioners	44	59	84	74	84	90%
Median amounts						
All pensioner units						
Total	25	39	49	48	57	126%
Pensioner couples	28	50	69	65	85	200%
Single pensioners	22	29	36	36	44	94%
Recently retired pensioner units						
Total	31	43	63	69	83	170%
Pensioner couples	37	51	77	79	111	203%
Single pensioners	23	29	48	43	55	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.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 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	100	116	135	172	259	165
1996/7	134	169	212	284	465	265
% Growth 1979-1996/7	34%	45%	57%	65%	80%	61%
Net income after housing costs						
1979	82	96	115	150	230	142
1996/7	108	145	187	265	444	240
% Growth 1979-1996/7	31%	51%	63%	76%	93%	69%
Medians						
Single pensioners						
Net income before housing costs						
1979	57	68	77	86	124	86
1996/7	73	100	117	147	219	138
% Growth 1979-1996/7	28%	47%	52%	70%	76%	60%
Net income after housing costs						
1979	47	54	59	69	108	70
1996/7	57	70	87	123	199	113
% Growth 1979-1996/7	22%	28%	47%	77%	85%	61%

Notes:

- (1) Estimates show 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) In Tables A13 and A14, the distribution of income is based on unequivalised net income, and 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 A17 and A18.

Please also see 'General notes and definitions' on [page 18](#).

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 1998 prices

	Quintiles of the Income Distribution					Overall Mean
	Bottom fifth	Next Fifth	Middle fifth	Next fifth	Top fifth	
1979 Means						
Pensioner couples						
Gross income	106	123	146	196	394	193
Of which:						
Benefit income	99	109	109	103	94	103
Occupational pension	3	9	23	45	111	38
Investment income	3	4	7	14	74	20
Earnings	*	1	7	32	112	31
Other income	*	*	1	1	3	1
Single pensioners						
Gross income	60	73	83	95	181	98
Of which:						
Benefit income	57	68	74	76	66	68
Occupational pension	*	2	4	9	44	12
Investment income	2	3	4	7	39	11
Earnings	1	*	*	3	31	7
Other income	1	*	*	1	1	1
1996/7 Means						
Pensioner couples						
Gross income	143	181	231	322	647	305
Of which:						
Benefit income	124	142	148	148	126	138
Occupational pension	13	27	57	111	249	91
Investment income	7	8	15	42	157	46
Earnings	*	3	9	20	112	28
Other income	*	1	1	1	3	1
Single pensioners						
Gross income	79	108	128	163	302	156
Of which:						
Benefit income	72	90	103	108	114	97
Occupational pension	3	11	16	34	98	32
Investment income	4	7	7	16	65	20
Earnings	*	*	1	5	22	6
Other income	*	*	*	*	3	1

Notes:

- (1) Estimates of less than £0.50 are labelled *.
- (2) In Tables A13 and A14, the distribution of income is based on unequivalised net income, and 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 A17 and A18.

Please also see 'General notes and definitions' on [page 18](#).

Tables A15 & A16:

[Tables 15](#) and [16](#) in the main body of the publication are new tables which use FRS 1998/9 data to examine the characteristics of *current* pensioners, by their position in the income distribution. Therefore, historical estimates based on FES data have not been included in the publication.

Table A17: The proportion of individuals in pensioner families in each quintile of the overall population net income distribution

HBAI Methodology

Results based upon data from the FES

	Quintiles of the Income Distribution					All
	Bottom fifth	Next Fifth	Middle fifth	Next fifth	Top fifth	
HBAI 1979						
All pensioners						
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 pensioners						
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) In Tables A17 and A18, 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. Comparisons between couples and singles are sensitive to precise way in which incomes are equivalised; they should therefore be treated with extreme caution. 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) 1995/96 refers to the combined financial years 1995/6 and 1996/7.

Please also see 'General notes and definitions' on [page 18](#).

Table A18: 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 pensioners	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 pensioners	25%	30%	35%	36%	37%
Pensioner couples	25%	33%	39%	39%	41%
Single pensioners	25%	27%	31%	32%	32%

Notes:

- (1) In Tables A17 and A18, 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. Comparisons between couples and singles are sensitive to precise way in which incomes are equivalised; they should therefore be treated with extreme caution. 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.

Please also see 'General notes and definitions' on [page 18](#).

Table A19: 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 1998 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	275	344	414	346	403	46%	100%
Of which:							
Benefit income	39	50	58	68	61	57%	15%
Occupational pension	25	76	94	96	93	273%	23%
Investment income	16	62	79	60	71	345%	18%
Earnings	195	157	182	121	176	-10%	44%
Other income	1	2	2	1	2	121%	*
Net income before housing costs							
Mean	209	269	326	280	321	53%	80%
Median	184	224	253	248	259	41%	64%
Net income after housing costs							
Mean	181	247	299	257	293	62%	73%
Median	161	206	231	225	230	43%	57%

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) Estimates of less than £0.50 or 0.5% are labelled *.

Please also see 'General notes and definitions' on [page 18](#).