



The Pensioners' Incomes Series

2000/1

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Section 1 Introduction

The Pensioners' Incomes Series 2000/1 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 six preceding years) is based on the Family Resources Survey (FRS), while historical trends 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 the reliability of estimates. A summary guide to the statistical measures used is also provided. Full FRS-based results are given in Sections 9 to 14, 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 Income (HBAI) analysis, which looks at the position of individual pensioners within the overall income distribution. [Section 7](#) compares HBAI with PI methodology.

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Online access

This publication can also be viewed on the PI series web page on the internet. This and the web pages of other statistical reports (e.g. HBAI and FRS) published by the Department for Work and Pensions (DWP) can be found in the DWP web site at <http://www.dwp.gov.uk> by following the links to 'statistics & research' and then 'statistics'.

The PI web page also includes PI methodological papers and links to other relevant papers. Users are invited to comment at any time on the publication and methodological papers.

Section 2 Summary of Main Results

(See [page 24](#) for definitions).

Growth in incomes

[Section 9](#)

- 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.
- In more recent years, average net income continued to grow – by around 17% between 1994/5 and 2000/1. Recent growth estimates are subject to particular uncertainty, but the average almost certainly grew faster than average earnings (up 9% over the same period).

Differences between pensioner units

[Section 9](#)

- In 2000/1, single pensioners received an average net income of £160 a week. As would be expected, pensioner couples (married or cohabiting) received more, at £301.
- On average older pensioner units had lower incomes. In 2000/1 pensioner couples where the man was aged 75 or over received £276 net income per week, compared with £313 for those aged under 75. Recently retired pensioner couples (those within five years of state pension age) received an average of £331 per week.
- Single male pensioners received an average of £183 net income per week in 2000/1 compared with £153 for single female pensioners.

Sources of income

[Sections 9,10 & 11](#)

- In 2000/1 benefit income (51%) was the most substantial single component of pensioner units' incomes, followed by occupational pensions (27%), investment income (including personal pensions) (13%) and earnings (8%). Other sources were negligible.
- 98% of all pensioner units received income from the state Retirement Pension or other National Insurance benefits for the elderly in 2000/1, at an average of £98 per week (£78 for singles and £129 for couples). This compares with £112 per week for recently retired pensioner units in receipt.
- 34% of pensioner units in 2000/1 received one or more income related benefits (such as Minimum Income Guarantee, Housing Benefit or Council Tax Benefit) and 22% were in receipt of disability benefits.
- In 2000/1, 71% 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 12](#)

- 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. After taking account of housing costs, net income growth rates were 31% and 93% respectively.
- More recent estimates suggest that the growth in average income between 1994/5 and 2000/1 was fairly evenly spread across the income distributions of both single pensioners and pensioner couples.
- Older pensioners were over-represented at the bottom of the income distributions.

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

[Section 13](#)

- In 2000/1, a quarter of individuals in pensioner families were in the bottom fifth of the overall net income distribution (before housing costs).
- This proportion had almost halved since 1979, when 47% were in the bottom fifth.
- The proportion that were in the bottom fifth of the overall distribution of net income after housing costs fell from 46% in 1979 to 20% in 2000/1.
- 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 2000/1.
- The proportion in the top half of the distribution of net income after housing costs increased from 25% to 39% over this period.

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

[Section 14](#)

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 2000/1, at £351 per week compared with £301 per week.
- earnings were a more important source of income, at 49% of gross income, while benefit income accounted for 17% of gross income.

Section 3 The Data

The PI series in 2000/1 is largely based on information contained in the Family Resources Survey (FRS), run by the Department for Work and Pensions (DWP), for the financial years 1994/5 to 2000/1, covering Great Britain. Prior to PI 1997/8, the main results were 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 for Work and Pensions’ 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 six-year gap between 1994/5 and 2000/1 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). [Section 6](#) discusses the uncertainty surrounding such estimates in more detail, while [Section 9\(c\)](#) looks at what the estimates actually can tell us about recent income growth. In addition, estimates of past trends (from the calendar year 1979 to the financial year 1996/7) are presented based on the Family Expenditure Survey (FES), run by the Office for National Statistics, and covering the United Kingdom. Summary information from the FES is included in the tables and charts in the main body of the publication, while more detailed estimates from earlier years are included in the [Appendix](#).

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

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 at <http://www.lisproject.org/links/canberra/rar/raruk.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. A Robustness Assessment Report considering income data on the FRS has also been published and can be found on the Households Below Average Income web page. Like the PI web page, this can be found on the DWP web site (see the section [Online access](#) on page 5 for details).

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.

More detailed information on the design and response rates of the FRS and FES is available from the *Family Resources Survey* annual report (produced by DWP; available on the DWP internet site) and *Family Spending* (produced by ONS; details at <http://www.statistics.gov.uk/products/p361.asp>).

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

Whilst changing to a new survey caused the Pensioners' Incomes Series to be discontinuous, and also meant that information concerning Northern Ireland was temporarily unavailable (FRS will include Northern Ireland from 2002/3 onwards), 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 over 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 DWP 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 pensioner units with very high incomes, using more reliable data from the Survey of Personal Incomes (SPI) – see [Section 3](#). For the FRS-based series, the adjustment of incomes is now made separately for pensioners and non-pensioners, although the adjustment of 1994/5-1996/7 FES data did 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 quick comparison of the results of the Pensioners' Incomes Series reveals differences between results based on FES data and those based on FRS data. Estimates of income levels from FRS data tend 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. Thorough 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 this report can be found on the HBAI web page on the DWP internet site (see [Online access](#) on page 5). 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. It was thought that this might be caused by differences between the surveys in the way questions about investment income were asked.

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'*. A link to this report is included on the PI Series web page (see [Online access](#) on page 5). The report concluded that no direct comparisons should be made between PI estimates of income levels from different surveys. Certain results from the HBAI publication, which did not directly measure levels of income, were less sensitive to the choice of survey, allowing cross-survey comparisons provided they were over reasonably long periods of time.

Therefore users should not make any direct comparisons between FRS and FES-based results in this publication (with the exception of estimates based on HBAI methodology in [Section 13](#)). FRS-based results should be used to look at the current characteristics of pensioners' incomes and to give a very broad indication of recent trends, while FES-based results should be used to look at historical trends.

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 subgroups of pensioner units. These include estimates for 'recently retired' pensioner units (defined as pensioner units where the head 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. 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 and Equality Unit (available on the internet at http://www.womens-unit.gov.uk/research/Ind_Incomes2/HP.htm).

For a detailed discussion of the definition of a pensioner unit see the PI Methodology Paper No 7 on the PI Series web page on the internet ([see page 5](#)).

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 that covers pensioners 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, including 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, free milk (where data are available) and free TV licences for the over 75s.

Gross income is separated into five components:

- social security benefit income,
- income from occupational pensions,
- income from investments,
- earnings,
- 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 2001 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 ([see page 5](#)). The situation will continue to 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 (note from November 2000 this includes free TV licences for the over 75s).

Estimates in [Section 11](#) 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 – Minimum Income Guarantee, Working Families’ Tax Credit, Housing Benefit, Council Tax Benefit; and
- disability benefits – Severe Disablement Allowance, Disability Living Allowance, Disabled Person’s Tax Credit, Attendance Allowance, Invalid Care Allowance, Industrial Injuries Disablement Pension, War Disablement Pension.

This breakdown is dependent on survey respondents’ identification of different elements of benefit income, and is therefore subject to misreporting. For earlier years where a given benefit did not exist, its predecessor is included under the relevant category. There are also 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 2000/1 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 ([see page 5](#)).

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 1979-1990/1” 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, defining a pensioner unit and separate analysis of personal pension income. These papers can all be viewed on the PI Series web page on the DWP internet site (see [Online access](#) on page 5). Alternatively, paper 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.

National Statistics Quality Review of Income Statistics

As part of the National Statistics Quality Review of Income Statistics, the DWP has launched a joint review of the Pensioners’ Incomes (PI) and Households Below Average Income (HBAI) statistical reports. Its purpose is to establish whether the PI and HBAI series continue to meet the needs of their users and, where they do not, how best to meet them. It will consider the definitions and methodology used and also the timeliness and accessibility of the statistics. Recommendations and conclusions arising from the consideration of these issues will be published in a report in 2002. Further details of the review, including links to review consultation papers and details of who to contact with comments, can be found on the PI web page or alternatively the HBAI web page which can be found on the DWP web site (see [Online access](#) on page 5).

Section 6 Reliability of Estimates in the Pensioners' Incomes Series

The analyses in this publication are based on household surveys, so no estimate should be treated as exact, indeed there are several reasons for uncertainty in the estimates. These include potential reporting errors, systematic bias in the sample and random sampling errors. Therefore great care should be taken when interpreting these estimates and they should only be used as indicators of broad patterns and trends.

Sources of uncertainty

Reporting errors can arise if the survey respondent does not understand exactly what they are being asked, is unable to recall amounts of income received or is unable to consult documentation. Alternatively a respondent may know the correct answer but choose to give a different one. In some cases, errors may be systematic and cause a bias in estimates of average incomes or proportions in receipt. For example, some pensioners may not be able to distinguish between the Retirement Pension and Minimum Income Guarantee that they receive, because the two benefits are paid together. This may lead to a downward bias in the estimate of the proportion of pensioners receiving Minimum Income Guarantee.

Systematic bias in the sample arises if the survey has a tendency to elicit responses from people of a particular type. One reason for this can be a bias in survey non-response: the survey may attract responses from some groups of people and fail to elicit responses from others. Adjustments can be made to account for such bias, by 'weighting' the sample so that the number of respondents matches known population subtotals. The FRS sample is currently weighted to match subgroups of the population by age, gender, family status, tenure, council tax band and broad geographical region. However, it is impossible to account for all possible bias in the sample so it may be that some results are still affected. More details on the weighting of the survey are given in the Family Resources Survey publication which is available on the DWP internet site (see [Online access](#) on page 5).

Random sampling errors (or random bias in the sample) arise purely because of the random nature of the sample. Even if we could be sure that there was no systematic bias in the sample, results may be affected if the sample chosen happens not to be representative of the population. For example, if we choose ten random numbers from a population of all the numbers between zero and a hundred, there is a chance (however small) that we will choose [0,1,2,3,4,5,6,7,8,9]. In this case we might infer that the average in the population is 4.5 when in fact it is 50.

Impact on PI estimates

The effect on estimates of reporting errors and systematic bias in the sample is difficult to assess. Comparison with other sources of data is a useful exercise, although these sources will often have their own limitations. Estimates from other sample surveys will be subject to similar uncertainty. Estimates from administrative data will mainly avoid reporting errors and systematic bias, but do not always include enough background information on individuals to make direct comparisons. Various papers comparing FRS and FES data to other sources can be accessed via the Pensioners' Incomes page on the internet ([see page 5](#)). In any case, users should be aware that other sources might be more appropriate than PI for drawing conclusions in specific areas. For example, administrative data is likely to give a more accurate estimate of the average amount of Retirement Pension received than survey-based PI estimates.

The effect on estimates of random sampling error can be measured more directly. Sampling error does not mean that an estimate is necessarily incorrect, but it does mean there is a degree of uncertainty as to whether the estimate is accurate. This applies to all estimates in the PI publication. In isolation, an estimated mean income can be regarded as the best estimate available of the true mean. When comparing two similar means however, great care should be taken not to claim that one is higher than the other if this result could have arisen purely due to random sampling error. Comparisons of mean income estimates over a short time period are particularly vulnerable to this type of misinterpretation.

Therefore it is important that users are aware that a degree of uncertainty surrounds estimates in PI.

Estimating sampling error

The sampling error around an estimate can be measured by the size of its 'standard error'. [The exact standard error is not known, so it is estimated by looking at the variability in the sample]. The standard error of an estimate is typically calculated under the assumption of simple random sampling (i.e. where every member of the population has an equal and independent chance of selection). In practice, the design of the survey is more complicated than that, typically leading to a larger standard error. The effect of the design of the survey on the standard error of a given estimate can be measured by its 'design factor', which is equal to the standard error calculated under the survey design in question, divided by the standard error calculated under simple random sampling.

The standard error can be converted into a 'confidence interval' which gives an indication of the degree of uncertainty surrounding the estimate, by giving a range of values that the true mean could take. For example, if mean income were estimated as £201 a week, with a 95% confidence interval of +/- £4, this means that in 95% of all possible survey samples that we could have taken, we would expect the estimated mean to fall within the range [£197, £205]. In other words, we can be 95% confident that the true mean lies within that range.

The wider that a confidence interval is, the more uncertainty there is, and the less we can infer about the true mean. The two main factors affecting the size of confidence intervals are the sample size and how much the income measure in question varies from pensioner unit to pensioner unit.

The smaller the **sample size** that an estimate is based on, the wider the confidence interval is likely to be. This follows logically from the fact that the fewer people we have information about, the more uncertainty there will be when we make claims about the whole population. For example, there will be more uncertainty, and a wider confidence interval, around the estimated mean income of single male pensioners than of all pensioner units.

The more **variability** in the income measure, the wider the confidence interval is likely to be. This follows from the fact that if there is a wide range of incomes in the population, there is more risk of choosing a survey sample that includes incomes that are very different from the true mean. For example, estimates of mean benefit income are likely to have smaller confidence intervals than estimates of investment income, since the range of possible values of benefit income is much narrower.

Assessing the reliability of an estimate depends not only on the absolute size of its confidence interval, but also on how large the confidence interval is relative to the estimate itself. For example, an estimate of £100 +/- £10 gives a confidence interval of [£90,£110], while an estimate of £10 +/- £10 gives a confidence interval of [£0,£20]. Clearly we may want to treat these two estimates differently when advising on their reliability. The simplest way of capturing this effect is to look at the 'relative confidence interval', which is the width of the confidence interval calculated as a percentage of the estimate itself. The examples above give relative confidence intervals of 10% and 100% respectively.

The table below gives some examples of standard errors and confidence intervals that have been calculated for estimates of pensioners' average incomes in 2000/1.

Uncertainty surrounding selected estimates in the Pensioners' Incomes Series, 2000/1

	Estimate	Standard error	95% confidence interval		
			Interval width	Relative width	Interval range
All pensioner units					
Gross income	251	3	+/- 6	2%	[245, 257]
Of which:					
Benefit income	128	1	+/- 1	1%	[127, 129]
Occupational pension	68	1	+/- 3	4%	[66, 71]
Investment income	32	1	+/- 2	8%	[30, 35]
Earnings	20	1	+/- 2	11%	[18, 22]
Mean net income					
Before housing costs	215	2	+/- 4	2%	[211, 219]
After housing costs	192	2	+/- 4	2%	[188, 197]
Subgroups of pensioners					
Mean net income BHC					
Pensioner couples	301	4	+/- 8	3%	[292, 309]
Single pensioners	160	2	+/- 4	2%	[156, 164]
Recently retired head	272	6	+/- 11	4%	[261, 283]
Head under 75 years	236	3	+/- 6	3%	[230, 242]
Head over 75 years	190	3	+/- 5	3%	[184, 195]
Single male pensioners	183	5	+/- 10	6%	[173, 193]
Single female pensioners	153	2	+/- 3	2%	[149, 156]
Recent growth estimates (% increase 1994/5-2000/1)					
Mean net income BHC					
All pensioner units	17%	2	+/- 3	19%	[14%, 20%]
Pensioner couples	15%	2	+/- 4	30%	[10%, 19%]
Single pensioners	19%	2	+/- 4	19%	[15%, 22%]

Note: All incomes are expressed in £ per week at 2000/1 prices.

These estimates demonstrate that, while there is a fair amount of uncertainty surrounding estimates in the publication, the effect on broad conclusions is small. For example, even allowing for uncertainty, it is clear that pensioners receive substantially more income from occupational pensions than from investments, on average.

However, where comparisons are made between income estimates of a similar level great care should be taken in interpreting results. For example, if the estimated average income of group A is £5 higher than for group B, but the confidence interval around the estimate is +/- £6, we cannot say with any confidence that group A genuinely has a higher average income than 'group B' in the population.

Where uncertainty restricts the conclusions that can be drawn from such comparisons, users are advised to look at the results over several years for more evidence of the true pattern. For example, if group A had substantially higher income than group B in each of the four preceding years (and there is no reason to suspect that the current year should be any different), then there is more evidence that group A genuinely has a higher average income.

Comparisons over time represent a special case. Over short time periods it is likely that an income measure will not change dramatically, and so any uncertainty is likely to be large compared with the change itself. That is why users are strongly advised not to draw firm conclusions from looking at year-on-year changes.

The results above show that caution should also be exercised when looking at changes over more than one year. Since FRS data is only available from 1994/5, estimates of recent growth can currently be based on a period of six years at most. Even over this period, uncertainty is clearly a lot greater than for point-in-time estimates. For example, the relative 95% confidence interval around average income growth of pensioner couples is 30% – one third the size of the estimate itself. Recent growth estimates for smaller subgroups of pensioners are even more uncertain.

In the last edition of the Pensioners' Incomes Series, the calculations of standard errors and confidence intervals for estimates of recent growth (since 1994/5) in average incomes of pensioner units included design factors. These calculations fed into the results published in Table 1(ii) in the publication. However, further inspection has revealed that, whereas design factors should have been included in the calculations of standard errors for both 1994/5 and 1999/00 average income estimates, they were only used in the calculations of the 1999/00 estimates. So the standard errors and confidence intervals of recent growth estimates were incorrect. Design factors for 1994/5 are not readily available and since they can vary from year to year it would not be correct to use another year's factors. So following consultation with internal DWP users, it was decided to suspend the use of design factors in the Pensioners' Incomes Series pending the results of a review to be carried out following the publication of this edition. To check the effect of this decision on published estimates of recent growth, estimates were re-calculated for 1999/00 without design factors and although individual estimates of standard errors and confidence intervals changed, the broad messages about recent growth in average incomes remained unchanged.

Publication policy for recent growth estimates

Since recent growth estimates are particularly vulnerable to misinterpretation, a publication policy has been adopted to highlight uncertainty in those estimates that are published.

- Recent growth estimates with a confidence interval of more than +/- 2.5 percentage points AND a relative confidence interval of more than +/- 10% are regarded as 'uncertain' and flagged up by placing them in square brackets.
- Recent growth estimates with a confidence interval of more than +/- 5 percentage points AND a relative confidence interval of more than +/- 20% are regarded as 'very uncertain' and published in the form of a 95% confidence interval only.

This policy is designed to help users to interpret recent growth figures by highlighting how much uncertainty there is around estimates due to random sampling error. For very uncertain estimates, the confidence interval gives a more detailed indication of the level of uncertainty. More details of this publication policy are given in PI Methodological Paper No. 5, which can be viewed on the internet or requested in the form of a paper copy ([see page 5](#)).

In this edition of the Pensioners' Incomes Series, recent growth estimates are provided for [Table 1](#) only (see [Section 9\(c\)](#)), since the vast majority of recent growth estimates for other tables are regarded as 'uncertain' or 'very uncertain' under this publication policy. It is possible to calculate approximate growth rates for other tables using the income levels given in this publication. But instead, to make a more informed judgement about true growth rates, users are advised to refer to the Technical Annex, which gives best estimates of recent growth along with their standard errors and confidence intervals. This can be viewed on the internet or requested in the form of a paper copy ([see page 5](#)). The Technical Annex is not included in the PI publication itself, because it comprises a large amount of information that adds little to our understanding of *broad* patterns and trends in pensioners' incomes. For more detailed comparisons over time, it may be more appropriate to look at the longer FES-based time series.

Section 7 Households Below Average Income and the main Pensioners' Incomes Series

Analysis based on the Households Below Average Income series is included in each edition of the Pensioners' Incomes Series in order to provide information on the position of pensioners within the overall income distribution. The full HBAI publication can be viewed on the DWP internet site (see [Online access](#) on page 5). 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 DWP. 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. HBAI attempts to measure material living standards, so it takes account of all the income coming into the household where the pensioner lives. 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* income, except where it includes tables taken directly from HBAI ([Section 13](#)). 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 historical estimates in the PI series, a single year of FES data was usually adequate. The HBAI series, requiring a larger sample size, usually produced FES-based estimates using two years' 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). For FRS-based estimates, both PI and HBAI use a single year of data.

Section 8 A Summary Guide to Interpretation

Measures of income

Use...	If...
Gross	<ul style="list-style-type: none"> interested in how much income pensioners receive. 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 that 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 pensioners' standards of living. Therefore income estimates should only be regarded as broadly indicative of living standards.

Comparing incomes

Great care should be taken when comparing groups with similar incomes, or looking at changes in income over a short-time period, since random sampling fluctuations mean that estimates should be regarded as a broad indication of trends only (see [Section 6](#)). Further evidence can be obtained by looking at the estimates for adjacent years.

Main Results from the Pensioners' Incomes Series 2000/1
Based on the Family Resources Survey 1994/5-2000/1
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 Minimum Income Guarantee, Working Families' Tax 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), Disabled Person's Tax Credit 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 2000/1 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 precisely 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 costs measures of income. The distribution of income is also calculated separately for singles and couples, e.g. 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 7](#) & [13](#)). 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 the 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 9 Incomes of different types of pensioner unit

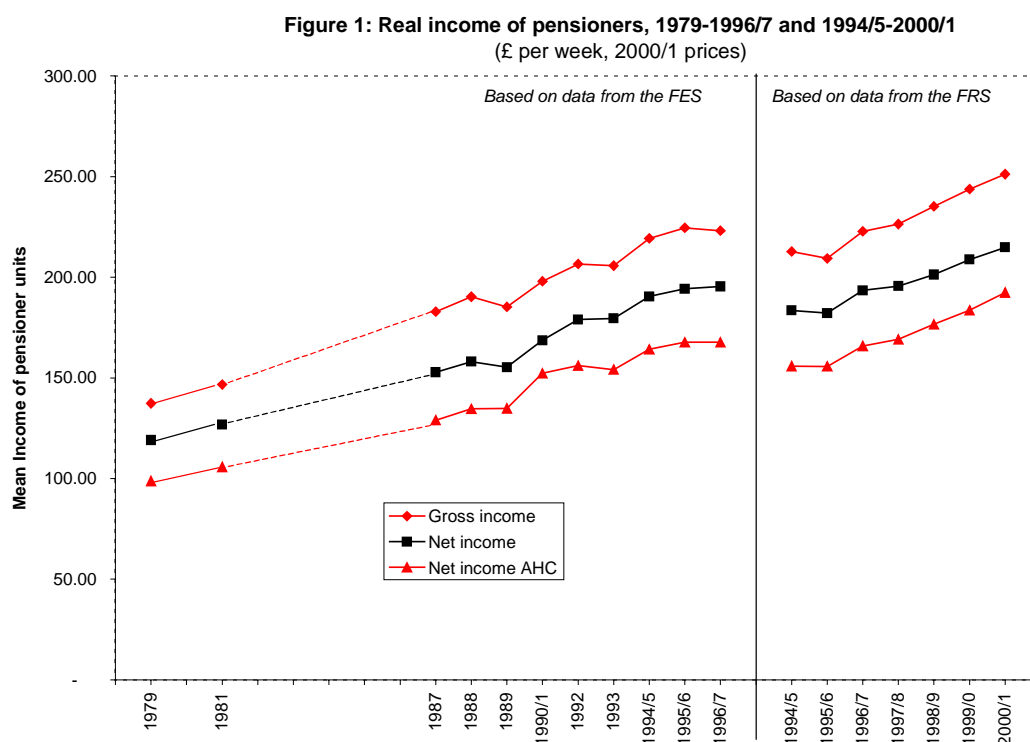
This section provides estimates of trends in the sources and levels of income for different types of pensioner unit. Pensioner units are defined as single (non-cohabiting) people over state pension age (65 and over for men, 60 and over for women) and couples (married or cohabiting) where the man (defined 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 £251 a week in gross (pre-tax) income in 2000/1 ([Table 1](#)). After the deduction of tax, pensioner units received an average of £215 a week in net income. After the deduction of housing costs, average income stood at £192 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. However, estimates in this publication are not accurate enough to give a reliable picture of short-term trends (see [Section 6](#)). [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 much higher than growth in 'the wealth of the nation'. The more recent estimates shown in [Figure 1](#), based on FRS data, suggest the growth in average incomes has continued at a similar rate in recent years. A more detailed discussion of what conclusions can be drawn about recent growth is included in [Section 9\(c\)](#).

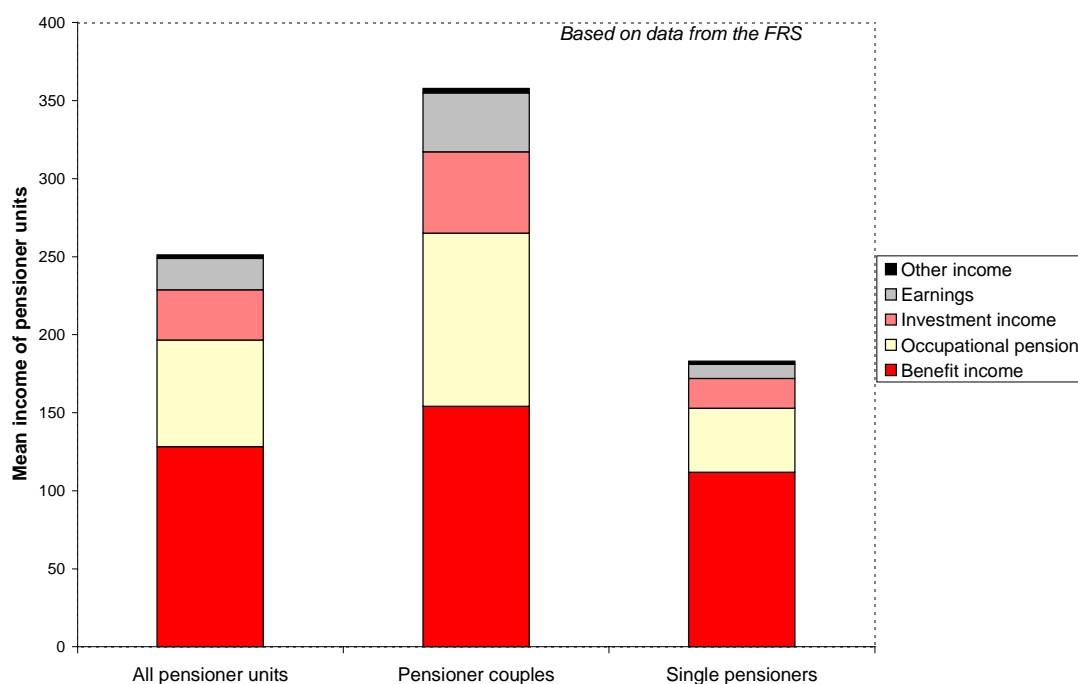


Median income is the income of the person exactly in the middle of the distribution for a given group. The median net income (BHC) of pensioner units was £168 in 2000/1, some £47 lower than the mean. This difference is not unusual when looking at average incomes, since the small number of pensioner units 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 2000/1, the average pensioner unit received just over half its gross income from state benefits (including the state Retirement Pension). Occupational pensions accounted for 27% of gross income, while a further 13% 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.

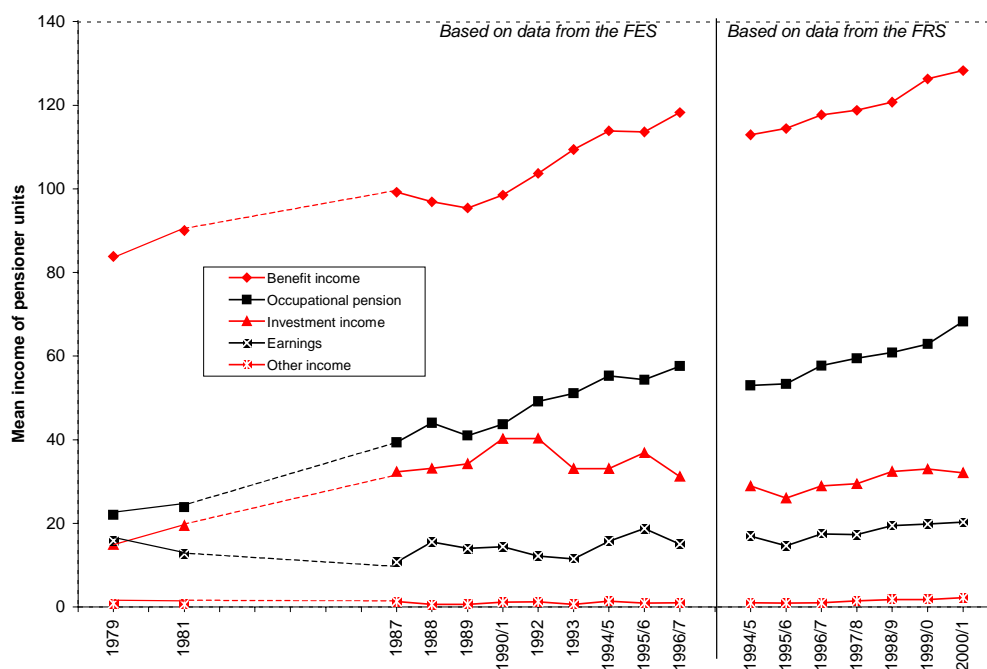
Some sources of income have contributed more than others to the overall growth in pensioners' incomes (Figure 3). The fastest growing sources of income have been occupational pensions (increasing by 162% in real terms between 1979 and 1996/7) and investment income (110%), although average investment 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 £34) as occupational pensions (up £36) 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. More recent data from the FRS suggest that income from benefits and occupational pensions has continued to grow significantly since 1994/5. It also appears that earnings have grown significantly, whereas investment income has not shown significant change (see Section 9(c)).

Figure 2: Sources of gross income, 2000/1
(£ per week, 2000/1 prices)



(b) Pensioner couples and single pensioners

Figure 3: Growth in sources of gross income of all pensioner units, 1979-1996/7 and 1994/5-2000/1 (£ per week, 2000/1 prices)



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 12](#)). 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, and would typically require more income to achieve a similar standard of living.

We would expect pensioner couples to receive more income than single pensioners. In fact, they received nearly twice as much gross income (£358) on average as single pensioners (£183) in 2000/1. This difference is apparent in all the component sources of income ([Figure 2](#)), accentuated by the fact that couples are more likely to come from younger age groups, where incomes from most sources are higher ([see Section 9\(d\)](#)).

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 38% higher than for singles. As a result of these differences, benefit income accounted for 61% of gross income for singles, compared with 43% of gross income for couples, in 2000/1.

Average 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. In more recent years, average income has continued to grow for both groups.

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 £217 a week, average gross income for all pensioner units in 1996/7 would have been £6 (or 3%) lower. The average gross income of all recently retired pensioner units (see [Table 4](#) for definition) would have been £7 (or 2%) lower, at £312 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, 1994/5-2000/1
Results based upon data from the FRS & FES
Incomes in £ per week, 2000/1 prices

	FRS					As a % of gross income in 2000/1	FES
	1994/5	1997/8	1998/9	1999/0	2000/1		% Growth 1979-1996/7
All pensioner units							
Gross income	213	226	235	244	251	100%	62%
Of which:							
Benefit income	113	119	121	126	128	51%	41%
Occupational pension	53	59	61	63	68	27%	162%
Investment income	29	29	32	33	32	13%	110%
Earnings	17	17	19	20	20	8%	-5%
Other income	1	1	2	2	2	1%	21%
Net income before housing costs							
Mean	183	196	201	209	215	86%	64%
Median	141	153	156	164	168		63%
Net income after housing costs							
Mean	156	169	177	184	192	77%	70%
Median	114	127	130	138	144		64%
Pensioner couples							
Gross income	308	330	338	346	358	100%	58%
Of which:							
Benefit income	140	145	145	151	154	43%	34%
Occupational pension	88	97	98	99	111	31%	139%
Investment income	47	52	54	55	52	15%	124%
Earnings	32	34	38	38	38	11%	-7%
Other income	1	2	2	2	3	1%	25%
Net income before housing costs							
Mean	262	280	285	291	301	84%	60%
Median	206	220	224	230	240		57%
Net income after housing costs							
Mean	234	254	263	268	281	79%	69%
Median	182	196	202	209	220		63%
Single pensioners							
Gross income	154	162	170	177	183	100%	59%
Of which:							
Benefit income	97	103	105	110	112	61%	43%
Occupational pension	31	36	37	39	41	22%	173%
Investment income	18	15	18	18	19	11%	83%
Earnings	7	7	7	8	9	5%	-19%
Other income	1	1	1	2	2	1%	13%
Net income before housing costs							
Mean	135	143	148	155	160	87%	60%
Median	114	122	124	130	135		52%
Net income after housing costs							
Mean	107	116	121	128	136	74%	60%
Median	79	88	92	100	106		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 24](#).

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(c) Recent income growth

All estimates presented in this publication are based on sample surveys and are therefore subject to a degree of uncertainty (see [Section 6](#)). When comparing two estimates (such as the income of two different groups of pensioners, or the change in incomes between two points in time), there is even greater uncertainty. If the difference is large relative to the uncertainty (such as long-term growth estimates based on FES data, 1979-1996/7), the comparison is more likely to be meaningful than for smaller differences (such as short-term growth estimates based on FRS data). For the latter, uncertainty tends to be so large relative to the estimate itself that it tells us little about the scale of genuine income growth. In some cases, the uncertainty is so great that we cannot tell whether the income measure has increased or decreased over the period.

Recent growth estimates are more reliable for larger groups of pensioners. Estimates for all pensioner units, couples and singles are presented in this section. ‘Uncertain’ estimates are highlighted by placing them in brackets. For ‘very uncertain’ estimates, a 95% confidence interval is given – this means that we can be 95% certain that the true growth rate lies within this range. Full details of this publication policy are given in [Section 6](#).

For most tables in the publication, recent growth estimates have not been included because they are subject to confidence intervals so wide that they tell us little or nothing about trends. Users are advised to draw broad conclusions only about such trends, by looking at the full time series of estimates in the tables and charts. Full details of all growth rates, with confidence intervals, are included in the Technical Annex, a separate publication available on the PI web page on the internet or as a paper copy on request ([see page 5](#)).

[Table 1\(ii\)](#) shows that the average net income of all pensioner units increased by around 17% between 1994/5 and 2000/1, although this estimate is flagged up as uncertain and so should be treated with caution. Indeed, the 95% confidence interval suggests that the true growth rate could have been anywhere between 14% and 20%. Over the same period, average real earnings in the whole economy increased by 9%. Therefore, not only has average income grown in real terms since 1994/5, but the evidence also suggests that it increased at a faster rate than earnings.

Estimated income growth rates for single pensioners and pensioner couples have also increased in line with the overall growth rate.

Recent growth in benefit income can be estimated with more certainty than other income sources, since there is less variation in amounts received. The average for all pensioner units increased by 14% between 1994/5 and 2000/1 – up 10% among couples and 16% among singles. Recent growth estimates for other sources of income are subject to a high level of uncertainty. We can be 95% confident that there was a real increase in average occupational pension income (of between 22% and 36%) and in earnings (of between 1% and 38%) over the period. However, while our best estimate of average income from investments was higher in 2000/1 than in 1994/5, we cannot say with any confidence whether there has been any real increase. This is borne out by looking at the full time series, which is subject to unpredictable fluctuations from year to year.

It should be noted that changes in average income do not simply reflect the changes experienced by individual pensioners, but also reflect changes in the composition of the pensioner group, e.g. as new retirees with higher incomes join the group (see [Section 9\(d\)](#)).

Table 1(ii): Recent growth in average incomes of pensioner units, 1994/5-2000/1

Results based upon data from the FRS

Incomes in £ per week, 2000/1 prices

	1994/5	1995/6	1996/7	1997/8	1998/9	1999/0	2000/1	% Growth 1994/5-2000/1
All pensioner units								
Gross income	213	209	223	226	235	244	251	[18%]
Of which:								
Benefit income	113	114	118	119	121	126	128	14%
Occupational pension	53	53	58	59	61	63	68	[22% to 36%]
Investment income	29	26	29	29	32	33	32	[-2% to 24%]
Earnings	17	15	17	17	19	20	20	[1% to 38%]
Other income	1	1	1	1	2	2	2	[58% to 186%]
Net income before housing costs								
Mean	183	182	193	196	201	209	215	[17%]
Median	141	142	152	153	156	164	168	19%
Net income after housing costs								
Mean	156	156	166	169	177	184	192	[23%]
Median	114	116	123	127	130	138	144	[27%]
Pensioner couples								
Gross income	308	300	324	330	338	346	358	[11% to 21%]
Of which:								
Benefit income	140	139	144	145	145	151	154	10%
Occupational pension	88	89	94	97	98	99	111	[17% to 35%]
Investment income	47	43	49	52	54	55	52	[-6% to 27%]
Earnings	32	27	36	34	38	38	38	[-5% to 38%]
Other income	1	1	1	2	2	2	3	[43% to 248%]
Net income before housing costs								
Mean	262	258	278	280	285	291	301	[15%]
Median	206	204	219	220	224	230	240	[16%]
Net income after housing costs								
Mean	234	232	251	254	263	268	281	[15% to 25%]
Median	182	179	191	196	202	209	220	[21%]
Single pensioners								
Gross income	154	153	159	162	170	177	183	[19%]
Of which:								
Benefit income	97	99	101	103	105	110	112	16%
Occupational pension	31	31	35	36	37	39	41	[21% to 42%]
Investment income	18	16	16	15	18	18	19	[-8% to 27%]
Earnings	7	7	6	7	7	8	9	[-12% to 57%]
Other income	1	1	1	1	1	2	2	[23% to 183%]
Net income before housing costs								
Mean	135	135	140	143	148	155	160	[19%]
Median	114	117	121	122	124	130	135	18%
Net income after housing costs								
Mean	107	108	112	116	121	128	136	[26%]
Median	79	81	85	88	92	100	106	[34%]

Notes:

- (1) Estimates of less than £0.50 or 0.5% are labelled *.
- (2) Estimates based on survey data are subject to sampling error and should be treated with caution. In particular, recent growth estimates in square brackets should be regarded as uncertain. Recent growth estimates that are very uncertain are given as a range, in the form of a 95% confidence interval (see [Section 6](#)).

Please also see 'General notes and definitions' on [page 24](#).

(d) 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 average net income of couples in 2000/1 was £37 a week (or 13%) higher for under 75s than for over 75s (Table 2). This compares with under 75s having 24% higher incomes than over 75s among all pensioner units. Between 1979 and 1996/7, average net income of couples 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. Although estimates for more recent years suggest that the average incomes of the different age groups have grown at broadly the same rate, recent growth estimates are not reliable enough to draw any firm conclusions (see Section 6).

The contributions of the various components of gross income to the differences by age are shown in Figure 4. Differences in earnings were the main reason for the higher incomes of younger couples, but they also tended to get more occupational pension income than older couples. Older pensioners on the other hand received more benefit income on average.

Figure 4: Sources of gross income of pensioner couples by age of head, 2000/1
(£ per week, 2000/1 prices)

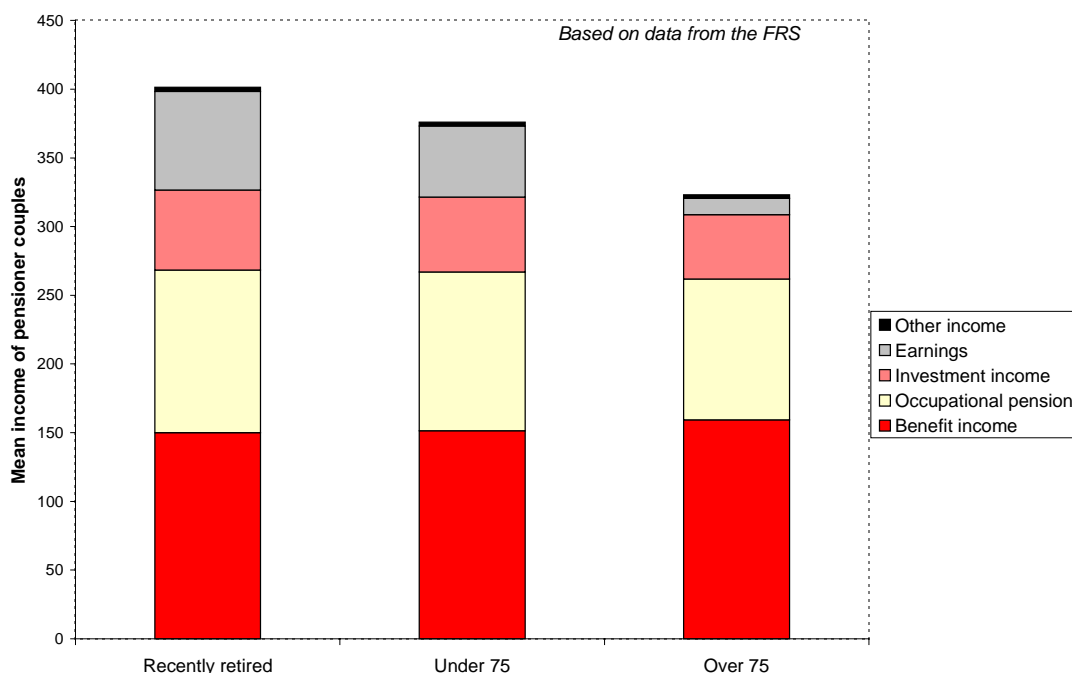


Table 2: The average incomes of pensioner couples by age, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					As a % of gross income in 2000/1	FES
	1994/5	1997/8	1998/9	1999/0	2000/1		% Growth 1979-1996/7
Recently retired pensioner couples							
Gross income	347	388	393	398	401	100%	71%
Of which:							
Benefit income	137	143	142	148	150	37%	37%
Occupational pension	98	117	112	118	118	29%	140%
Investment income	52	66	69	63	58	15%	162%
Earnings	57	59	65	65	72	18%	38%
Other income	2	3	4	3	3	1%	46%
Net income before housing costs							
Mean	292	321	325	330	331	82%	73%
Median	229	253	252	264	268		68%
Net income after housing costs							
Mean	263	295	302	305	311	78%	85%
Median	202	228	233	242	246		79%
Pensioner couples where the head is under 75							
Gross income	328	352	361	372	376	100%	57%
Of which:							
Benefit income	138	144	143	149	151	40%	35%
Occupational pension	93	105	105	109	115	31%	130%
Investment income	52	58	60	61	55	15%	128%
Earnings	43	43	51	51	52	14%	-1%
Other income	1	2	3	3	3	1%	21%
Net income before housing costs							
Mean	277	297	302	310	313	83%	60%
Median	216	230	239	242	253		55%
Net income after housing costs							
Mean	249	271	280	287	294	78%	70%
Median	191	207	217	222	234		62%
Pensioner couples where the head is 75 or over							
Gross income	264	282	288	293	323	100%	73%
Of which:							
Benefit income	142	146	148	155	159	49%	30%
Occupational pension	77	81	84	79	103	32%	184%
Investment income	36	40	43	44	47	15%	119%
Earnings	8	14	12	14	12	4%	95%
Other income	*	1	1	1	3	1%	*
Net income before housing costs							
Mean	229	245	249	254	276	85%	71%
Median	188	205	197	208	220		59%
Net income after housing costs							
Mean	202	219	226	230	256	79%	80%
Median	161	179	172	181	195		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 24](#).

The net income of single pensioners in 2000/1 was also higher for the under 75s than the over 75s ([Table 3](#)). The main reason for higher incomes among younger singles was higher earnings, with higher occupational pension income also making a contribution. Older single pensioners received slightly more income from benefits on average than younger single pensioners did ([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 there are a number of reasons why there are differences caused by age. 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 11\(e\)](#)). 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.

Cohort effects are also an important factor behind the growth in average incomes of pensioners. Each successive cohort of recently retired pensioners has a higher income than the cohort of (typically older) pensioners that it effectively replaces in the pensioner group. Therefore, the average income of the pensioner group as a whole tends to increase over time.

Figure 5: Sources of gross income of single pensioners by age, 2000/1
(£ per week, 2000/1 prices)

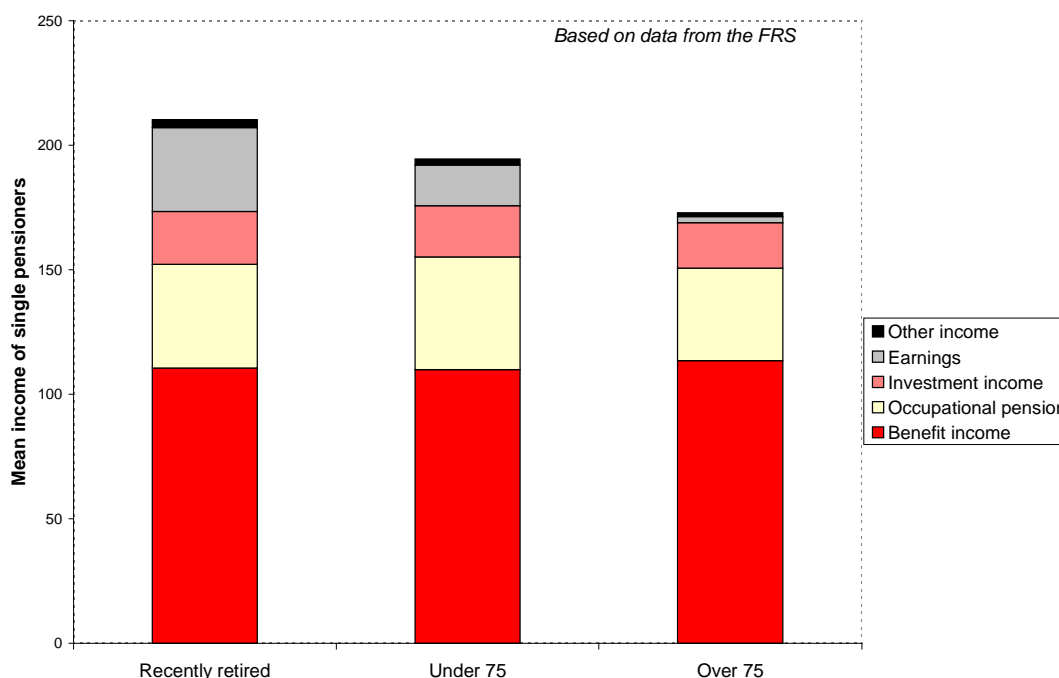


Table 3: The average incomes of single pensioners by age, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					As a % of gross income in 2000/1	FES
	1994/5	1997/8	1998/9	1999/0	2000/1		% Growth 1979-1996/7
Recently retired single pensioners							
Gross income	196	208	209	218	210	100%	66%
Of which:							
Benefit income	94	99	101	108	111	53%	53%
Occupational pension	45	48	48	50	42	20%	213%
Investment income	23	26	24	24	21	10%	54%
Earnings	31	34	31	33	34	16%	18%
Other income	2	2	4	3	3	1%	123%
Net income before housing costs							
Mean	164	174	175	184	178	85%	68%
Median	127	140	136	141	145		65%
Net income after housing costs							
Mean	136	145	147	153	149	71%	72%
Median	100	113	105	111	110		62%
Single pensioners, under 75							
Gross income	165	174	183	191	194	100%	55%
Of which:							
Benefit income	95	101	102	108	110	57%	44%
Occupational pension	38	41	42	45	45	23%	168%
Investment income	19	17	22	21	21	11%	41%
Earnings	12	13	14	14	16	8%	-2%
Other income	1	2	2	3	2	1%	66%
Net income before housing costs							
Mean	143	151	156	164	168	86%	57%
Median	116	127	126	134	138		52%
Net income after housing costs							
Mean	114	124	130	137	143	73%	56%
Median	82	94	94	102	109		50%
Single pensioners, 75 or over							
Gross income	142	150	157	164	173	100%	66%
Of which:							
Benefit income	98	104	108	112	113	66%	41%
Occupational pension	24	30	32	33	37	21%	200%
Investment income	16	14	15	16	18	11%	116%
Earnings	3	1	1	1	2	1%	*
Other income	1	1	1	1	2	1%	*
Net income before housing costs							
Mean	127	134	139	146	153	89%	66%
Median	111	119	122	128	133		54%
Net income after housing costs							
Mean	100	108	113	120	129	75%	68%
Median	77	82	90	98	104		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 24](#).

[Table 4](#) shows that for pensioner units as a whole, under 75s received an average net income of £236 a week in 2000/1 (including recently retired pensioner units receiving £272 on average), while the over 75s received £190 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. For singles and couples, differences in occupational pension income make a relatively small contribution to the differences in overall incomes between younger and older pensioner units, with differences in earnings making the main contribution. However, for all pensioner units, differences in occupational pension income across the age groups are similar to the differences in earnings. This can be explained by the age distribution of couples and singles. Recently retired couples outnumber recently retired singles whereas singles aged 75 and over outnumber couples where the head is aged 75 or over. The numbers of couples and singles where the head is aged under 75 are approximately equal. Pensioner couples receive on average considerably more than twice the amount of income from occupational pensions and investments than single pensioners (see [Section 9\(b\)](#)). This means that when looking at average incomes of all pensioner units, the 75 and over age group is dominated by the smaller amounts received by singles whereas the under 75 age group is dominated by the larger amounts received by couples.

Figure 6: Sources of gross income of all pensioner units by age of head, 2000/1
(£ per week, 2000/1 prices)

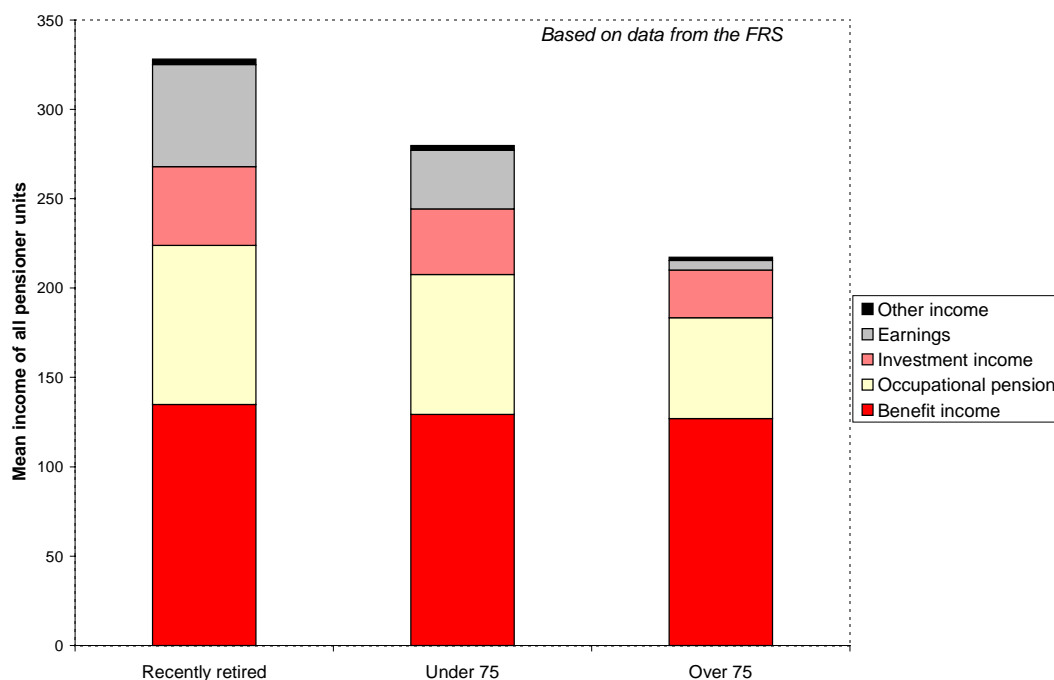


Table 4: The average incomes of pensioner units by age, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					As a % of gross income in 2000/1	FES
	1994/5	1997/8	1998/9	1999/0	2000/1		% Growth 1979-1996/7
Recently retired pensioner units							
Gross income	287	319	327	330	328	100%	73%
Of which:							
Benefit income	120	126	127	133	135	41%	43%
Occupational pension	77	91	89	92	89	27%	160%
Investment income	41	51	53	48	44	13%	142%
Earnings	47	49	53	53	57	17%	35%
Other income	2	3	4	3	3	1%	74%
Net income before housing costs							
Mean	241	265	271	274	272	83%	75%
Median	187	205	209	217	213		63%
Net income after housing costs							
Mean	212	238	246	247	249	76%	85%
Median	162	183	184	192	193		74%
Pensioner units where the head is under 75							
Gross income	239	258	266	276	280	100%	61%
Of which:							
Benefit income	115	121	121	127	129	46%	42%
Occupational pension	63	71	72	75	78	28%	153%
Investment income	34	36	40	40	37	13%	102%
Earnings	26	27	31	31	33	12%	4%
Other income	1	2	3	3	3	1%	44%
Net income before housing costs							
Mean	204	220	225	233	236	84%	64%
Median	157	171	171	181	184		57%
Net income after housing costs							
Mean	176	193	200	208	214	77%	70%
Median	130	146	147	157	162		61%
Pensioner units where the head is 75 or over							
Gross income	176	187	194	203	217	100%	75%
Of which:							
Benefit income	110	116	120	125	127	58%	41%
Occupational pension	39	44	47	47	56	26%	215%
Investment income	22	21	23	25	27	12%	124%
Earnings	4	5	4	5	5	2%	75%
Other income	1	1	1	1	2	1%	*
Net income before housing costs							
Mean	155	165	171	178	190	87%	74%
Median	125	135	138	148	152		62%
Net income after housing costs							
Mean	128	139	146	153	167	77%	79%
Median	96	110	115	122	128		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 24](#).

(e) 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 and Equality Unit.

On average, net income was higher for single men (at £183) than for single women (£153) in 2000/1. [Figure 7](#) shows the growth in their net incomes over time. Results should be treated with caution, since the estimates tend to fluctuate from year to year due to the small sample sizes on which the estimates are based (see [Section 6](#)). However, it is clear that historically net incomes have increased at broadly the same rate among male and female single pensioners.

The main difference occurs in occupational pension income. In 2000/1, single men received £60 a week on average from this source, compared with £35 for single women. Single men also received more investment income, but average incomes from other sources were 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 the definition of pensioner units used here 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 and 1994/5-2000/1
(£per week, 2000/1 prices)

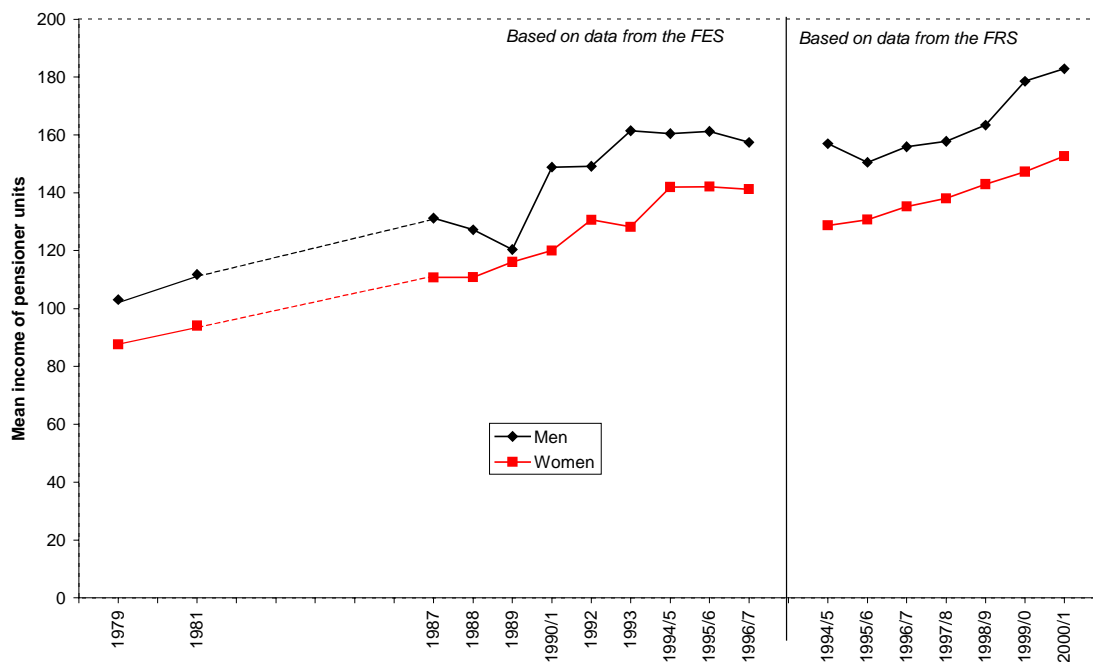


Table 5: The average incomes of single pensioners by gender, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					As a % of gross income in 2000/1	FES
	1994/5	1997/8	1998/9	1999/0	2000/1		% Growth 1979-1996/7
Single male pensioners							
Gross income	187	182	189	210	215	100%	49%
Of which:							
Benefit income	96	103	104	109	110	51%	45%
Occupational pension	54	48	53	57	60	28%	123%
Investment income	27	21	24	32	30	14%	39%
Earnings	10	8	7	11	13	6%	-52%
Other income	1	1	2	1	2	1%	*
Net income before housing costs							
Mean	157	158	163	179	183	85%	53%
Median	122	129	131	137	141		47%
Net income after housing costs							
Mean	129	128	136	152	158	73%	54%
Median	93	96	100	109	111		51%
Single female pensioners							
Gross income	145	156	164	167	173	100%	61%
Of which:							
Benefit income	97	103	106	110	112	65%	43%
Occupational pension	25	32	32	34	35	20%	188%
Investment income	15	14	17	14	16	9%	97%
Earnings	7	7	7	7	8	5%	-3%
Other income	1	1	1	2	2	1%	17%
Net income before housing costs							
Mean	129	138	143	147	153	88%	61%
Median	112	120	122	129	133		53%
Net income after housing costs							
Mean	101	112	117	121	128	74%	61%
Median	77	85	90	98	104		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 24](#).

Section 10 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 2000/1, 91% of pensioner units had income on top of state benefits (including 95% of pensioner couples and 88% of single pensioners – [Table 6](#)). The overall proportion had increased from 77% in 1979 and remained stable at around 85% throughout the mid-1990s but was significantly above this level in 2000/1 ([Figure 8](#)). **Note the increase in 2000/1 is explained by the introduction of free TV licences for the over 75s in November 2000, which have been included in the definition of ‘other income’.**

For recently retired pensioners 85% had income on top of state benefits in 2000/1 (93% of couples and 74% of singles). The reduction for singles between 1999/0 and 2000/1 should be regarded with caution since the time series fluctuates too much to draw any firm conclusions about change.

For 31% of pensioner units, over half of gross income came from private sources in 2000/1 ([Table 7](#)). The proportion was higher for couples (42%) than singles (23%), and considerably higher among the recently retired, at 44%. This measure is somewhat arbitrary but does allow some analysis of trends over time. The overall proportion increased from 19% in 1979 to 30% 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.

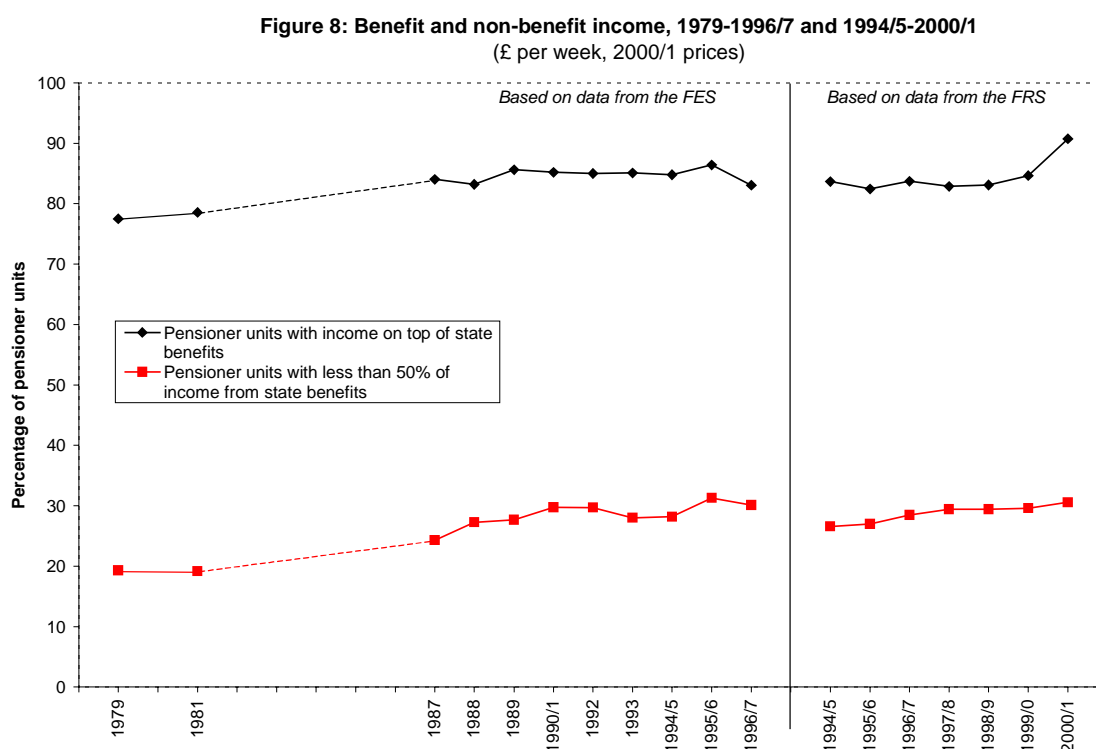


Table 6: The proportion of pensioner units with income on top of state benefits, 1994/5-2000/1

Results based upon data from the FRS

	1994/5	1997/8	1998/9	1999/0	2000/1
All pensioner units					
Total	84%	83%	83%	85%	91%
Pensioner couples	92%	92%	92%	92%	95%
Single pensioners	78%	77%	77%	80%	88%
Recently retired pensioner units					
Total	88%	87%	86%	88%	85%
Pensioner couples	93%	93%	92%	93%	93%
Single pensioners	80%	78%	75%	79%	74%

Notes:

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

(2) *The increase in 2000/1 in the proportion of all pensioners units with income on top of state benefits is explained by the introduction of free TV licences for the over 75s in November 2000. Free TV licences have been included in the definition of 'other income'.*

Please also see 'General notes and definitions' on [page 24](#).

Table 7: The proportion of pensioner units with less than 50% of income from state benefits, 1994/5-2000/1

Results based upon data from the FRS

	1994/5	1997/8	1998/9	1999/0	2000/1
All pensioner units					
Total	27%	29%	29%	30%	31%
Pensioner couples	38%	40%	42%	40%	42%
Single pensioners	20%	23%	22%	23%	23%
Recently retired pensioner units					
Total	41%	45%	45%	45%	44%
Pensioner couples	46%	49%	51%	50%	51%
Single pensioners	34%	39%	34%	35%	31%

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 24](#).

Section 11 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 the type of benefit income received is self-reported by survey respondents and therefore can be subject to misreporting. For example, some survey respondents may not be able to distinguish between the state Retirement Pension and the Minimum Income Guarantee (MIG) because these benefits are paid jointly.

By far the most common source of income for pensioners in 2000/1 was the state Retirement Pension (or one of the National Insurance Fund-based alternatives – widows' benefits or Incapacity Benefit). Almost all pensioner units (98%) received income from this source (Figure 9). Over 70% of pensioner units received investment income, whilst just 60% received income from an occupational pension. All other sources were received by less than half of all pensioner units, including earnings (received by around 9%).

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 2000/1 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 (£67.50 for singles and £107.90 for couples in 2000/1), although other components such as SERPS boosted RP income for many. 70% of those with disability benefits received between £30 and £60 a week, reflecting typical benefit rates. Amounts of investment income received were typically small, with 57% receiving less than £10, although 5% received more than £200. Pensioners with an occupational pension were more likely to receive a significant amount, with 58% receiving more than £50 a week, including 17% with more than £200 a week.

Figure 9: Proportion of pensioner units in receipt of selected sources of income, 2000/1

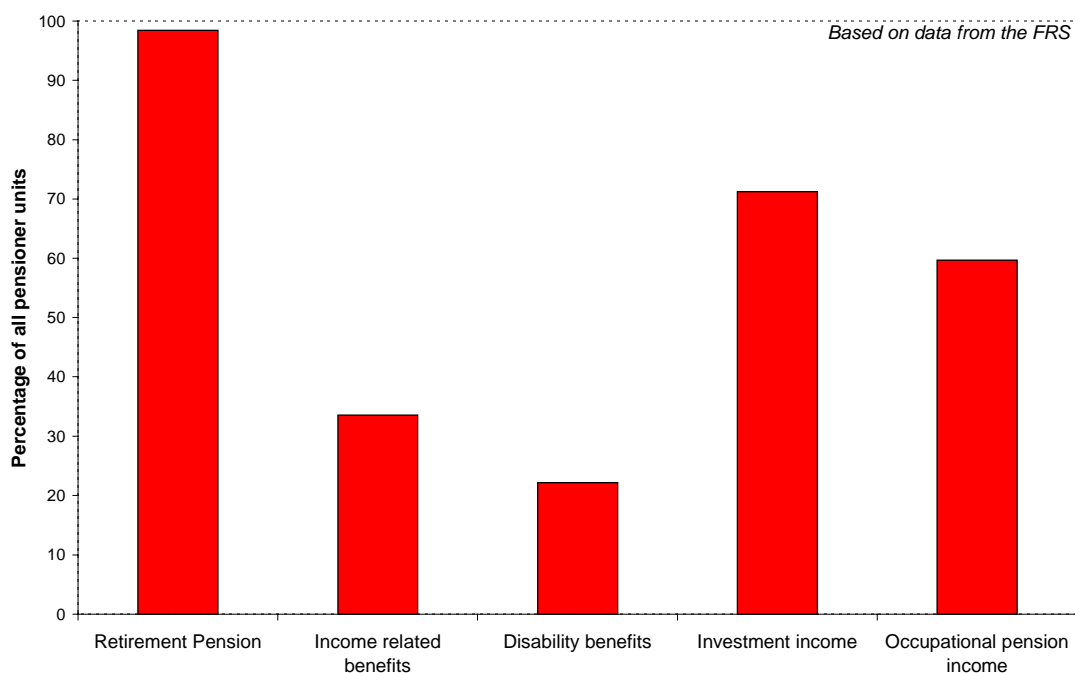
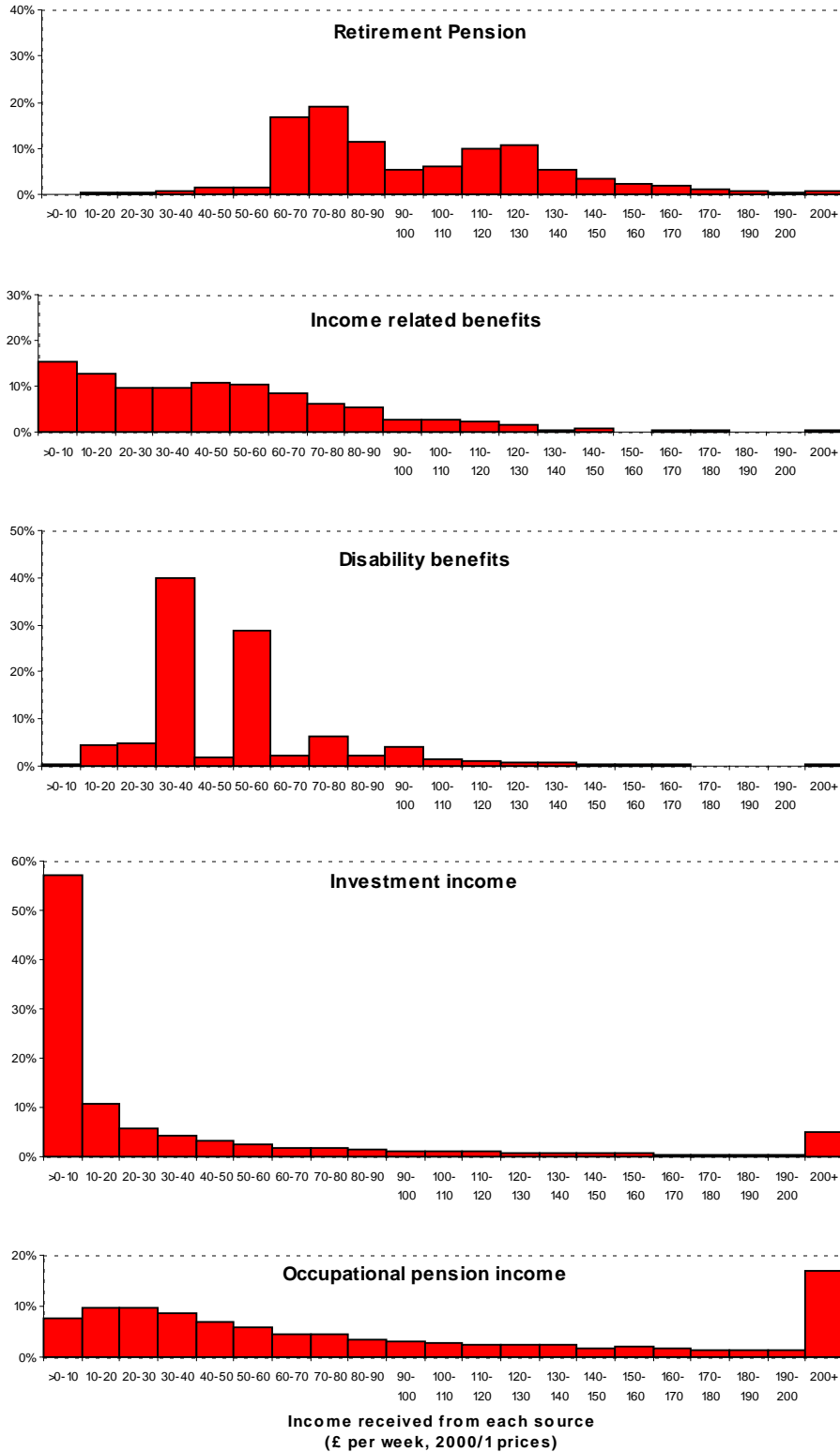


Figure 10: Distribution of income received from selected sources, 2000/1
(Percentage of those pensioner units in receipt that fall into each income band)

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.

Please also see 'General notes and definitions' on page 24.

(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 (98%) received the state Retirement Pension (or one of the contributory benefit alternatives, widows' benefits or Incapacity Benefit) in 2000/1 (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 £98 per week in 2000/1 (£78 for singles and £129 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.

SERPS fully matured in 1998, the first year in which people could retire with 20 years' contributions. However, it is likely that SERPS (and, in the future, State Second Pension) will continue to have a positive effect on average real incomes, as each new wave of retirees will have made contributions at a higher level than the preceding one.

Figure 11: Pensioner units in receipt of state Retirement Pension, 1979-1996/7 and 1994/5-2000/1 (£ per week, 2000/1 prices)

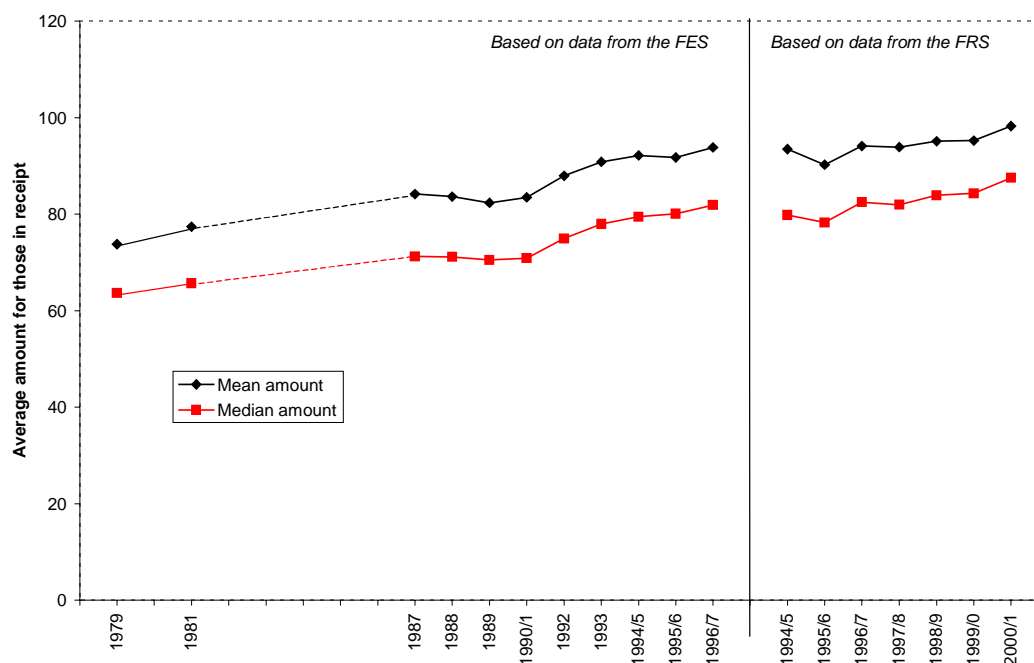


Table 8: The proportion of pensioner units with income from state Retirement Pension and the average amount for those in receipt, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					FES
	1994/5	1997/8	1998/9	1999/0	2000/1	% Growth in average amount 1979-1996/7
Proportion in receipt of state Retirement Pension (%)						
All pensioner units						
Total	98%	98%	99%	98%	98%	
Pensioner couples	99%	99%	100%	99%	99%	
Single pensioners	98%	97%	98%	97%	98%	
Recently retired pensioner units						
Total	96%	96%	98%	96%	97%	
Pensioner couples	98%	98%	99%	97%	98%	
Single pensioners	95%	93%	96%	95%	95%	
Average amount of RP for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	93	94	95	95	98	27%
Pensioner couples	125	124	125	125	129	26%
Single pensioners	74	74	76	75	78	24%
Recently retired pensioner units						
Total	106	109	110	109	112	31%
Pensioner couples	125	126	127	127	131	27%
Single pensioners	77	79	80	79	81	34%
Median amounts						
All pensioner units						
Total	80	82	84	84	88	29%
Pensioner couples	120	120	122	121	125	23%
Single pensioners	71	72	73	72	75	18%
Recently retired pensioner units						
Total	111	113	113	111	114	25%
Pensioner couples	121	122	122	122	125	24%
Single pensioners	75	76	76	76	76	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 24](#).

(b) Pensioners in receipt of income related benefits

Income related benefits in 2000/1 included the Minimum Income Guarantee, Working Families' Tax Credit, Housing Benefit, Council Tax Benefit and Social Fund Grants. These benefits were less common than state Retirement Pension, but were nevertheless received by just over a third of all pensioner units in 2000/1 ([Table 9](#)). Receipt was considerably more common among single pensioners (44%) than pensioner couples (18%). This pattern is 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 ([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 followed by the introduction of the Minimum Income Guarantee (MIG) for the over 59s in April 1999. Compared with Income Support for the over 59s, MIG was, by 2000/1, being paid at a basic weekly rate of £6 more for single people and £10 more for couples. 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.

Figure 12: Pensioner units in receipt of income related benefits, 1979-1996/7 and 1994/5-2000/1
(£ per week, 2000/1 prices)

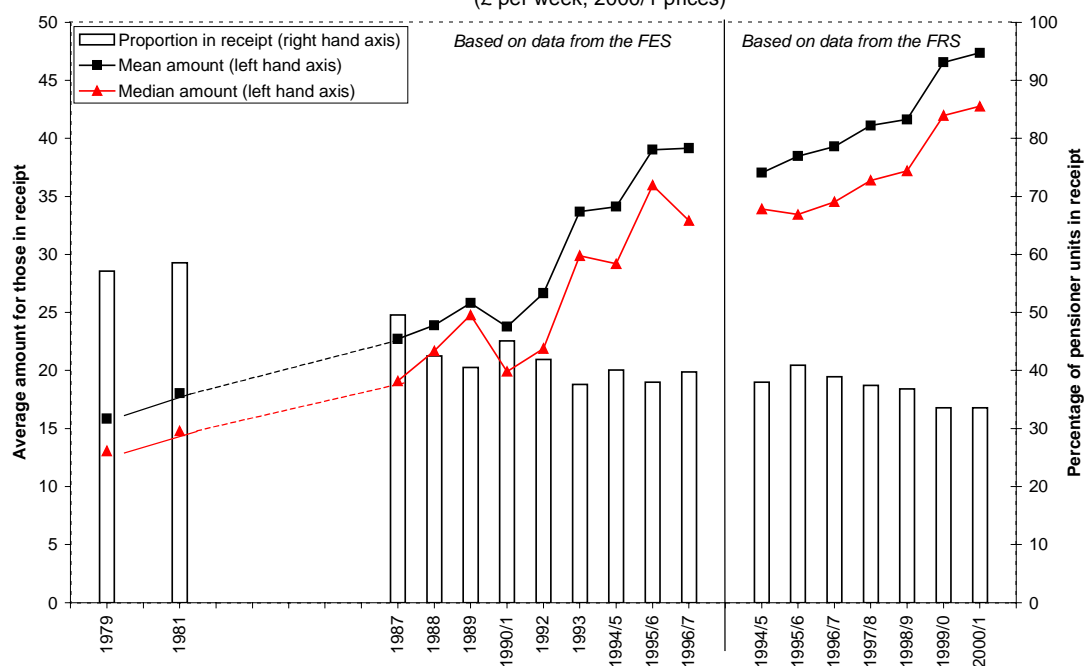


Table 9: The proportion of pensioner units with income from income related benefits and the average amount for those in receipt, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					FES
	1994/5	1997/8	1998/9	1999/0	2000/1	% Growth in average amount 1979-1996/7
Proportion in receipt of Income Related Benefits (%)						
All pensioner units						
Total	38%	37%	37%	34%	34%	
Pensioner couples	23%	21%	21%	18%	18%	
Single pensioners	47%	48%	47%	44%	44%	
Recently retired pensioner units						
Total	26%	24%	25%	23%	23%	
Pensioner couples	17%	16%	15%	13%	12%	
Single pensioners	41%	39%	42%	38%	39%	
Average amount of IRB for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	37	41	42	47	47	147%
Pensioner couples	31	34	34	41	44	149%
Single pensioners	39	43	44	48	48	142%
Recently retired pensioner units						
Total	38	43	41	53	53	214%
Pensioner couples	34	37	35	48	49	217%
Single pensioners	41	48	45	56	56	200%
Median amounts						
All pensioner units						
Total	34	36	37	42	43	152%
Pensioner couples	24	23	23	26	35	109%
Single pensioners	37	39	41	45	44	153%
Recently retired pensioner units						
Total	32	32	36	45	48	195%
Pensioner couples	20	23	23	34	36	84%
Single pensioners	38	41	43	51	53	154%

Notes:

- (1) Income related benefits refer to Minimum Income Guarantee, Working Families' Tax 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 24](#).

(c) Pensioners in receipt of disability benefits

This income category covers a wide range of benefits. Those most commonly received by pensioners in 2000/1 were Attendance Allowance and Disability Living Allowance.

One fifth of all pensioner units received some form of disability benefit in 2000/1. [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 £51 a week in 2000/1. This followed an increase of 30% between 1979 and 1996/7. Estimates for more recent years do not suggest any major changes in the second half of the 1990s.

Figure 13: Pensioner units in receipt of disability benefits, 1979-1996/7 and 1994/5-2000/1
(£ per week, 2000/1 prices)

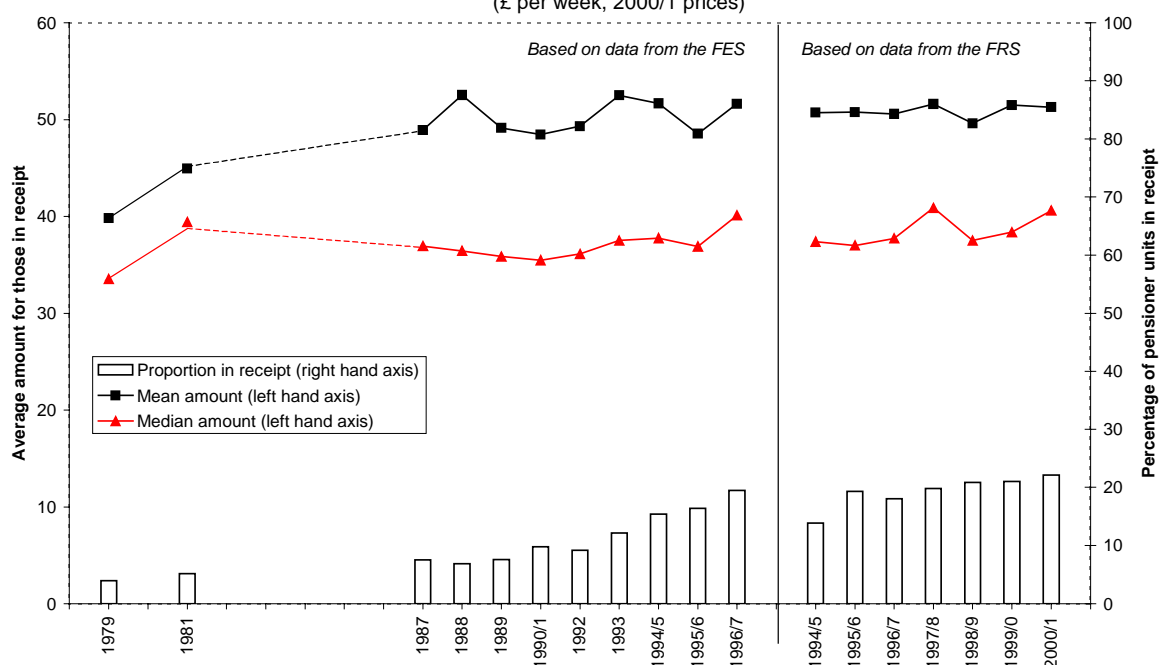


Table 10: The proportion of pensioner units with income from disability benefits and the average amount for those in receipt, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					FES
	1994/5	1997/8	1998/9	1999/0	2000/1	% Growth in average amount 1979-1996/7
Proportion in receipt of disability benefits (%)						
All pensioner units						
Total	14%	20%	21%	21%	22%	
Pensioner couples	17%	23%	23%	23%	25%	
Single pensioners	12%	18%	20%	20%	20%	
Recently retired pensioner units						
Total	14%	18%	16%	16%	18%	
Pensioner couples	16%	20%	18%	18%	20%	
Single pensioners	11%	13%	13%	14%	15%	
Average amount of disability benefits for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	51	52	50	51	51	30%
Pensioner couples	55	58	55	57	57	38%
Single pensioners	47	46	46	47	46	28%
Recently retired pensioner units						
Total	54	57	53	57	56	16%
Pensioner couples	58	63	56	61	58	27%
Single pensioners	47	43	45	50	50	-13%
Median amounts						
All pensioner units						
Total	37	41	37	38	41	20%
Pensioner couples	41	52	51	54	52	53%
Single pensioners	36	37	37	38	37	14%
Recently retired pensioner units						
Total	40	49	41	53	51	-11%
Pensioner couples	43	52	50	53	51	16%
Single pensioners	37	37	37	51	47	-18%

Notes:

- (1) Disability benefits refer to War Disablement Pension, Attendance Allowance, Invalid Care Allowance, Industrial Injuries Disablement Pension, Severe Disablement Allowance, Disability Living Allowance (Mobility and Care components), Disabled Person's Tax Credit 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 24](#).

(d) Pensioners in receipt of investment income

Investment income was the second most common source of income, received by 71% of all pensioner units in 2000/1 ([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 were considerably higher than the median amounts. This suggests that the majority of pensioners received relatively small amounts of investment income (half of pensioner units in receipt received less than £6 a week – i.e. the median – in 2000/1), while a small number of pensioners received considerably higher amounts (boosting the mean to £45 a week in 2000/1). 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 particular 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 and 1994/5-2000/1
(£ per week, 2000/1 prices)

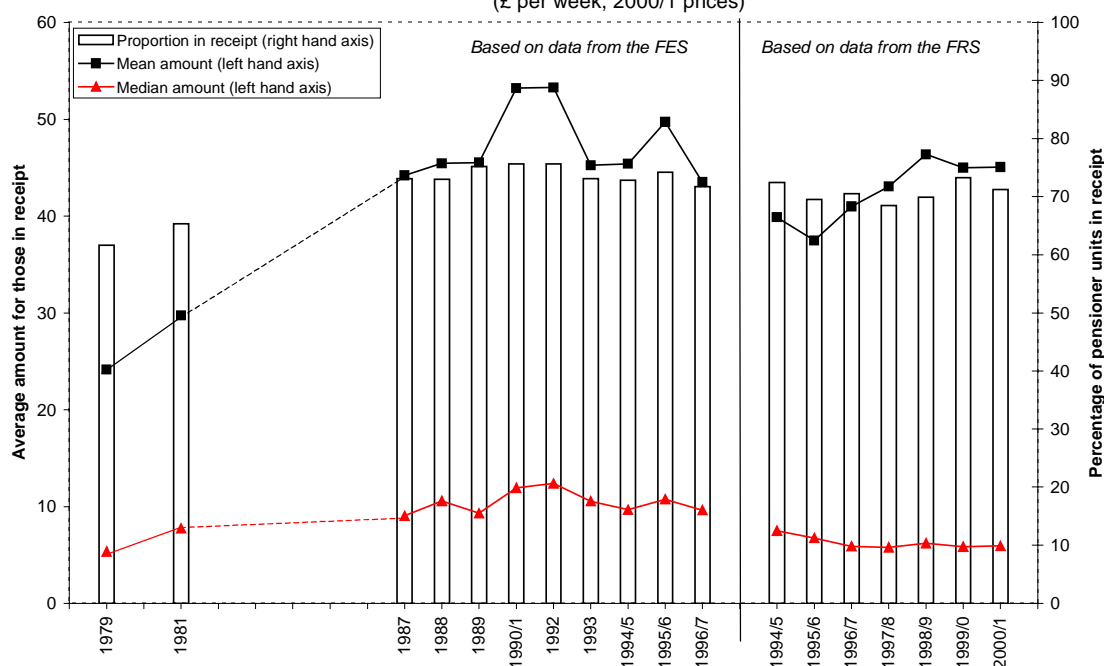


Table 11: The proportion of pensioner units with investment income and the average amount for those in receipt, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					FES
	1994/5	1997/8	1998/9	1999/0	2000/1	% Growth in average amount 1979-1996/7
Proportion in receipt of investment income (%)						
All pensioner units						
Total	72%	68%	70%	73%	71%	
Pensioner couples	81%	79%	80%	81%	80%	
Single pensioners	67%	62%	64%	68%	66%	
Recently retired pensioner units						
Total	75%	72%	73%	76%	73%	
Pensioner couples	81%	80%	80%	82%	81%	
Single pensioners	67%	61%	59%	65%	60%	
Average amount of investment income for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	40	43	46	45	45	80%
Pensioner couples	58	66	68	68	65	100%
Single pensioners	26	25	29	27	29	54%
Recently retired pensioner units						
Total	54	70	72	64	60	124%
Pensioner couples	64	83	86	77	72	139%
Single pensioners	35	43	40	36	35	50%
Median amounts						
All pensioner units						
Total	8	6	6	6	6	80%
Pensioner couples	14	11	13	13	13	165%
Single pensioners	5	3	3	3	3	43%
Recently retired pensioner units						
Total	12	11	12	12	11	196%
Pensioner couples	16	14	17	20	16	294%
Single pensioners	7	5	5	4	4	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 24](#).

(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 2000/1 60% of pensioner units received occupational pension income, at an average of £114 a week ([Table 12](#)). They also suggest that average occupational pension income has continued to increase over recent years, although the trend in the proportion in receipt is less clear.

Figure 15: Pensioner units in receipt of occupational pension income, 1979-1996/7 and 1994/5-2000/1
(£ per week, 2000/1 prices)

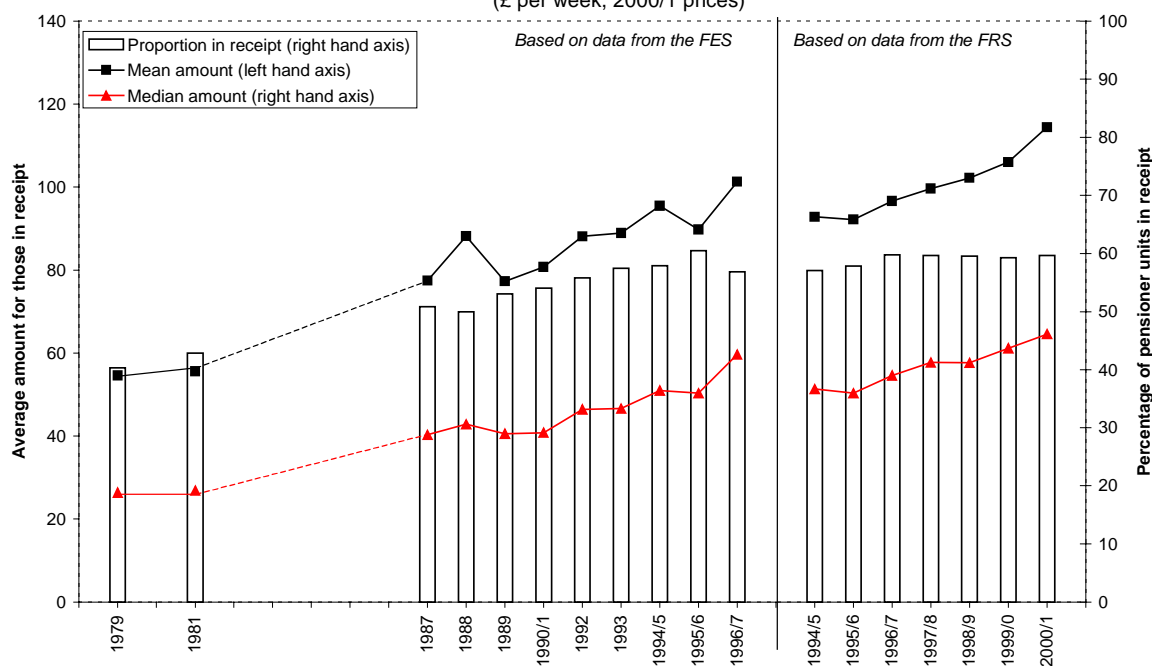


Table 12: The proportion of pensioner units with occupational pension income and the average amount for those in receipt, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					FES
	1994/5	1997/8	1998/9	1999/0	2000/1	% Growth in average amount 1979-1996/7
Proportion in receipt of occupational pension income (%)						
All pensioner units						
Total	57%	60%	60%	59%	60%	
Pensioner couples	72%	75%	74%	71%	72%	
Single pensioners	48%	50%	50%	52%	52%	
Recently retired pensioner units						
Total	65%	67%	66%	64%	59%	
Pensioner couples	74%	76%	74%	71%	69%	
Single pensioners	51%	51%	52%	51%	44%	
Average amount of occupational pension income for those in receipt (£pw)						
Mean amounts						
All pensioner units						
Total	93	100	102	106	114	86%
Pensioner couples	122	131	133	139	154	107%
Single pensioners	65	71	73	76	79	65%
Recently retired pensioner units						
Total	119	136	135	145	150	100%
Pensioner couples	132	154	152	165	171	109%
Single pensioners	88	93	93	97	95	90%
Median amounts						
All pensioner units						
Total	51	58	58	61	65	126%
Pensioner couples	77	84	85	91	100	200%
Single pensioners	38	42	43	44	46	94%
Recently retired pensioner units						
Total	75	87	86	96	97	170%
Pensioner couples	87	107	104	116	119	203%
Single pensioners	55	63	58	62	57	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 24](#).

Section 12 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 7](#)). 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 median net income (before housing costs) of the top fifth was around three times that of the bottom fifth. Pensioner couples in the bottom fifth received £146 a week in 2000/1, compared with £501 for the top fifth. Among single pensioners, the bottom fifth received £82 and the top fifth £247.

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). In contrast, more recent estimates suggest that growth in average income between 1994/5 and 2000/1 was fairly evenly spread across the income distributions of both single pensioners and pensioner couples.

**Figure 16: Net income of pensioner couples,
by position in the net income distribution, 1979 & 1996/7**
(£ per week, 2000/1 prices)

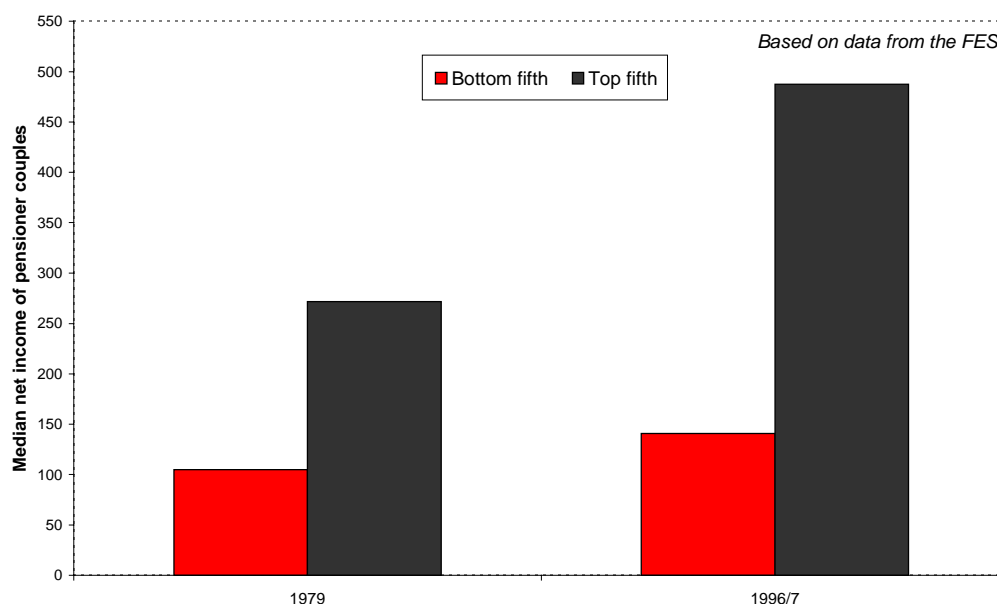


Table 13: The median net income of pensioner units by quintile of the net income distribution, 1994/5 & 2000/1

Results based upon data from the FRS

Incomes in £ per week, 2000/1 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	131	169	206	270	436	262
Single pensioners	72	95	114	137	208	135
Net income after housing costs						
Pensioner couples	106	140	182	244	409	234
Single pensioners	51	69	79	111	184	107
2000/1						
Medians						
Net income before housing costs						
Pensioner couples	146	193	240	313	501	301
Single pensioners	82	114	135	168	247	160
Net income after housing costs						
Pensioner couples	124	169	220	298	489	281
Single pensioners	65	83	106	145	225	136

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 24](#).

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 2000/1, 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 nearly 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 2000/1 ([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 £300 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 £184 and £142 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, 2000/1
(£ per week, 2000/1 prices)

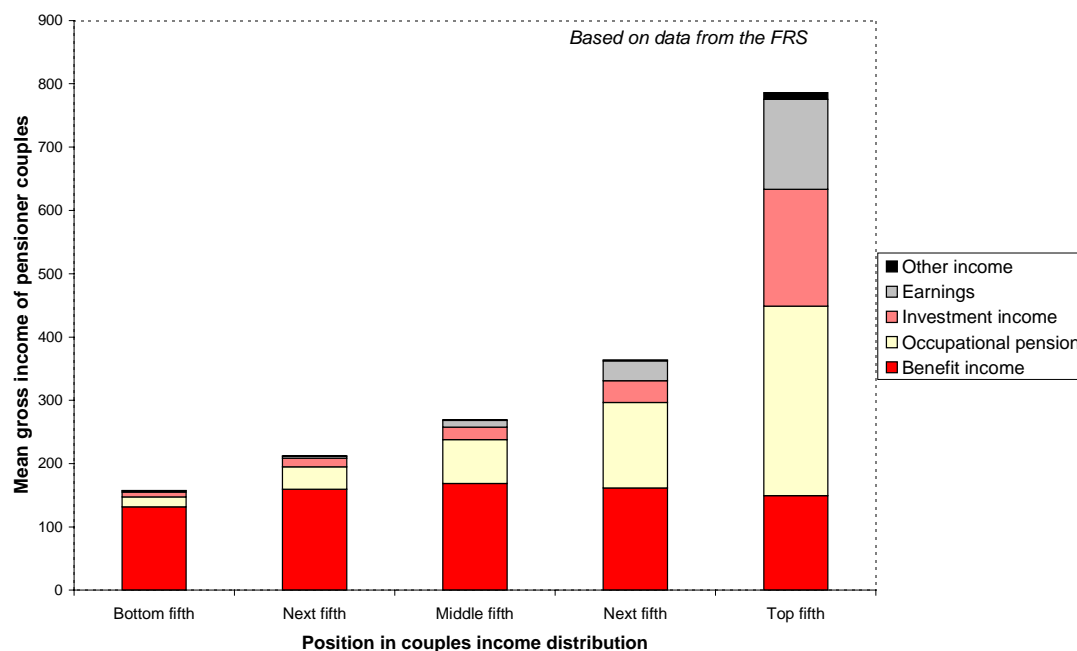


Table 14: Components of mean gross income of pensioner units by quintile of the net income distribution, 1994/5 & 2000/1

Results based upon data from the FRS

Incomes in £ per week, 2000/1 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	143	184	229	311	675	308
Of which:						
Benefit income	124	142	151	148	132	140
Occupational pension	11	26	53	110	242	88
Investment income	8	11	15	30	171	47
Earnings	1	4	10	23	126	32
Other income	*	1	*	*	4	1
Single pensioners						
Gross income	80	104	123	152	309	154
Of which:						
Benefit income	72	86	104	110	110	97
Occupational pension	3	11	13	29	100	31
Investment income	5	6	5	10	63	18
Earnings	*	*	1	2	33	7
Other income	*	*	*	1	3	1
2000/1 Means						
Pensioner couples						
Gross income	158	212	269	364	786	358
Of which:						
Benefit income	132	160	168	161	149	154
Occupational pension	15	35	70	135	300	111
Investment income	8	14	20	35	184	52
Earnings	2	3	10	31	142	38
Other income	*	*	1	1	10	3
Single pensioners						
Gross income	89	124	148	188	367	183
Of which:						
Benefit income	80	103	117	127	133	112
Occupational pension	4	15	22	44	119	41
Investment income	4	5	6	13	69	19
Earnings	*	*	2	3	40	9
Other income	*	1	1	2	5	2

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 24](#).

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 2000/1. 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 2000/1, 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 (22%). Single men were more likely to be in the top fifth (24%) than the bottom fifth (15%). 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 26% of couples where the head was 75 or over falling into the bottom fifth ([Figure 18](#)). The pattern for singles was less pronounced. Older single pensioners were only slightly over-represented at the bottom of the distribution, with 23% of singles aged 75 or over falling into the bottom fifth. The differences between age groups were similar when using the after housing costs definition of income.

Figure 18: Pensioner couples by age and position in the net income distribution, 2000/1

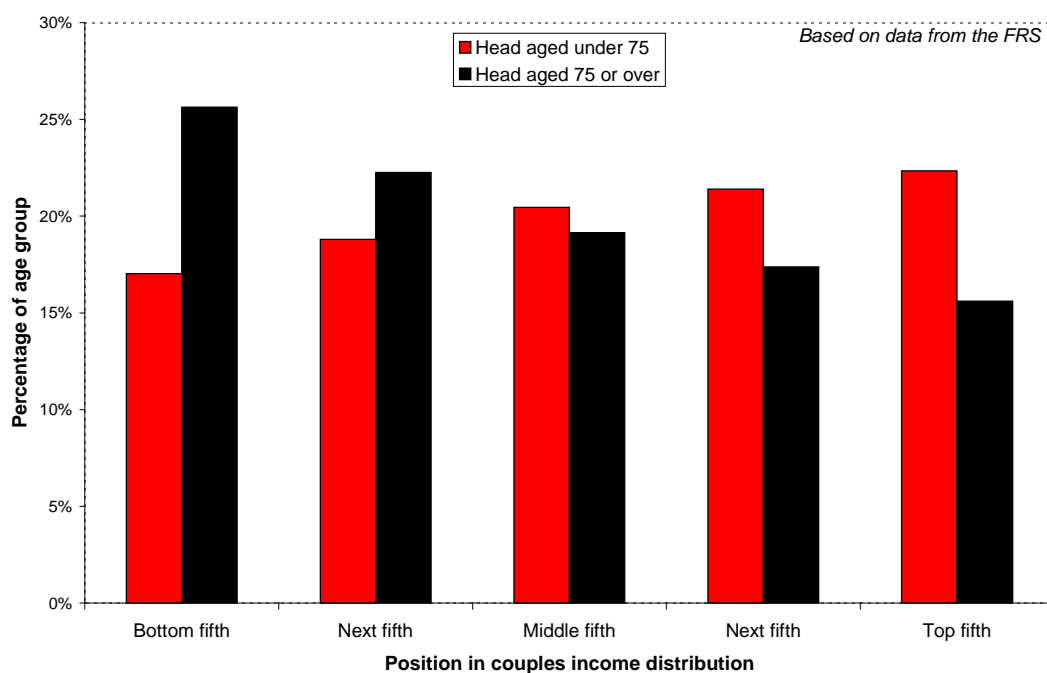


Table 15: Age and gender of pensioners by quintile of the net income distribution, 2000/1

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	15%	17%	20%	23%	25%	100%
Head aged under 75	17%	19%	20%	21%	22%	100%
Head aged 75 or over	26%	22%	19%	17%	16%	100%
Pensioner couples' net income After Housing Costs distribution						
All pensioner couples	20%	20%	20%	20%	20%	100%
Recently retired	15%	17%	21%	22%	26%	100%
Head aged under 75	17%	18%	21%	21%	23%	100%
Head aged 75 or over	25%	24%	18%	17%	15%	100%
Single pensioners' net income Before Housing Costs distribution						
All single pensioners	20%	20%	20%	20%	20%	100%
Single male pensioner	15%	20%	20%	21%	24%	100%
Single female pensioner	22%	20%	20%	20%	19%	100%
Recently retired	15%	19%	19%	21%	26%	100%
Aged under 75	17%	21%	20%	20%	22%	100%
Aged 75 or over	23%	19%	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%	19%	22%	18%	25%	100%
Single female pensioners	21%	20%	20%	21%	18%	100%
Recently retired	22%	17%	18%	16%	27%	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 24](#).

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 2000/1 were less likely to receive income from investments or occupational pensions. The proportion of pensioner couples with investment income ranged from 66% among the bottom fifth to 95% among the top fifth, while rates of occupational pension receipt ranged from 45% to 86% 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 Minimum Income Guarantee 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 typically 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, 2000/1

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 of each quintile in receipt of:						
State Retirement Pension	97%	100%	100%	100%	99%	99%
Income related benefits	29%	30%	19%	8%	1%	18%
Disability benefits	13%	31%	39%	29%	15%	25%
Investment income	66%	74%	78%	86%	95%	80%
Occupational pension income	45%	67%	77%	86%	86%	72%
Pensioner couples' net income After Housing Costs distribution						
Proportion of each quintile in receipt of:						
State Retirement Pension	97%	100%	100%	100%	99%	99%
Income related benefits	43%	27%	12%	5%	1%	18%
Disability benefits	13%	39%	34%	26%	15%	25%
Investment income	63%	73%	81%	88%	95%	80%
Occupational pension income	41%	65%	80%	87%	86%	72%
Single pensioners' net income Before Housing Costs distribution						
Proportion of each quintile in receipt of:						
State Retirement Pension	96%	98%	99%	99%	98%	98%
Income related benefits	38%	51%	58%	45%	28%	44%
Disability benefits	3%	12%	16%	35%	34%	20%
Investment income	61%	61%	60%	70%	77%	66%
Occupational pension income	27%	50%	53%	63%	67%	52%
Single pensioners' net income After Housing Costs distribution						
Proportion of each quintile in receipt of:						
State Retirement Pension	97%	98%	99%	98%	98%	98%
Income related benefits	46%	77%	42%	37%	18%	44%
Disability benefits	4%	3%	24%	43%	26%	20%
Investment income	55%	55%	66%	70%	82%	66%
Occupational pension income	28%	35%	59%	64%	72%	52%

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) 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 24](#).

Section 13 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 7](#)) 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](#). For estimates of this type, we are able to compare FRS-based estimates ([Table 17](#)) directly with FES-based estimates ([Table A17](#)), since they are less sensitive to the choice of survey than estimates of income levels (see [Section 4](#)). 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 2000/1, this proportion had almost halved to 25%. There were increases in the proportion of pensioners falling into each of the other four fifths. In 2000/1, 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 that 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 & 2000/1

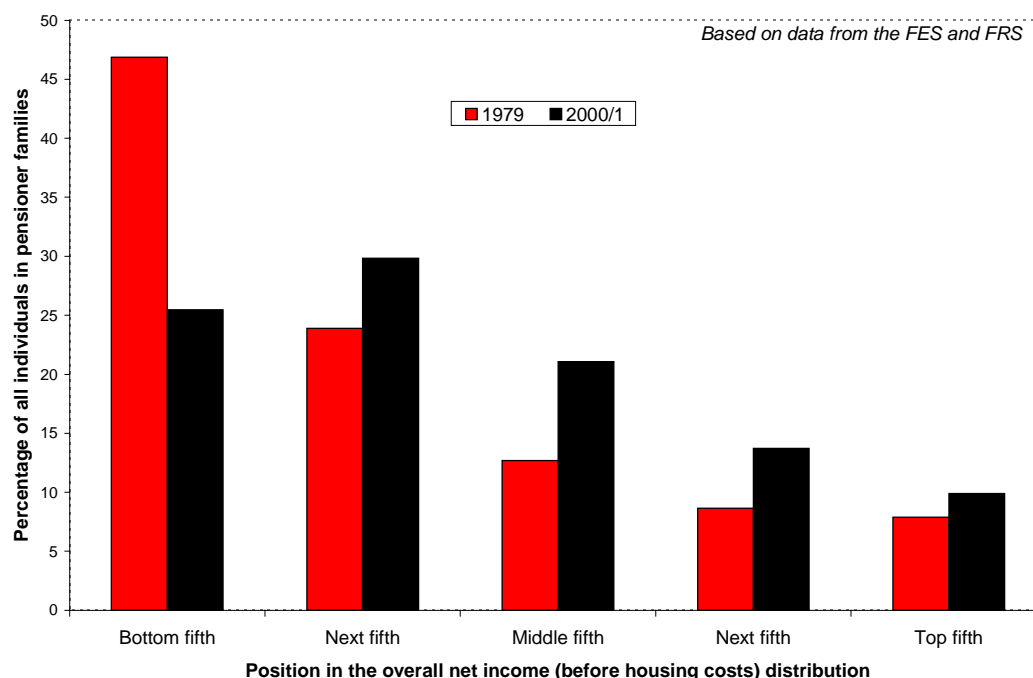


Table 17: The proportion of individuals in pensioner families in each quintile of the overall population net income distribution

HBAI Methodology

Results based upon data from the FRS

	Quintiles of the Income Distribution					All
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
HBAI 1994/5						
All pensioners						
Before housing costs	25%	32%	20%	13%	10%	100%
After housing costs	19%	33%	20%	15%	12%	100%
Pensioner couples						
Before housing costs	24%	29%	21%	15%	11%	100%
After housing costs	18%	29%	23%	17%	13%	100%
Single pensioners						
Before housing costs	27%	36%	19%	12%	7%	100%
After housing costs	20%	39%	17%	14%	10%	100%
HBAI 2000/1						
All pensioners						
Before housing costs	25%	30%	21%	14%	10%	100%
After housing costs	20%	30%	21%	16%	13%	100%
Pensioner couples						
Before housing costs	26%	27%	22%	14%	12%	100%
After housing costs	19%	28%	22%	17%	15%	100%
Single pensioners						
Before housing costs	25%	33%	21%	13%	7%	100%
After housing costs	21%	32%	21%	15%	11%	100%

Notes:

(1) In [Tables 17](#) and [18](#), figures have been calculated using HBAI methodology (see [Sections 7](#) & [13](#)). 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 the 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 24](#).

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 20% in 2000/1.

The proportion of pensioners in the top half of the overall population income distribution has increased since 1979 (Figure 20). A third of pensioners were in the top half in 2000/1, including 36% of individuals in pensioner couples and 30% 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 2000/1, including 41% of individuals in pensioner couples and 36% 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 (before housing costs) Distribution, 1979-1995/6 and 1994/5-2000/1

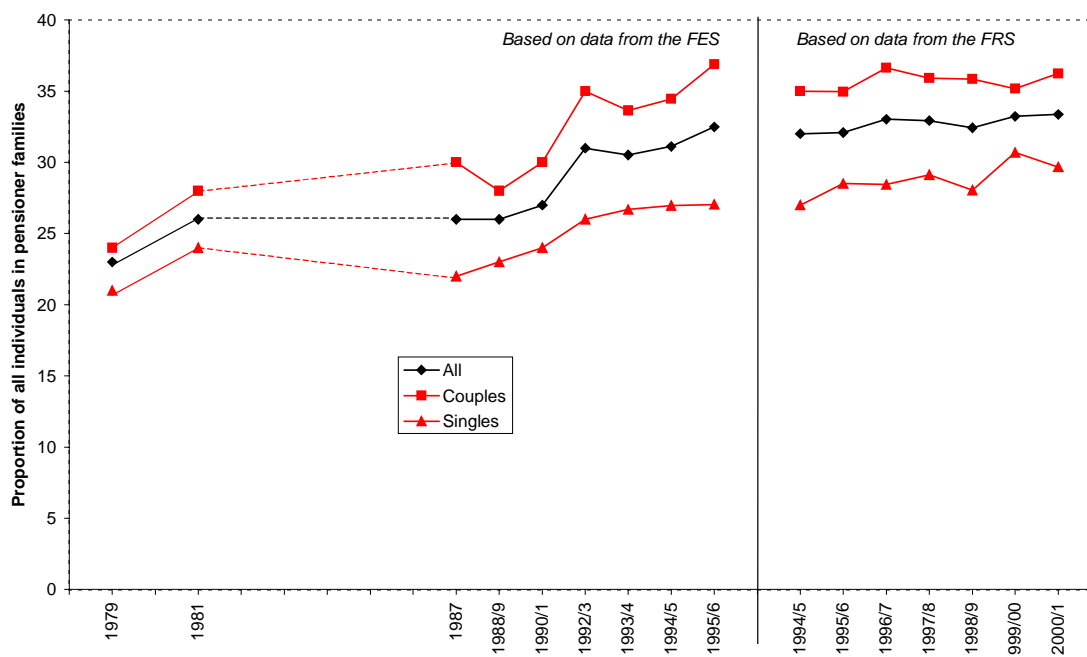


Table 18: The proportion of individuals in pensioner families in the top half of the overall population net income distribution, 1994/5-2000/1

HBAI Methodology

Results based upon data from the FRS

	1994/5	1997/8	1998/9	1999/0	2000/1
Net income before housing costs					
All pensioner units	32%	33%	32%	33%	33%
Pensioner couples	35%	36%	36%	35%	36%
Single pensioners	27%	29%	28%	31%	30%
Net income after housing costs					
All pensioner units	36%	38%	39%	39%	39%
Pensioner couples	41%	41%	42%	40%	41%
Single pensioners	31%	35%	35%	36%	36%

Notes:

(1) In [Tables 17](#) and [18](#), figures have been calculated using HBAI methodology (see [Sections 7](#) & [13](#)). 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 the 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 24](#).

Section 14 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 £457 a week in 2000/1, with net income at £351 and net income after housing costs at £327 ([Table 19](#)). [Figure 21](#) compares the components and level of their income with those of pensioner couples. The largest difference was in earnings, with the mixed status couples receiving five 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 net income of mixed status couples grew 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.

Estimates for this group are not robust enough to draw conclusions about income growth over the short period covered by FRS-based estimates, other than to say that the average has increased.

Figure 21: Sources of gross income of couples where the woman is over state pension age but the man is not, 2000/1
(£ per week, 2000/1 prices)

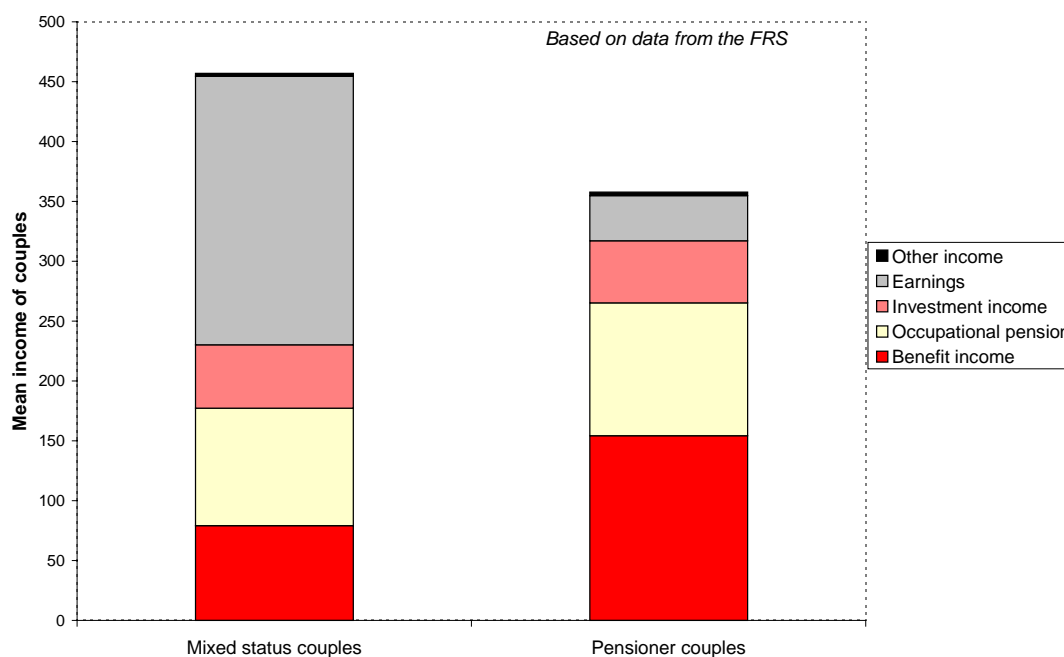


Table 19: The average incomes of couples where the woman is over state pension age but the man is not, 1994/5-2000/1

Results based upon data from the FRS & FES

Incomes in £ per week, 2000/1 prices

	FRS					As a % of gross income in 2000/1	FES
	1994/5	1997/8	1998/9	1999/0	2000/1		% Growth 1979-1996/7
Couples where the woman is over state pension age but the man is not							
Gross income	381	422	455	421	457	100%	46%
Of which:							
Benefit income	76	68	74	81	79	17%	57%
Occupational pension	93	95	104	100	98	22%	273%
Investment income	44	44	50	43	53	12%	345%
Earnings	167	214	226	193	224	49%	-10%
Other income	2	1	2	4	2	1%	121%
Net income before housing costs							
Mean	287	325	352	333	351	77%	53%
Median	239	266	278	270	283		41%
Net income after housing costs							
Mean	257	295	324	304	327	72%	62%
Median	212	236	248	249	261		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 24](#).

[Bank page]

**Appendix: Historical Results from the
Pensioners' Incomes Series**

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, 2000/1 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	137	185	219	225	223	62%	100%
Of which:							
Benefit income	84	95	114	114	118	41%	53%
Occupational pension	22	41	55	54	58	162%	26%
Investment income	15	34	33	37	31	110%	14%
Earnings	16	14	16	19	15	-5%	7%
Other income	1	1	1	1	1	21%	*
Net income before housing costs							
Mean	119	155	190	194	195	64%	88%
Median	95	117	146	150	155	63%	69%
Net income after housing costs							
Mean	99	135	164	168	168	70%	76%
Median	77	99	119	122	126	64%	57%
Pensioner couples							
Gross income	202	266	302	317	319	58%	100%
Of which:							
Benefit income	108	120	141	138	144	34%	45%
Occupational pension	40	68	91	86	96	139%	30%
Investment income	21	50	45	56	48	124%	15%
Earnings	32	28	24	35	30	-7%	9%
Other income	1	1	2	1	1	25%	*
Net income before housing costs							
Mean	173	223	264	273	277	60%	87%
Median	142	170	214	218	222	57%	70%
Net income after housing costs							
Mean	147	201	237	246	249	69%	79%
Median	119	152	186	194	194	63%	62%
Single pensioners							
Gross income	103	139	169	168	164	59%	100%
Of which:							
Benefit income	71	82	97	99	102	43%	62%
Occupational pension	12	26	34	35	34	173%	21%
Investment income	11	25	26	25	21	83%	13%
Earnings	7	6	11	9	6	-19%	4%
Other income	1	1	1	1	1	13%	*
Net income before housing costs							
Mean	90	117	146	146	145	60%	88%
Median	81	95	117	121	123	52%	75%
Net income after housing costs							
Mean	73	97	120	120	117	60%	73%
Median	62	68	81	90	91	47%	56%

Notes:

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

Please also see 'General notes and definitions' on [page 24](#).

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, 2000/1 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth 1979-1996/7
All pensioner units						
Gross income	137	183	215	219	217	58%
Of which:						
Benefit income	84	95	112	112	117	39%
Occupational pension	22	40	53	53	55	152%
Investment income	15	34	32	36	30	103%
Earnings	16	14	15	18	14	-11%
Other income	1	1	1	1	1	18%
Net income before housing costs						
Mean	119	153	186	190	191	60%
Net income after housing costs						
Mean	99	133	160	163	163	65%
Recently retired pensioner units						
Gross income	184	240	278	288	312	70%
Of which:						
Benefit income	88	101	117	116	124	42%
Occupational pension	34	54	78	74	87	154%
Investment income	18	44	40	46	43	134%
Earnings	42	40	41	49	56	32%
Other income	2	1	2	2	3	76%
Net income before housing costs						
Mean	155	199	238	246	266	72%
Net income after housing costs						
Mean	130	176	211	218	236	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 24](#).

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

Results based upon data from the FES

Incomes in £ per week, 2000/1 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	227	292	323	352	390	71%	100%
Of which:							
Benefit income	104	116	135	130	142	37%	36%
Occupational pension	47	71	99	99	114	140%	29%
Investment income	23	54	42	59	61	162%	16%
Earnings	51	50	46	62	71	38%	18%
Other income	2	1	2	2	2	46%	1%
Net income before housing costs							
Mean	192	243	280	301	332	73%	85%
Median	160	181	222	248	269	68%	69%
Net income after housing costs							
Mean	164	219	255	274	303	85%	79%
Median	136	163	201	225	242	79%	63%
Pensioner couples where the head is under 75							
Gross income	214	279	305	340	334	57%	100%
Of which:							
Benefit income	107	118	141	135	145	35%	43%
Occupational pension	43	72	92	94	98	130%	29%
Investment income	22	51	43	61	50	128%	15%
Earnings	41	37	28	49	40	-1%	12%
Other income	1	1	1	2	2	21%	*
Net income before housing costs							
Mean	181	232	267	290	290	60%	87%
Median	150	176	219	231	233	55%	70%
Net income after housing costs							
Mean	154	210	241	263	262	70%	80%
Median	127	158	193	207	205	62%	62%
Pensioner couples where the head is 75 or over							
Gross income	168	237	297	269	290	73%	100%
Of which:							
Benefit income	110	122	142	145	144	30%	50%
Occupational pension	32	59	88	70	92	184%	32%
Investment income	20	49	48	46	44	119%	15%
Earnings	5	7	16	7	9	95%	3%
Other income	*	1	3	*	1	*	*
Net income before housing costs							
Mean	148	202	256	236	253	71%	87%
Median	126	158	200	192	200	59%	69%
Net income after housing costs							
Mean	125	181	229	212	225	80%	79%
Median	106	134	173	167	170	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.

Please also see 'General notes and definitions' on [page 24](#).

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

Results based upon data from the FES

Incomes in £ per week, 2000/1 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	123	168	215	198	203	66%	100%
Of which:							
Benefit income	65	81	93	97	100	53%	49%
Occupational pension	15	30	50	39	48	213%	24%
Investment income	11	30	36	29	17	54%	9%
Earnings	29	27	35	32	34	18%	17%
Other income	1	1	2	1	3	123%	2%
Net income before housing costs							
Mean	103	139	178	169	174	68%	85%
Median	87	102	125	128	144	65%	71%
Net income after housing costs							
Mean	84	117	150	141	144	72%	72%
Median	69	76	94	104	111	62%	56%
Single pensioners, under 75							
Gross income	108	152	182	170	167	55%	100%
Of which:							
Benefit income	70	82	93	97	100	44%	60%
Occupational pension	14	32	42	39	38	168%	23%
Investment income	11	26	29	21	15	41%	9%
Earnings	12	11	16	12	12	-2%	7%
Other income	1	1	2	1	2	66%	1%
Net income before housing costs							
Mean	94	127	154	148	147	57%	88%
Median	82	99	118	123	124	52%	74%
Net income after housing costs							
Mean	76	106	127	122	118	56%	72%
Median	62	73	83	95	93	50%	57%
Single pensioners, 75 or over							
Gross income	97	126	155	166	160	66%	100%
Of which:							
Benefit income	74	82	101	100	104	41%	65%
Occupational pension	10	19	26	31	30	200%	19%
Investment income	12	24	23	29	26	116%	16%
Earnings	1	1	4	5	*	*	*
Other income	*	*	*	*	*	*	*
Net income before housing costs							
Mean	86	107	137	145	143	66%	89%
Median	79	89	115	120	122	54%	76%
Net income after housing costs							
Mean	69	88	112	118	116	68%	74%
Median	61	66	80	85	89	47%	57%

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 24](#).

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

Results based upon data from the FES

Incomes in £ per week, 2000/1 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	184	241	278	293	318	73%	100%
Of which:							
Benefit income	88	102	117	117	126	43%	39%
Occupational pension	34	54	79	76	89	160%	28%
Investment income	18	44	40	47	44	142%	14%
Earnings	42	40	41	50	57	35%	18%
Other income	2	1	2	2	3	74%	1%
Net income before housing costs							
Mean	155	200	238	250	271	75%	85%
Median	129	154	190	208	209	63%	66%
Net income after housing costs							
Mean	130	177	211	222	242	85%	77%
Median	106	134	164	186	185	74%	59%
Pensioner units where the head is under 75							
Gross income	151	207	237	248	244	61%	100%
Of which:							
Benefit income	85	98	115	114	121	42%	49%
Occupational pension	26	49	64	64	66	153%	27%
Investment income	15	37	35	39	31	102%	13%
Earnings	24	22	22	29	25	4%	10%
Other income	1	1	1	1	2	44%	1%
Net income before housing costs							
Mean	130	172	205	213	212	64%	87%
Median	107	136	159	167	169	57%	69%
Net income after housing costs							
Mean	108	151	178	186	184	70%	77%
Median	88	114	134	140	142	61%	59%
Pensioner units where the head is 75 or over							
Gross income	113	156	195	195	197	75%	100%
Of which:							
Benefit income	82	92	113	113	115	41%	59%
Occupational pension	15	29	43	42	48	215%	24%
Investment income	14	31	30	34	31	124%	16%
Earnings	2	3	8	6	3	75%	1%
Other income	*	*	1	*	*	*	*
Net income before housing costs							
Mean	100	132	171	170	174	74%	88%
Median	85	99	129	132	138	62%	70%
Net income after housing costs							
Mean	82	113	145	144	147	79%	76%
Median	65	73	105	111	112	71%	58%

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 24](#).

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

Results based upon data from the FES

Incomes in £ per week, 2000/1 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	121	142	188	188	180	49%	100%
Of which:							
Benefit income	68	81	98	95	98	45%	55%
Occupational pension	24	33	48	55	53	123%	29%
Investment income	16	23	29	31	22	39%	12%
Earnings	13	4	13	7	6	-52%	3%
Other income	*	*	*	*	*	*	*
Net income before housing costs							
Mean	103	120	160	161	157	53%	88%
Median	87	100	123	127	128	47%	71%
Net income after housing costs							
Mean	85	101	134	137	131	54%	74%
Median	68	76	90	103	103	51%	58%
Single female pensioners							
Gross income	99	139	163	163	159	61%	100%
Of which:							
Benefit income	72	82	97	100	103	43%	65%
Occupational pension	10	24	30	30	29	188%	18%
Investment income	10	26	25	24	20	97%	13%
Earnings	6	7	10	9	6	-3%	4%
Other income	1	1	1	1	1	17%	1%
Net income before housing costs							
Mean	88	116	142	142	141	61%	89%
Median	79	93	115	120	122	53%	76%
Net income after housing costs							
Mean	71	97	116	115	114	61%	73%
Median	60	67	80	85	87	44%	56%

Notes:

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

Please also see 'General notes and definitions' on [page 24](#).

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 24](#).

Table A7: The proportion of pensioner units with less than 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	19%	28%	28%	31%	30%
Pensioner couples	27%	37%	38%	43%	40%
Single pensioners	15%	23%	22%	24%	24%
Recently retired pensioner units					
Total	35%	38%	41%	46%	48%
Pensioner couples	37%	43%	45%	55%	54%
Single pensioners	32%	31%	36%	34%	39%

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 24](#).

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, 2000/1 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	74	82	92	92	94	27%
Pensioner couples	99	109	122	121	124	26%
Single pensioners	60	67	74	74	75	24%
Recently retired pensioner units						
Total	83	93	104	103	108	31%
Pensioner couples	98	108	121	120	124	27%
Single pensioners	60	70	79	76	80	34%
Median amounts						
All pensioner units						
Total	64	71	79	80	82	29%
Pensioner couples	99	109	119	118	122	23%
Single pensioners	61	66	71	71	72	18%
Recently retired pensioner units						
Total	91	101	110	111	114	25%
Pensioner couples	99	110	119	118	122	24%
Single pensioners	61	69	78	76	77	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 24](#).

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, 2000/1 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	16	26	34	39	39	147%
Pensioner couples	12	21	27	34	30	149%
Single pensioners	17	27	37	41	42	142%
Recently retired pensioner units						
Total	14	26	33	45	44	214%
Pensioner couples	12	21	25	39	37	217%
Single pensioners	17	29	39	47	51	200%
Median amounts						
All pensioner units						
Total	13	25	29	36	33	152%
Pensioner couples	9	15	17	28	19	109%
Single pensioners	15	27	32	38	37	153%
Recently retired pensioner units						
Total	11	23	27	38	32	195%
Pensioner couples	9	17	15	31	16	84%
Single pensioners	16	29	34	38	41	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 24](#).

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, 2000/1 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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	40	49	52	49	52	30%
Pensioner couples	41	52	57	54	57	38%
Single pensioners	38	45	47	44	48	28%
Recently retired pensioner units						
Total	47	57	55	51	54	16%
Pensioner couples	46	58	55	53	58	27%
Single pensioners	56	54	58	48	48	-13%
Median amounts						
All pensioner units						
Total	34	36	38	37	40	20%
Pensioner couples	34	38	52	51	52	53%
Single pensioners	33	36	36	36	38	14%
Recently retired pensioner units						
Total	45	38	38	40	40	-11%
Pensioner couples	38	36	38	44	44	16%
Single pensioners	49	50	37	37	40	-18%

Notes:

- (1) Disability benefits refer to War Disablement Pension, Attendance Allowance, Industrial Injuries Disablement Pension, Invalid Care Allowance, Severe Disablement 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 24](#).

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, 2000/1 prices

	1979	1989	1994/5	1995/6	1996/7	% Growth in average amount 1979-1996/7
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	24	46	45	50	43	80%
Pensioner couples	30	58	54	68	60	100%
Single pensioners	20	37	39	36	31	54%
Recently retired pensioner units						
Total	27	56	52	60	61	124%
Pensioner couples	32	61	51	68	76	139%
Single pensioners	19	47	54	44	28	54%
Median amounts						
All pensioner units						
Total	5	9	10	11	10	80%
Pensioner couples	7	16	17	19	19	165%
Single pensioners	4	7	6	6	6	43%
Recently retired pensioner units						
Total	7	15	14	18	21	196%
Pensioner couples	8	16	20	24	30	294%
Single pensioners	6	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 24](#).

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, 2000/1 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	55	77	96	90	101	86%
Pensioner couples	65	93	122	117	135	107%
Single pensioners	43	62	71	67	71	65%
Recently retired pensioner units						
Total	68	86	116	113	136	100%
Pensioner couples	76	97	132	127	159	109%
Single pensioners	46	61	88	78	88	90%
Median amounts						
All pensioner units						
Total	26	41	51	50	60	126%
Pensioner couples	30	53	72	68	89	200%
Single pensioners	24	30	38	38	46	94%
Recently retired pensioner units						
Total	32	45	66	73	87	170%
Pensioner couples	38	53	81	82	116	203%
Single pensioners	25	30	50	45	58	135%

Notes:

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

Please also see 'General notes and definitions' on [page 24](#).

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, 2000/1 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	105	122	142	181	272	173
1996/7	141	177	222	298	488	277
% Growth 1979-1996/7	34%	45%	57%	65%	80%	60%
Net income after housing costs						
1979	85	99	119	156	239	147
1996/7	112	150	194	275	461	249
% Growth 1979-1996/7	31%	51%	63%	76%	93%	69%
Medians						
Single pensioners						
Net income before housing costs						
1979	60	71	81	91	130	90
1996/7	77	105	123	154	230	145
% Growth 1979-1996/7	28%	47%	52%	70%	76%	61%
Net income after housing costs						
1979	48	56	62	72	112	73
1996/7	59	72	91	128	207	117
% Growth 1979-1996/7	22%	28%	47%	77%	85%	60%

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 24](#).

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, 2000/1 prices

	Quintiles of the Income Distribution					Overall Mean
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	
1979 Means						
Pensioner couples						
Gross income	111	129	153	205	413	202
Of which:						
Benefit income	104	114	114	108	99	108
Occupational pension	3	9	24	48	117	40
Investment income	3	5	7	14	78	21
Earnings	*	1	8	34	117	32
Other income	*	*	1	1	3	1
Single pensioners						
Gross income	63	76	87	100	190	103
Of which:						
Benefit income	59	71	78	80	69	71
Occupational pension	*	2	4	9	47	12
Investment income	2	3	4	7	41	11
Earnings	1	*	*	3	32	7
Other income	1	*	*	1	1	1
1996/7 Means						
Pensioner couples						
Gross income	150	190	242	337	678	319
Of which:						
Benefit income	130	149	155	155	133	144
Occupational pension	14	28	60	116	261	96
Investment income	7	9	16	44	164	48
Earnings	*	4	10	21	117	30
Other income	*	1	1	1	3	1
Single pensioners						
Gross income	83	113	134	171	317	164
Of which:						
Benefit income	75	95	108	113	120	102
Occupational pension	3	11	17	36	103	34
Investment income	5	7	7	17	68	21
Earnings	*	*	1	6	23	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 24](#).

Table A15 & A16:

[Tables 15](#) and [16](#) in the main body of the publication were introduced in the 1998/9 publication and use FRS data to examine the characteristics of *current* pensioners, by their position in the income distribution. Therefore, historical estimates based on FES data are not 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 7](#) and [13](#)). 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 the 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 24](#).

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 7](#) and [13](#)). 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 the 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 24](#).

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, 2000/1 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	289	361	434	363	422	46%	100%
Of which:							
Benefit income	40	52	60	71	63	57%	15%
Occupational pension	26	79	98	100	98	273%	23%
Investment income	17	65	83	62	75	345%	18%
Earnings	205	164	190	127	185	-10%	44%
Other income	1	2	2	2	2	121%	*
Net income before housing costs							
Mean	220	282	342	294	337	53%	80%
Median	193	235	266	260	271	41%	64%
Net income after housing costs							
Mean	188	256	311	267	304	62%	73%
Median	167	214	239	234	239	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 24](#).