

Poverty and financial disadvantage

(United Kingdom)

December 2021

All current and future pensioners should have enough money from state and private sources to live comfortably and participate fully in society

Pensioner poverty in the UK

There are 2.1 million pensioners (18 per cent) living in relative poverty in the UK.ⁱ The proportion is lower than it was in the late 1990s when nearly three in ten (29 per cent) were in poverty. However, although rates fell to 13 per cent in 2012/13, since then they have risen to 18 per cent in 2019/20.

Key issues

1. *Some groups are at greater risk of povertyⁱⁱ:*

- Tenants: 38 per cent of pensioners who are private tenants and 36 per cent of social rented sector tenants live in poverty, compared to 14 per cent of older people who own their home.
- Pensioners from minority ethnic groups: 33 per cent of Asian or Asian British pensioners and 30 per cent of Black or Black British, compared to 16 per cent of White pensioners.
- Older pensioners: 22 per cent of those aged 85+ and 19 per cent of those aged 80-84 compared to 17 per cent of 65–69-year-olds.
- Single older women: 27 per cent of single women pensioners, compared to 23 per cent of single men and 14 per cent of couples.

2. *Poverty and disadvantage are not just about income*

Some people have extra costs, which can make it harder to manage on a low or modest income. For example, these could be due to disability, caring responsibilities or living in a hard to heat home. And other factors can contribute to improving or reducing standards of living, including social support networks, health, financial management, area and housing support, and individual attitudes and priorities.

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3. Poverty levels could be reduced if people claimed their entitlements

Means-tested benefits provide a safety net to protect people on the lowest incomes yet many miss out on this vital support despite work to encourage take-up of benefits. According to the most recent estimates around £2.2 billion of Pension Credit and Housing Benefit are unclaimed by pensioners every year in Great Britain.ⁱⁱⁱ

Public policy proposals

- The Government should set out a clear reform programme, in partnership with third sector and other organisations, to end poverty in later life, with a focus on supporting the groups at greatest risk of poverty.
- In an ideal world, the State Pension system would provide an income sufficient to cover basic needs, and everyone would have opportunities to build up additional private incomes which would allow a comfortable retirement.
- However, there is a long way to go to achieve this aim and, in the meantime, benefit take-up must be increased through: on-going publicity, changes to administration and looking at ways of placing less onus on the individual to navigate a complicated system of benefits.
- Financial disadvantage also needs to be addressed through good social support, affordable essential goods and services, and access to information, advice, and support to help people maximise their income and make the most of what they have.

Want to find out more?

Age UK has agreed policy positions on a wide range of public policy issues. Our policies cover money matters, health and wellbeing, care and support, housing and communities. There are also some crosscutting themes, such as age equality and human rights, age-friendly government and information and advice.

www.ageuk.org.uk/our-impact/policy-research/policypositions/

ⁱ The figures here are based on the most commonly used definition which is say someone is in poverty if they live in a household with an income below 60 per cent of current median (or typical) household income, adjusted for household size, after housing costs. Figures are taken from the annual DWP publication, *Households below average income: for financial years ending 1995 to 2020*, DWP, 2021.

<https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2020>

ⁱⁱ As above, tables 6.5db and 3.5db

ⁱⁱⁱ Income-related benefits: estimates of take-up 2018-19, DWP October 2020.

<https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2018-to-2019>