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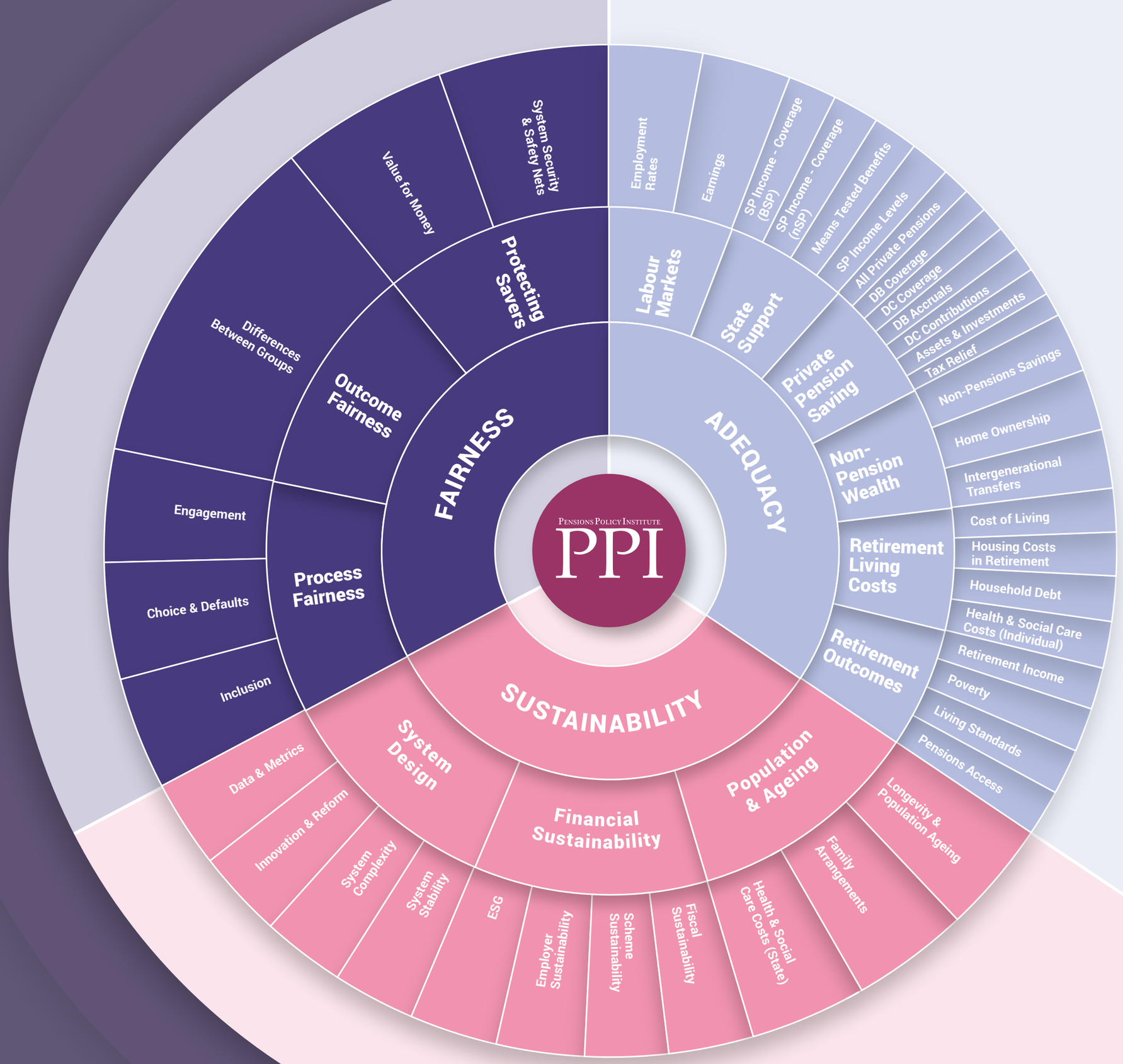

INDICATOR APPENDIX

2025 EDITION

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The UK Pensions Framework 2025 Edition:

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Introduction

This document provides detailed measures and findings that relate to analysis of indicators from across the 2025 UK Pensions Framework. It is intended as a source of information to supplement and evidence the 2025 UK Pensions Framework Systemwide Analysis report.

The UK Pensions Framework provides a long-term instrument for bringing together clear, comprehensive and independent analysis of three strategic objectives in the UK state and private pension systems which overall determine the financial security that people have in later life – adequacy, sustainability and fairness.

The Framework comprises forty-one indicators, each of which relates to one of the three system objectives. Full details of the Framework design and definitions of each objective can be found in the UK Pensions Framework Design Series, published by the Pensions Policy Institute in 2021.

Each indicator contains a series of quantitative and qualitative metrics. We use this information to assign a score out of six to each indicator in order to classify the extent to which outcomes are providing support for their relevant system objective. The classification score is calculated by reviewing findings from underlying indicator measures against a standardised set of principles for either adequacy, sustainability or fairness. Classifications take account of both point-in-time outcomes such as poverty rates, and trends in driving factors such as earnings or population ageing, to develop a picture of how the system is working for pensioners of today, and those of tomorrow. These scores are a useful way to develop an overall picture of where elements of the pension system are working well, and where there may be risks or opportunities to improve outcomes that could benefit overall levels of adequacy, sustainability and fairness in the future. The classification scores are:

L6	Strong support for system objective
L5	Good support for system objective
L4	Somewhat supports system objective
L3	Somewhat fails to support system objective
L2	Poor support for system objective
L1	Fails to support system objective

The indicators published in this appendix are organised by system objective and grouped by sub-objective.

Each indicator is identified by a unique alphanumeric code which first describes the objective against which the indicator is assessed, followed by the sub-objective group to which it relates, and finally the order in which the indicator appears in the sub-objective group. Upon the completion of analysis, indicators and their outcomes are brought together using a single visualisation tool, known as the Pensions Policy Wheel. The Pensions Policy Wheel is referenced widely throughout the Systemwide Analysis report. It is intended to illustrate trends, strengths, weaknesses, risks and trade-offs in the UK pension system, how they relate to each other, and how they relate to adequacy, sustainability and fairness as system objectives that shape the overall financial security people have in later life.

The following information is provided for each indicator in this Appendix:

- A description of why the indicator has been selected for analysis and how it relates to its sub-objective group and, crucially, how it relates to the principles that underpin the relevant system objective (adequacy, sustainability or fairness)
- A summary of measures selected to analyse the indicator, followed by data tables, source referencing and technical notes which help to explain any criteria or assumptions used in the research
- The overall indicator classification, supported by a summary of findings which have informed the outcome for 2025

Adequacy is a critical objective of welfare policy that can be used to determine the effectiveness of social protection.

ADEQUACY

1. The fact of being enough or satisfactory for a particular purpose

A clear system that enables people to plan reliably for a retirement which provides protection against poverty and the ability to maintain their living standards from working into later life.

Clear

A system which helps people to understand what a good retirement looks like and how to achieve it.

Reliable

Confidence that the savings people put aside today will generate sufficient income to meet costs throughout retirement.

Poverty

A system which offers equal protection against the risks of poverty and deprivation as people approach and live through retirement.

Resilience

Ability for people to withstand short-term financial shocks.

Living Standards

Support for a standard of living in later life that is comparable to that which is maintained with earnings in working life.

A1.1 Employment Rates

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A1: Labour Market Dynamics**	**A1.1 Employment Rates**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial resilience and the ability to maintain **living standards** from working into later life.	How differences in adequacy of pension outcomes may be derived from labour market behaviours and earnings over time.	This indicator is designed to measure the proportion of people employed in a manner beneficial to pension adequacy. Under the current system, working more can lead to better pension outcomes by generating higher lifetime income. Although it is not the only means of achieving pension adequacy, employment and retirement patterns impact peoples' ability to maintain living standards and reduce their risk of poverty or dependency upon the State in later life. Employment provides people with earned income for private pension saving as well as qualifying years towards their State Pension, whilst employers provide access to a workplace pension and employer contributions. Lifetime income from employment can further enable people to build financial resilience through private savings, and those without workplace pensions to make their own pension provision. High employment differences lead to large differences in pension outcomes.

Indicator Measures

Measure & Purpose	Strata	Data Source
Proportion of population who are employees Used to estimate the proportion of people qualifying for State Pension accruals from employment earnings as an employee.	Age, gender	PPI analysis of LFS[1] and ONS Dataset A01
Proportion of population who are self-employed Used to estimate the proportion of people qualifying for State Pension accruals from self-employment earnings, with earned income available for private pension saving but without access to workplace savings.	Age, gender	PPI analysis of LFS
Proportion of employees who are working full time Shows changes in employment patterns across the population over time.	Age, gender	PPI analysis of LFS
Gap between average age of labour market withdrawal and State Pension age (SPa) Estimates average length of time in retirement without State Pension.	Age, gender	PPI analysis of LFS
Proportion of adult life in work Uses employment patterns (accounting for discontinuity) to estimate the proportion of life spent economically active or inactive after age 20.	Gender	PPI analysis of LFS

[1] ONS (2025a)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3 Some support for adequacy

Employment rates are in line with long term historic trends, but are significantly below record levels. The proportion of people self-employed and not exposed to a workplace pension, however, is reducing, which is beneficial to pensions adequacy.

Overall employment rates have fallen after a peak in 2019, but are not significantly below the long term historic average. Rates of full-time employment compared to part-time are changing differently among different age groups, with increases in the proportion of full time work among younger workers, and increases in the proportion of part time workers among male workers, leading to a slight improvement in recent levels of full time working overall. Although rates of self-employment fell in 2020 and 2021 from an all time high of more than 15% in 2019, 13% of workers are not employees and therefore face risks to adequacy in later life on account of the differences they experience in accessing pension contributions compared to employees. The proportion of adult life spent in work, after rising from 53% in 2014 peaking at 57% in 2020, has since remained steady at 56%, meaning that compared to 2014, workers must save comparatively more while they are working to achieve the same retirement outcomes.

Figure A1.1.1: UK Employment Rate, Age 16-64, %, SA, UK

	Employment Rate, 16-64 SA				Of which employees		Of which Self-Employed	
	Male (%)	Female (%)	All (%)	000s	000s	%	000s	%
Dataset	MGSV	LF25	LF24	MGRZ	MGRN		MGRQ	
2001	79.2	66.1	72.6	27,712	24,186	87	3,294	12
2002	79.1	66.3	72.7	27,944	24,407	87	3,338	12
2003	79.2	66.4	72.8	28,221	24,459	87	3,568	13
2004	79.3	66.7	72.9	28,530	24,687	87	3,624	13
2005	79.2	66.8	72.9	28,850	24,997	87	3,644	13
2006	78.9	66.9	72.8	29,138	25,195	86	3,749	13
2007	78.9	66.6	72.7	29,378	25,345	86	3,822	13
2008	78.6	66.8	72.6	29,628	25,574	86	3,846	13
2009	76.0	65.9	70.9	29,156	25,092	86	3,870	13
2010	75.5	65.5	70.4	29,228	25,017	86	3,990	14
2011	75.3	65.4	70.3	29,381	25,118	85	4,058	14
2012	76.1	65.9	71.0	29,723	25,213	85	4,224	14
2013	76.4	66.7	71.5	30,097	25,514	85	4,262	14
2014	77.8	68.0	72.9	30,818	25,960	84	4,558	15
2015	78.6	68.8	73.7	31,346	26,504	85	4,575	15
2016	79.2	69.6	74.3	31,810	26,771	84	4,772	15
2017	79.5	70.5	74.9	32,128	27,065	84	4,798	15
2018	80.0	71.1	75.5	32,507	27,494	85	4,780	15
2019	80.2	72.1	76.1	32,923	27,781	84	4,962	15
2020	78.6	71.7	75.1	32,559	27,841	86	4,577	14
2021	77.9	71.8	74.8	32,555	28,196	87	4,231	13
2022	78.3	71.9	75.1	32,957	28,564	87	4,243	13
2023	78.4	71.8	75.1	33,351	28,820	86	4,379	13
2024	77.7	71.9	74.8	33,616	29,125	87	4,338	13

Figure A1.1.2: Proportion of workers over age 22 in full-time work in 2024, UK

Year	Male	Female	Total
0 - 21	49.2%	32.0%	40.6%
22 - 39	93.1%	71.5%	82.0%
40 - 54	92.9%	66.5%	79.3%
55 - 65	80.7%	51.5%	66.3%
66 - 74	42.2%	24.1%	34.5%
75 - 120	30.2%	19.4%	27.6%
Total	85.0%	61.6%	73.2%

Assessment Classifications - 2025 *Continued*

Figure A1.1.3: Gap between average age of labour market withdrawal and SPa

Year		Men	Spa	Gap (Years)	Women	Spa	Gap (Years)
2011	Q4	64.73	65	-0.27	62.39	60.8	1.55
2012	Q4	64.99	65	-0.01	62.63	61.3	1.30
2013	Q4	65.09	65	0.09	62.96	61.7	1.29
2014	Q4	65.25	65	0.25	63.10	62.3	0.77
2015	Q4	65.59	65	0.59	63.28	62.7	0.61
2016	Q4	65.52	65	0.52	63.47	63.3	0.14
2017	Q4	65.46	65	0.46	63.53	64.2	-0.64
2018	Q4	65.80	65	0.80	63.91	65	-1.09
2019	Q4	65.61	65	0.61	64.01	65	-0.99
2020	Q4	65.67	65.5	0.17	63.92	65.5	-1.58
2021	Q4	65.40	66	-0.60	63.73	66	-2.27
2022	Q4	65.64	66	-0.36	64.00	66	-2.00
2023	Q4	65.84	66	-0.16	63.83	66	-2.17
2024	Q4	66.15	66	0.15	64.29	66	-1.71

Figure A1.1.4: Proportion of Adult Life in Work

Year	Men	Women
2011	65.3%	52.1%
2012	65.9%	52.8%
2013	66.1%	53.2%
2014	65.7%	53.2%
2015	66.5%	53.9%
2016	66.2%	54.2%
2017	66.1%	54.7%
2018	66.8%	55.2%
2019	66.3%	55.7%
2020	66.9%	57.0%
2021	66.2%	56.4%
2022	65.6%	56.2%
2023	65.6%	56.1%
2024	66.1%	56.4%

Technical Notes

Figure A1.1.1: UK Employment Rates, Age 16-64, %, SA, UK
Source: ONS

1. Employment rate among different demographics, based on different ONS data series (identified by four letter code), showing rates of employment and self employment by demographic.

Figure A1.1.2: Proportion of employees who are working full time
Source: LFS

1. PPI analysis of Labour Force Survey (LFS), crossing full-time / part-time indicator (FTPTW) for those in work with age and sex to calculate the proportion of UK workers in the working age population who are in full-time employment.

Figure A1.1.3: Gap between average age of labour market withdrawal and SPa
Source: LFS

1. Average age of withdrawal for an individual aged 40 is calculated according to the approach proposed by the European Commission based upon indicators of working life. This applies activity rates calculated from PPI analysis of the Labour Force Survey and UK mortality rates published by the Office for National Statistics.[2] The approach is described in the Office for National Statistics methodology update "Average age of withdrawal from the labour market".

Figure A1.1.4: Proportion of adult life in work
Source: LFS

1. The proportion of adult life in work is calculated from the number of working years expected at age 20, calculated within the analysis to identify the average age of labour market withdrawal.

References:

Office for National Statistics. (2024). Labour Force Survey. [data series]. 11th Release. UK Data Service. SN: 2000026, DOI: http://doi.org/10.5255/UKDA-Series-2000026

Office for National Statistics (ONS) (2025a). LFS: Employment rates, analysis of Labour Market Statistic Time Series (LMS)

Office for National Statistics (ONS) (2025b). 2022-based interim National population projections life tables, United Kingdom, (Males and Females)

[2] ONS (2025b)

A1.2 Earnings

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A1: Labour Market Dynamics**	**A1.2 Earnings**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators describes how differences in adequacy of pension outcomes may be derived from labour market behaviours and earnings over time.	This indicator is designed to measure the extent to which trends in earnings from employment and self-employment are providing people with income that can be saved in a manner adequate for retirement. It also considers the way in which incomes, and changes to income, are distributed across the population by examining income inequality, the gender pay gap and the ethnicity pay gap. Real-term growth in disposable income among non-retired households allows people to save more for their retirement, whilst reductions in real earnings can put pressure on household finances, which in turn may compromise how much people are able to save.

Indicator Measures

Measure & Purpose	Strata	Data Source
Earnings Uses median gross average weekly earnings (AWE) for all employees to estimate changes in pensionable earnings (real regular pay before bonuses or overtime). Also considers changes in real total pay, and in net annual income for full and part-time self-employed workers.	Full / part-time	FRS data[3]
Household Income Inequality Uses Gini coefficients to estimate changes in inequality of disposable household income among non-retired households in the UK by comparing current UK rates to historical data, and to international peers. Measures of income inequality for retired households are included in indicator A6.1.		OECD analysis of international data[4]
Gender Pay Gap Estimates the difference in hourly pay between men and women across all jobs in the UK, and compares the UK to other OECD countries		OECD analysis of international data
Ethnicity Pay Gap Estimates pay gap between white and ethnic minority groups in the UK		ONS analysis of Annual Population Survey Data[5]

[3] DWP (2024)
[4] OECD (2025)
[5] ONS (2023)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3 Somewhat fails to support adequacy

A high proportion of workers have experienced real-term declines in earnings which negatively impact their ability to grow household and pension savings, but overall levels of income inequality between gender, ethnicity and income groups are falling.

Real-term declines in average weekly earnings for full time workers (excluding bonuses), and significant declines in income among part-time self-employed workers, indicate that on average, many workers are likely to have less disposable household income than in previous years. Despite overall improvements in recent years however, the UK also has slightly higher income inequality than the average of other OECD countries. Overall, changes in earnings have negative implications for peoples' ability to grow household and pension savings. Measures of income from employment therefore somewhat fail to support adequacy in the UK Pension System. However, narrowing gender pay gaps mean that gender inequality in UK earnings is comparable with other OECD countries. The ethnicity pay gap has reversed between White people and Asian, Asian British and multiple ethnicity groups, but a wage gap persists between White workers and Black, African, Caribbean or Black British workers.

Figure A1.2.1 trends in median annual net earnings by employment type, UK 2023

	Full-Time			Part-Time		
Year	**Employees**	**Self-employed**	**Change**	**Employees**	**Self-employed**	**Change**
2012/13	24,500	16,700		9,900	6,600	
2013/14	24,100	16,500	-1%	10,000	7,600	13%
2014/15	24,500	18,600	11%	10,300	9,000	16%
2015/16	25,100	18,900	2%	10,500	8,300	-8%
2016/17	25,200	19,100	1%	11,100	9,200	10%
2017/18	25,100	20,700	8%	11,100	8,700	-6%
2018/19	25,400	19,400	-7%	10,900	8,600	-1%
2019/20	26,100	22,100	12%	11,400	8,100	-6%
2020/21	26,500	17,200	-28%	11,900	9,500	15%
2021/22	26,400	19,100	10%	12,000	10,400	9%
2022/23	25,500	20,100	5%	11,400	8,700	-20%

Figure A1.2.2 Gini coefficient of inequality in OECD countries, OECD 2022

Austria	0.277	**Lithuania**	0.358
Belgium	0.250	**Luxembourg**	0.299
Canada	0.301	**Mexico**	0.398
Chile	0.451	**Netherlands**	0.29
Costa Rica	0.458	**New Zealand**	0.311
Czechia	0.239	**Norway**	0.273
Estonia	0.305	**Poland**	0.271
Finland	0.278	**Portugal**	0.327
France	0.299	**Slovak Republic**	0.223
Greece	0.324	**Slovenia**	0.240
Hungary	0.288	**Spain**	0.312
Ireland	0.281	**Sweden**	0.283
Israel	0.334	**Türkiye**	0.420
Italy	0.317	**United Kingdom**	0.363
Korea	0.303	**United States**	0.389
Latvia	0.333		

Figure A1.2.3 Gender wage gap in the UK, OECD 2023

Time period	Gender wage gap
2005	22.1
2006	21.7
2007	21.6
2008	21.9
2009	20.7
2010	19.2
2011	18.2
2012	17.8
2013	17.5
2014	17.4
2015	17.1
2016	16.8
2017	16.5
2018	16.3
2019	16.1
2020	12.0
2021	14.2
2022	14.0
2023	13.3

Technical Notes

Figure A1.2.1 trends in median annual net earnings by employment type, UK 2023
Source: ONS Analysis of Monthly Wages and Salaries Survey

1. Employee earnings are calculated using Average Weekly Earnings (AWE) , the lead monthly measure of average weekly earnings per UK employee. AWE calculations are based on information from the Monthly Wages and Salaries Survey (MWSS), which samples around 9,000 employers in Great Britain. AWE figures do not include earnings from self-employment.
2. Measures of real term regular pay (which excludes bonus payments), and total pay (which includes bonus payments), adjusted for inflation are used to reflect income that may be available for pension saving.
3. AWE estimates are not adjusted for compositional changes within the workforce such as the proportion of people working full or part-time, and should be therefore be considered in the context of wider trends rather than as a simple measure of pay growth. The ONS reports that data for 2020 was affected by the COVID-19 pandemic, meaning that comparisons between 2020 and any other year should be treated with caution and that focus should be maintained on longer term trends rather than year on year changes.[6]

Figure A1.2.2 Gini coefficient of inequality in OECD countries
The Gini Coefficient measures inequality in the distribution of disposable household income for people living in non-retired households. A retired household is one where more than 50% of its income is sourced from retired people. A retired person must satisfy one of the following criteria:

- Self-defined employment status is “Retired”, and they are aged over 50 years
- Self-defined employment status is “Sick/Injured”, they are not seeking work and aged at or above the State Pension Age (SPA)

Analysis of the average income of people living in retired households may therefore include much younger people and potentially exclude older people. However, the strength of differentiating between retired and non-retired households in this way is that it highlights those individuals who are most likely to be affected by policy, societal or economic changes that disproportionately impact upon pension income. The data source for calculating the Gini coefficient is the Family Resources Survey.

Figure A1.2.3 Gender wage gap in the UK,

UK gender pay gap is compared to OECD economies by calculating the difference between UK wages for all workers (employees and self-employed) relative to the OECD average. OECD averages are based on 2020 or latest available data. The gender wage gap is defined as the difference between male and female median wages divided by the male median wages. In OCED data, “wages and salaries are defined as “the total remuneration, in cash or in kind, payable to all persons counted on the payroll including homeworkers), in return for work done during the accounting period” regardless of whether it is paid on the basis of working time, output or piecework and whether it is paid regularly”.[7]

References:

Department for Work and Pensions (DWP) (2024), Family Resources Survey: financial year 2022 to 2023. Available at: https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2022-to-2023

OECD (2001), Glossary of Statistical terms, https://stats.oecd.org

OECD (2025), Data portal. Available at: https://data.oecd.org

Office for National Statistics (ONS) (2023), Ethnicity pay gaps, UK: 2012 to 2022. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygapsingreatbritain/2012to2022

[6] ONS (2023)
[7] OECD (2001)

A2.1 State Pension Income – Coverage (BSP)

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A2: State Support**	**A2.1 State Pension Income - Coverage**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial resilience and the ability to maintain **living standards** from working into later life.	This group of indicators considers the role that State support plays in supporting adequacy in later life. The State Pension and benefit income is the largest component of total gross income for both pensioner couples (37%) and single pensioners (56%), rising to 80% or more of all income among the bottom fifth of the income distribution.[8] For those with private pensions, State Pension income provides a sustainable income stream that lowers the amount of private income or top ups from other savings that may be required to maintain **living standards**, protect against **poverty** and maintain **financial resilience** in later life. This group of indicators examines how trends in State Pension coverage, the level of income that individuals receive, and the proportion of people who further depend upon additional means-tested benefits for protection against poverty before and after State Pension age, are supporting adequate retirement outcomes.	This indicator is designed to examine how the level of State Pension entitlements accrued over working life, coupled with policies that determine the rate at which State Pension is paid, may affect adequacy for individuals in retirement. It examines the proportion of people reaching State Pension age who qualify for State Pension income, as well as the proportion of people eligible for the Basic State Pension (BSP) who have reached retirement with sufficient qualifying years to achieve the full Basic rate. It further examines trends in the income distribution by age cohort which reflect the extent to which additional state pension entitlements may have been accrued, and in differences between the income received by men and women. It is not currently possible to generalise individual level outcomes to household level. The same outcomes for those qualifying for the new State Pension (nSP) is examined under indicator A2.2.

Indicator Measures

Measure & Purpose	Strata	Data Source
Proportion of people over 70 in receipt of State Pension income Indicates level of State Pension coverage across individuals over 70, those most likely to be claiming.	Age, Gender	StatXplore, ONS Mid-Year Population Projections 2020
Proportion of claimants qualifying for old system with State Pension income equal to bSP or higher Measures the proportion of attaining the full basic State Pension at retirement	Gender	StatXplore
State Pension income distribution Measures how changes at lower and upper quartiles of income distribution impact overall distribution of income, and extent to which the system may be supporting adequacy in a more progressive way.	Age, Gender	StatXplore
Gender Pension Gap (State Pension income) Highlights the difference between the proportion of males and females attaining the full basic State Pension, before additional State Pension	Age, gender	StatXplore

[8] DWP (2024)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3
Somewhat fails to support adequacy

A high proportion of people overall are eligible for and claiming State Pension income. Among those qualifying for the old system, a high proportion of people attain the full rate of BSP but significant differences persist between males and females.

Although around 96% of people over age 70 claim State Pension benefits, 74% of women are entitled to income equal to or higher than the full basic State Pension, compared to 96% of men. However, the old State Pension system has become gradually more progressive over time; average State Pension income among lowest income groups, notably women, is rising slowly among younger pensioners. For younger pensioners in higher income groups State Pension income is falling slightly or remaining relatively unchanged.

Figure A2.1.1 Proportion of population in bSP age range in receipt of State Pension income

Males	Females	All
96.2%	**95.7%**	**96%**

Figure A2.1.2 Proportion of BSP claimants with income equal to BSP or higher

Males	Females	All
96%	**74%**	**83%**

Figure A2.1.3 Weekly median State Pension income of BSP claimants by age group (£)

Age	Males	Females	All
70-74	212.5	197.5	202.5
75-79	217.5	187.5	207.5
80-84	227.5	192.5	217.5
85-59	242.5	222.5	232.5
90+	247.5	222.5	232.5
Total	**222.5**	**197.5**	**207.5**

Figure A2.1.4 Income distribution (Interquartile range) for State Pension income among claimants eligible under the old state pension system

Age	Males	Females	All
70-74	45	40	40
75-79	50	80	60
80-84	60	120	85
85-59	60	115	100
90+	55	85	80
Total	**60**	**75**	**70**

Figure A2.1.5 Comparison of the proportion of males and females eligible for the old state pension system with income equal to BSP or higher

Age	Males	Females	Gap
70-74	96%	86%	-10%
75-79	96%	67%	-29%
80-84	94%	65%	-29%
85-59	95%	75%	-20%
90+	96%	87%	-9%
All	**96%**	**74%**	**-21%**

Technical Notes

Figure A.2.1.1: Proportion of population 70 and over in receipt of full or partial State Pension
Source: DWP Stat-Xplore as at August 2024, and ONS mid-year population estimates

1. The proportion of people over in receipt of State Pension income is identified by comparing State Pension caseload data to ONS mid-year population estimates in Great Britain, by year of age and sex.
2. State Pension income data is published by DWP on the StatXplore website, where the most recently available data relates to August 2024. Individuals receiving State Pension income but living overseas are not included.
3. Although the State Pension age for both men and women in 2024 was 66, the proportion of individuals in receipt of State pension income is, consistent with wider research, calculated from age 70 in order to remove the potential effects of a shortfall amongst those recently reaching retirement age compared to those in the overall pensioner population. This shortfall may be brought about by State Pension deferrals, gaps between application and award of State Pension, and ineligibility on the basis of qualifying criteria such as lack of contributions, incompatible or overlapping benefits.
4. Research suggests that although coverage is unlikely to reach 100%, these reasons are unlikely to adequately explain the proportion of people not drawing a State Pension. It suggests that as many as half of those not claiming may be individuals who could be claiming a State Pension, but are not doing so.[9] A target coverage level of 99% from age 70 is therefore set for this measure to reflect the importance of State Pension income to adequacy in later life account whilst accounting for a small proportion of for long-term deferrals and individuals with insufficient NI contributions. The lower bound is set to 95%, reflecting the lowest level of coverage since 2002.

Figure A.2.1.2: Proportion of BSP claimants over SPa with income equivalent to BSP or higher
Source: DWP Stat-Xplore as at August 2024

1. The proportion of people claiming State Pension under the old system in Great Britain in August 2024, who receive a weekly amount greater than or equal to the full Basic State Pension of £169.50.
2. The full Basic Station Pension rate is used as a proxy for the proportion of people not achieving a minimally adequate level of State Pension income. Adequacy will be higher among Individuals who have accrued additional entitlements or contracted out of the system.

Figure A.2.1.3 and Figure A.2.1.4: Median and Interquartile Range for State Pension income distribution by gender and age band
Source: DWP Stat-Xplore as at August 2024

1. Estimates the difference in weekly State Pension income across the middle 50% of all claimants qualifying for BSP in Great Britain in August 2024, by looking at the range between individuals at the lower quartile of the income distribution (25%) and those at the upper quartile (75%). Excludes overseas claimants.
2. Data is grouped by age band to reflect differences in policy and economic landscapes over the time that people were contributing to their State Pension, and also by gender. Data includes additional State Pension but is currently unable to account for the rate at which additional payments are made to individuals who were contracted out.
3. The measure targets a narrowing of the IQR by cohort or over time, driven by growth in incomes at the lower quartile. This scenario indicates that the system may be becoming more progressive as a greater proportion of people on low incomes are likely to have their needs met, whilst higher earners are able to maintain their State Pension income as a foundation for saving.

Figure A.2.1.5: Gender Pension Gap (State Pension Income)
Source: DWP Stat-Xplore as at August 2024

1. Estimates the gap between males and females in Great Britain in August 2024 whose State Pension income is equal to or higher than the full rate of BSP.
2. This measure targets a comparable or equal proportion of males and females receiving State Pension income equal to or higher than the full rate of BSP. However, differences in work and earnings patterns between couples mean that the adequacy needs of individuals with low levels of State Pension may be met by the income of a partner at household level. This means that not all individuals with low State Pension income will experience challenges around living standards, but also that they may not be adequately protected from a change in circumstances. At present, this dataset does not enable identification of individuals by marital status or household income, and this should be recognised as a limitation when interpreting the results.

Data Gaps

- Caseload data by age, income and gender beyond November 2020 on Stat Xplore.
- Rates paid to individuals who have contracted out of the system
- State Pension data by marital status

References:

Department for Work and Pensions (DWP) (2024) Pensioners' incomes: financial years ending 1995 to 2024. Available at: https://www.gov.uk/government/statistics/pensioners-incomes-financial-years-ending-1995-to-2024

Lane Clark & Peacock (LCP) (2024) The mystery of the missing pensioners: Update 2024. Available at: https://insight.lcp.uk.com/acton/attachment/20628/f-9826eaa8-7bb6-4227-af43-89bb9e73324a/1/-/-/-/-/The%20mystery%20of%20the%20missing%20pensioners.pdf

[9] LCP (2024)

A2.2 State Pension Income – Coverage (bSP)

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A2: State Support**	**A2.2 State Pension Income - Coverage**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial resilience and the ability to maintain **living standards** from working into later life.	This group of indicators considers the role that State support plays in supporting adequacy in later life. The State Pension and benefit income is the largest component of total gross income for both pensioner couples (37%) and single pensioners (56%), rising to 80% of all income among the bottom fifth of the income distribution.[10] For those with private pensions, State Pension income provides a sustainable income stream that lowers the amount of private income or top ups from other savings that may be required to maintain **living standards**, protect against **poverty** and maintain **financial resilience** in later life. This group of indicators examines how trends in State Pension coverage, the level of income that individuals receive, and the proportion of people who further depend upon additional means-tested benefits for protection against poverty before and after State Pension age, are supporting adequate retirement outcomes.	This indicator is designed to examine how the level of State Pension entitlements accrued over working life, coupled with policies that determine the rate at which State Pension is paid, may affect adequacy for individuals in retirement. It examines the proportion of people eligible for the new State Pension (nSP) who have reached retirement with the full number of qualifying years, adjusting for those who may have contracted out. It further examines trends in the income distribution, and in differences between the income received by men and women. It is not currently possible to generalise individual level outcomes to household level. The same outcomes for those qualifying for the Basic State Pension (BSP) are examined under indicator A2.1.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Proportion of claimants qualifying for new system with State Pension income equal to nSP or higher Measures the proportion of attaining the full nSP at retirement.	Gender	StatXplore[11]
State Pension income distribution Measures how changes at lower and upper quartiles of income distribution impact overall distribution of income and extent to which the system may be supporting adequacy in a more progressive way.	Age, gender	StatXplore
Gender Pension Gap (State Pension income) Highlights the difference between the proportion of males and females attaining the full basic State Pension, before additional State Pension	Age, gender	StatXplore

[10] DWP (2024)
[11] DWP (2025)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L5
Good support for adequacy

A high proportion of eligible claimants receive the full new State Pension, and the gap between men and women has narrowed significantly compared to the old system. Differences in income distribution persist but are narrowing.

Almost 90% of individuals claiming single tier State Pension receive an amount equal to or greater than the full new State Pension of £221.20 per week, thanks to an increase in median income among women and slight decrease in income among men compared to the old system. The system continues to become increasingly progressive as average State Pension income rises among lower and median income groups, where the rises are greater for women than for men.

Figure A2.2.1 Proportion of nSP claimants with income equal to nSP or higher

Age	Males	Females	All
66-69	**89.1%**	**85.5%**	**87.3%**
70-74	**91.4%**	**82.1%**	**88.5%**
All	**90.1%**	**84.7%**	**87.7%**

Figure A2.2. Weekly median income of BSP claimants by age group (£) among claimants eligible for nSP (aged 66-69). Claimants 70+ qualify for BSP (Total for SP claimants across both systems).

Age	Males	Females	All
66-69	222.5	222.5	222.5
70-74	217.5	202.5	207.5
75-79	217.5	187.5	207.5
80-84	227.5	192.5	217.5
85-59	242.5	222.5	232.5
90+	247.5	222.5	232.5
All	**222.5**	**207.5**	**217.5**

Figure A2.2.3 Income distribution (Interquartile range) for State Pension income among claimants eligible for nSP (aged 66-). Claimants 75+ qualify for BSP (Total for SP claimants across both systems).

Age	Males	Females	All
66-69	15	15	15
70-74	40	40	40
75-79	50	80	60
80-84	60	120	85
85-59	60	115	100
90+	55	85	80
All	**40**	**55**	**50**

Technical Notes

Figure A2.2.1: Proportion of people over SPa with income equivalent to nSP or higher
Source: DWP Stat-Xplore as at August 2024

3. The proportion of all individuals over SPa and claiming the new State Pension system in Great Britain in November 2020 who receive either:
    a. An amount greater than or equal to the new State Pension of £221.20 as at the date of the data.
    b. An amount below the new State Pension where it is inferred that this is as a result of a contracting out deduction (based upon observed rates of those receiving an amount below a full new State Pension).
4. The single-tier new State Pension is used as a proxy for the proportion of people not achieving a minimally adequate level of State Pension income. It is designed to provide a foundation to support people saving for retirement with a flat-rate payment set above the basic level of means-tested support in order to improve clarity of outcomes, reduce means-testing, bring forward equalisation of state pension outcomes between men and women, and help ensure the sustainability of the state pension in the longer term.[12] Adequacy outcomes will be higher among individuals who have accrued additional entitlements or contracted out of the system.
5. This indicator targets the government's expectation that over 80% of people over SPa will receive the full weekly amount of single-tier pension by the mid-2030s.[13] The transition process for the single tier pension is designed to significantly increase the proportion of people receiving the full single tier amount.

Figure A2.2.2 and Figure A2.2.3: Median and Interquartile Range for State Pension income distribution by gender and age band
Source: DWP Stat-Xplore as at August 2024

4. Estimates the difference in weekly State Pension income across the middle 50% of all claimants in Great Britain, aged 66 and over in August 2024, by looking at the range between individuals at the lower quartile of the income distribution (25%) to the upper quartile (75%). Excludes overseas claimants.
5. Data is grouped by age band to reflect differences in policy and economic landscapes over the time that people were contributing to their State Pension, and also by gender.
6. The measure targets a narrowing of the IQR by cohort or over time, driven by growth in incomes at the lower quartile. This scenario indicates that the system is becoming more progressive as a greater proportion of people on low incomes are likely to have their needs met, whilst higher earners are able to maintain a foundation for saving.

Data Gaps

- Caseload data by age, income and gender beyond August 2024 on Stat Xplore.
- Rates paid to individuals who have contracted out of the system
- State Pension data by marital status

References:

Department for Work and Pensions (DWP) (2013), The single-tier pension: a simple foundation for saving. Available at: https://assets.publishing.service.gov.uk

Department for Work and Pensions (DWP) (2025), Stat-Xplore. Available at: https://stat-xplore.dwp.gov.uk

Department for Work and Pensions (DWP) (2024), Pensioners' Incomes Series: financial year 202 to 2023. Available at: https://www.gov.uk

[12] DWP (2013)
[13] DWP (2013)

A2.3 State Pension Income - Level

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A2: State Support**	**A2.3 State Pension Income - Level**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators considers the role that State support plays in supporting adequacy in later life. The State Pension and benefit income is the largest component of total gross income for both pensioner couples (37%) and single pensioners (56%), rising to 80% or more of all income among the bottom fifth of the income distribution.[14] For those with private pensions, State Pension income provides a sustainable income stream that lowers the amount of private income or top ups from other savings that may be required to maintain **living standards**, protect against **poverty** and maintain **financial resilience** in later life. This group of indicators examines how trends in State Pension coverage, the level of income that individuals receive, and the proportion of people who further depend upon additional means-tested benefits for protection against poverty before and after State Pension age, are supporting adequate retirement outcomes.	This indicator explores the rate at which the level State Pension income is paid keeps pace with measures of earnings and inflation in order to maintain its objective of providing a foundation for saving, as well as encouragement for voluntary action by individuals to provide more than the minimum themselves.[15] [16] Changes in the of proportion of earnings replaced by nSP, BSP and average State Pension income are used to assess the extent to which the State Pension contributes to adequacy in later life, and the extent to which the rate at which individuals may need to save additional retirement income is changing over time. Annual rises in nSP and bSP income are also compared to inflation to determine the extent to which **living standards** can be maintained over time. The level of UK State Pension received as a proportion of average earnings compared to other OECD countries is used to measure the level of adequacy provided by the UK State Pension adequacy in comparison to its international peers.

Indicator Measures

Measure & Purpose	Data Source & Update Frequency
Full nSP & bSP as a proportion of average earnings Indicates whether changes in basic rates of State Pension have kept pace with earnings.	Pensions Policy Institute Pensions Primer Department for Work & Pensions (DWP) benefit rate statistics Annual Survey of Hours and Earnings (ASHE)
Average State Pension income as a proportion of average earnings Indicates whether average levels of State Pension income have kept pace with earnings	Pensioners' Incomes Series ASHE Office for National Statistics (ONS) Average Household Income
Annual increase in State Pension income as compared to increase in cost of living Indicates whether State Pension income has increased at a rate above inflation and thereby helps pensioners maintain living standards.	PPI Pensions Primer Pensioners' Incomes Series ONS Consumer Price Inflation Tables ONS Household Costs Indices
Changes in State Pension income compared to Pensions Commission replacement rates	ASHE Pension Commission Report 2004
Gross pension replacement rates from mandatory public pension schemes in relation to other OECD countries Compares adequacy of UK State Pension to international peers.	OECD Pensions at a Glance

[14] DWP (2024)
[15] Beveridge W, 1942, Social Insurance and Allied Services, Cmd. 6404, HMSO.
[16] DWP (2013)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3
Somewhat fails to support adequacy

Although State Pension income has mostly improved or remained stable compared to earnings and inflation over the past ten years, its most recent increase is significantly below the sharp rise in inflation in 2022. It is also below recent levels of earnings growth. Without proportionate adjustment, these changes could present a very significant risk to retirement adequacy, particularly as the UK has ranked consistently in the bottom third of international peer comparisons for replacement rates.

Over the past ten years, the value of the basic and new State Pension has risen slowly as a proportion of average earnings, rising from 21.8% in 2014 to 23.3% in 2024, and from 28.9% in 2016 to 30.4% in 2024 respectively. It also rose against Pensions Commission replacement rate targets, whilst falling as a proportion of the JRF minimum income standards in retirement. Similarly, average State Pension income (which includes additional earnings-related elements) grew against earnings over the same period.

The overall improvement was driven by relatively low earnings growth and the triple lock, which requires that State Pension income is uprated in line with the highest of increases in earnings, CPI or a minimum of 2.5%. The triple lock was introduced in 2010 after a long period of gradual erosion against earnings when the State Pension was generally linked to RPI. However, due to unusually high earnings growth that followed the pandemic, it was suspended in 2021 and uprated by CPI of 3.1% rather than earnings of 8.3%.

By the time that increase of 3.1% came into effect in April 2022, inflation had reached 9%. Despite government cash payments to households that are intended to smooth the impact of price rises, these figures present a significant risk to adequacy for pensioners in the year ahead, and to the wider population for whom growth in earnings and means-tested benefits is also below inflation. In the long-term, the triple lock is expected to raise the State Pension from a relatively low value in comparison to international peers, keeping some pensioners out of poverty and ensuring today's younger people have a higher (but flat rate) State Pension when they retire. However, without proportionate adjustment to reflect recent data, and with uncertainty over its legislation beyond the current parliamentary term, there are concerns over the extent to which the State Pension will continue to support adequacy in retirement.

Figure A2.3.1: State Pension uprating history, 2011-2025

Year	Earnings	CPI	Minimum	Change	Index Used
Apr-11	+1.30%	+3.10%	2.50%	+4.60%	RPI (pre triple lock
Apr-12	+2.80%	+5.20%	2.50%	+5.20%	CPI
Apr-13	+1.60%	+2.20%	2.50%	+2.50%	Min
Apr-14	+1.20%	+2.70%	2.50%	+2.70%	CPI
Apr-15	+0.60%	+1.20%	2.50%	+2.50%	Min
Apr-16	+2.90%	-0.10%	2.50%	+2.90%	Earnings
Apr-17	+2.40%	+1.00%	2.50%	+2.50%	Min
Apr-18	+2.30%	+3.00%	2.50%	+3.00%	CPI
Apr-19	+2.60%	+2.40%	2.50%	+2.60%	Earnings
Apr-20	+3.90%	+1.70%	2.50%	+3.90%	Earnings
Apr-21	-1.00%	+0.50%	2.50%	+2.50%	Min
Apr-22	+8.30%	+3.10%	2.50%	+3.10%	CPI (Earnings ignored)
Apr-23	+5.50%	+10.10%	2.50%	+10.10%	CPI
Apr-24	+8.50%	+6.70%	2.50%	+8.50%	Earnings
Apr-25	+4.10%	+1.70%	2.50%	+4.10%	Earnings

Figure A2.3.2: Full weekly bSP and nSP rate as a proportion of weekly median (mean) earnings

Year	Weekly Amount		Adjusted to April 21 prices		Weekly median (mean) earnings	bSP & nSP as a percentage of median (mean) earnings	
	bSP	nSP	bSP	nSP		bSP	nSP
2011	£102.15	-	£146.32	-	£498.30 (£602.90)	20.5% (16.9%)	-
2012	£107.45	-	£149.42	-	£506.10 (£607.80)	21.2% (17.7%)	-
2013	£110.15	-	£149.59	-	£517.40 (£620.20)	21.3% (17.8%)	-
2014	£113.10	-	£150.84	-	£518.30 (£620.80)	21.8% (18.2%)	-
2015	£115.95	-	£154.95	-	£527.10 (£627.00)	22% (18.5%)	-
2016	£119.30	£155.65	£158.95	£207.38	£538.60 (£644.90)	22.2% (18.5%)	28.9% (24.1%)
2017	£122.30	£159.55	£158.67	£207.00	£550.00 (£661.10)	22.2% (18.5%)	29% (24.1%)
2018	£125.95	£164.35	£159.53	£208.17	£568.30 (£685.20)	22.2% (18.4%)	28.9% (24%)
2019	£129.20	£168.60	£160.30	£209.18	£585.20 (£703.40)	22.1% (18.4%)	28.8% (24%)
2020	£134.25	£175.20	£165.18	£215.57	£585.70 (£708.10)	22.9% (19%)	29.9% (24.7%)
2021	£137.60	£179.60	£166.84	£217.77	£609.80 (£726.60)	22.6% (18.9%)	29.5% (24.7%)
2022	£141.85	£185.15	£157.81	£205.98	£641.80 (£758.50)	22.1% (18.7%)	28.8% (24.4%)
2023	£156.20	£203.85	£159.91	£208.70	£687.00 (£811.10)	22.7% (19.3%)	29.7% (25.1%)
2024	£169.50	£221.20	£169.50	£221.20	£728.30 (£866.50)	23.3% (19.6%)	30.4% (25.5%)

Figure A2.3.3: Median (mean) State Pension income (single pensioner) as a percentage of median (mean) weekly income (nominal terms)

Year	Weekly median (mean) earnings	Median (mean) weekly SP income	SP income as a percentage of median (mean) earnings
2011	£498 (£603)	£118 (£124)	23.7% (20.6%)
2012	£506 (£608)	£122 (£127)	24.1% (20.9%)
2013	£518 (£620)	£129 (£133)	24.9% (21.4%)
2014	£518 (£620)	£133 (£134)	25.7% (21.6%)
2015	£527 (£627)	£135 (£136)	25.6% (21.7%)
2016	£539 (£645)	£139 (£140)	25.8% (21.7%)
2017	£550 (£663)	£141 (£143)	25.6% (21.6%)
2018	£569 (£685)	£146 (£147)	25.7% (21.5%)
2019	£585 (£703)	£151 (£154)	25.8% (21.9%)
2020	£586 (£706)	£159 (£159)	27.2% (22.5%)
2021	£610 (£727)	£167 (£169)	27.4% (23.3%)
2022	£642 (£759)	£170 (£167)	26.5% (22%)
2023	£687 (£811)	£176 (£175)	25.6% (21.6%)

Figure A2.3.4: Median (mean) State Pension income (pensioner couple) as a percentage of median (mean) equivalised household disposable income (real terms)

Year	Weekly median (mean) household income	Median (mean) weekly State Pension income	State Pension income as a percentage of median (mean) earnings
2011	£611 (£759)	£251 (£243)	41.1% (32%)
2012	£597 (£742)	£251 (£244)	42.1% (32.9%)
2013	£583 (£728)	£264 (£259)	45.3% (35.6%)
2014	£598 (£757)	£267 (£261)	44.6% (34.5%)
2015	£624 (£773)	£277 (£269)	44.4% (34.8%)
2016	£635 (£798)	£281 (£275)	44.3% (34.5%)
2017	£652 (£795)	£292 (£280)	44.8% (35.2%)
2018	£636 (£782)	£288 (£281)	45.3% (35.9%)
2019	£642 (£790)	£289 (£282)	45% (35.7%)
2020	£668 (£822)	£302 (£290)	45.2% (35.3%)
2021	£682 (£817)	£312 (£303)	45.8% (37.1%)
2022	£680 (£826)	£308 (£296)	45.3% (35.8%)
2023	£663 (£787)	£296 (£281)	44.7% (35.7%)

Figure A2.3.5: Annual Change in State Pension income for single pensioners and pensioner couples compared to annual change in cost-of-living indices, April data (Household Costs Indices (HCI) of retired households, CPI, Consumer Prices Index with Housing (CPIH)) (%) 2011-12 to 2022-23

Year	bSP & nSP* yearly change (%)	Median SP income - Single pensioner	Median SP income – pensioner couple	HCI (retired households)	CPI	CPIH
2011 – 2012	5.2	3.4	4.4	3.1	3.0	2.8
2012 – 2013	2.5	5.7	7.9	2.3	2.4	2.2
2013 – 2014	2.7	3.1	3.4	1.7	1.8	1.7
2014 – 2015	2.5	1.5	4.7	-0.2	-0.1	0.3
2015 – 2016	2.9	3.0	1.4	0.4	0.3	0.7
2016 – 2017	2.5	1.4	4.9	2.5	2.7	2.6
2017 - 2018	3.0	3.5	1.3	2.3	2.4	2.2
2018 – 2019	2.6	3.4	2.9	2.2	2.1	2.0
2019 – 2020	3.9	5.3	6.5	0.8	0.8	0.9
2020 – 2021	2.5	5.0	3.4	1	1.5	1.6
2021 – 2022	3.1	1.8	3.0	9.6	9.0	7.8
2022 - 2023	10.1	3.5	6.1	10.3	8.7	7.8
2023 - 2024	8.5			3.6	2.3	3.0
% change 2013-23	**41.84%**	**36.43%**	**44.39%**	**34.40%**	**32.77%**	**30.88%**

Figure A2.3.6: Weekly Basic State Pension and New State Pension income as a proportion of Pensions Commissions target replacement rate (PCRR), 2011-2024 (real terms)

Year	bSP as % of PCRR median earner target	bSP as % of PCRR mean earner target	nSP as % of PCRR median earner target	nSP as % of PCRR mean earner target	Median State Pension as % of PCRR median target	Mean State Pension as % of PCRR mean target
2011	30.6%	28.2%	-	-	35.3%	34.3%
2012	31.7%	25.7%	-	-	36.0%	30.3%
2013	31.8%	29.6%	-	-	37.2%	35.7%
2014	32.6%	30.4%	-	-	38.3%	36.0%
2015	32.8%	30.8%	-	-	38.2%	36.2%
2016	33.1%	30.8%	43.1%	40.2%	38.5%	36.2%
2017	33.2%	30.8%	43.3%	40.1%	38.2%	36.0%
2018	33.0%	30.6%	43.1%	40.0%	38.3%	35.8%
2019	33.0%	30.6%	43.0%	39.9%	38.5%	36.5%
2020	34.2%	31.7%	44.7%	41.3%	40.5%	37.5%
2021	33.7%	31.6%	44.0%	41.2%	40.9%	38.8%
2022	33.0%	31.2%	43.1%	40.7%	39.5%	36.7%
2023	33.9%	32.1%	44.3%	41.9%	38.2%	36.0%
2024	34.7%	32.6%	45.3%	42.5%	39.8%	36.7%

Figure A2.3.7a: Weekly Basic State Pension and New State Pension compared to Joseph Rowntree Foundation Minimum Income Standards for a single pensioner (real terms)

Year	bSP as % of MIS	nSP as % of MIS	Median SP as % of MIS	Mean SP as % of MIS
Excluding rent				
2011	66.5%	-	76.8%	80.7%
2012	70.3%	-	79.9%	83.1%
2013	69.2%	-	81.0%	83.5%
2014	65.2%	-	76.7%	77.3%
2015	66.5%	-	77.5%	78.0%
2016	67.6%	88.2%	78.8%	79.3%
2017	67.4%	87.9%	77.7%	78.8%
2018	63.2%	82.5%	73.3%	73.8%
2019	63.2%	82.4%	73.8%	75.3%
2020	64.0%	83.6%	75.8%	75.8%
2021	65.0%	84.8%	78.9%	79.8%
2022	56.3%	73.5%	67.4%	66.3%
2023	55.2%	72.0%	62.2%	61.9%
2024	61.9%	80.8%	70.9%	69.8%
Including rent				
2011	51.1%	-	59.1%	62.1%
2012	52.7%	-	59.8%	62.3%
2013	51.7%	-	60.6%	62.5%
2014	49.3%	-	57.9%	58.4%
2015	50.2%	-	58.4%	58.8%
2016	51.3%	66.8%	59.6%	60.1%
2017	51.5%	67.2%	59.4%	60.2%
2018	49.4%	64.5%	57.3%	57.7%
2019	49.8%	65.0%	58.2%	59.3%
2020	50.5%	65.8%	59.8%	59.8%
2021	51.1%	66.8%	62.1%	62.8%
2022	45.6%	59.6%	54.7%	53.7%
2023	44.9%	58.5%	50.5%	50.3%
2024	48.9%	63.8%	55.9%	55.1%

Figure A2.3.7b: Weekly Basic State Pension and New State Pension compared to Joseph Rowntree Foundation Minimum Income Standards for pensioner couples (real terms)

Year	Median State Pension as % of MIS	Mean State Pension as % of MIS
Excluding rent		
2011	78.2%	76.1%
2012	82.1%	79.5%
2013	85.0%	83.3%
2014	80.7%	78.8%
2015	84.1%	81.4%
2016	84.1%	82.3%
2017	85.8%	82.2%
2018	79.2%	77.2%
2019	79.4%	77.4%
2020	82.5%	79.0%
2021	84.5%	82.3%
2022	73.1%	70.2%
2023	69.0%	65.5%
2024	79.8%	75.0%
Including rent		
2011	58.5%	58.5%
2012	59.6%	59.6%
2013	62.3%	62.3%
2014	59.5%	59.5%
2015	61.4%	61.4%
2016	62.3%	62.3%
2017	62.8%	62.8%
2018	60.4%	60.4%
2019	61.0%	61.0%
2020	62.3%	62.3%
2021	64.8%	64.8%
2022	59.2%	56.9%
2023	56.1%	53.3%
2024	63.0%	59.2%

Figure A2.3.8: Gross pension replacement rates from mandatory public pension schemes in relation to other OECD countries

Year	Rank / Number of OECD countries
2013	24/34
2015	28/34
2017	29/35
2019	29/36
2021	32/38
2023	31/38

Technical Notes

Figure A2.3.1: State Pension uprating history, 2011-2025
Source: ONS Consumer Price Inflation Tables, ONS Monthly Wages and Salaries Survey, House of Commons Library Benefits Uprating 2025/26[17]

1. Consumer price index (CPI) data is shown for the month of September, as the triple lock uprating measure is based on the annual rate of inflation up to September
2. Average earnings growth is shown for the period May to July, as the triple lock uprating measure is based on annual growth in earnings from the three months to July

Figure A2.3.2: BSP/nSP as a proportion of average earnings
Source: PPI Pensions Primer, DWP Benefit Rate Statistics 2024 and Annual Survey of Hours and Earnings

1. The full rate of basic and new State Pensions are compared to weekly earnings (mean and median) to show changes in State Pension income compared to changes in earnings over time.
2. Both the median and mean measures of central tendency are presented. The median is often the preferred over the mean as it is more robust against the distorting effects of outlier observations at the tail end of distributions. However, both are included here for completeness.

Figure A2.3.3: Average weekly State Pension for single pensioners income as a percentage of average weekly earnings
Source: Annual Survey of Hours and Earnings and DWP Pensioner Income Series

1. Weekly median (mean) income refers to the median (mean) gross pay for full-time employees in the United Kingdom.
2. Median (mean) State Pension income statistics come from single pensioners, who are individuals over State Pension age.

Figure A2.3.4: Average weekly State Pension income for pensioner couples as a percentage of weekly equivalised household disposable income
Source: ONS Average Household income and DWP Pensioner Income Series

1. Disposable income is a widely used household income measure, defined by ONS as the amount of money that households have available for spending and saving after direct taxes, such as Income Tax, National Insurance and Council Tax have been accounted for. It includes earnings from employment, private pensions and investments and cash benefits provided by the state. Mean and median income is calculated by assigning the equivalised household disposable income to all individuals within that household.
2. Household income data are equivalised, which is the process of accounting for the notion that households with more members are likely to require higher income to achieve the same standard of living as households with fewer members. This process considers the number of people in a household and their ages while acknowledging, for example, that while a household with two members will need more income than a single person household to maintain living standards, the two-person household is unlikely to need double the income.
3. Median (mean) State Pension income statistics come from pensioner couples who are married or cohabiting and one or both are over State Pension age.

Figure A2.3.5: Change in SP income for single pensioners and pensioner couples compared to cost-of-living indices (HCI of retired households, CPI, CPIH)
Source: Pensions Primer, DWP Benefit Rate Statistics 2021, DWP Pensioner Income Series, ONS Consumer price inflation tables, ONS Household Costs Indices

1. Rates of change in full bSP, full nSP, as well as median and mean average State Pension income, are compared to measures of inflation to understand the impact of changes in State Pension income on living standards in later life.
2. Consumer price index (CPI and CPIH) are commonly reported measures of UK inflation. CPIH includes housing costs. Inflation measures refer to the beginning of the financial year and the time at which changes to State Pension income come into effect. For example, for FY 2011-12, inflation measures refer to the annual rate of inflation in April 2011.
3. Changes in State Pension income are also compared to changes in the Household Cost Indices (HCI) for retired UK households. HCI measures are currently under development but provide an alternative measure of household inflation to CPI by including measures which may not otherwise be reflected such as interest costs on credit card debt.

Figure A2.3.6: Weekly Median (mean) State Pension income compared to Pensions Commissions replacement rate of an average earner

1. The Pension Commission Replacement Rates (PCRR) are set out in the second report of the Pensions commission. They represent the percentage of pre-retirement income that is assumed necessary to maintain a corresponding standard of living from working life into retirement. For the purposes of this calculation, target replacement rates are uprated in earnings terms for the following years using figures from ASHE for median full-time earnings.
2. bSP and nSP are presented as a proportion of these income targets. Because the PCRR targets are earnings dependent, the PCRR of the average income profile from ASHE is used as the basis for these targets (full-time employees). The PCRR target for an average earner in money terms is obtained by seeing what the PCRR target as a percentage would have been for an average earner in a given year, then taking that percentage of those earnings. Mean and median State Pension figures are given for single pensioners as the PCRR is dependent on pre-retirement income.

Figure A2.3.7a – 2.3.7b Weekly Basic State Pension and New State Pension compared to Joseph Rowntree Foundation Minimum Income Standards

1. The Joseph Rowntree Foundation Minimum Income Standard represents the minimum level of income required to achieve a minimally acceptable standard of living. It does not consider earnings. MIS are reported for both single pensioners and pensioner couples, for those who have rental costs and those who do not. The single pensioner requirement is 66% of the couple requirement.

[17] Harker, R. (2024)

Figure A2.3.8: OECD Replacement Rate Ranking
Source: OECD Pensions at a Glance series

1. The future gross replacement rate represents the level of pension benefits in retirement from mandatory public (State) pension schemes relative to earnings when working. The OECD defines the gross replacement rate as gross pension entitlement divided by gross pre-retirement earnings for a full-career average earner. This is used to measure the effectiveness of how pension systems provide retirement income to replace earnings (the primary source of income prior to retirement). The data are presented as the UK's ranking compared to other OECD countries.

References:

Department for Work and Pensions (DWP) (2013) The single-tier pension: a simple foundation for saving. Cm 8528. London: The Stationery Office. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/181229/single-tier-pension.pdf

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A2.4 Means-Tested Benefits

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A2: State Support**	**A2.4 Means Tested Benefits**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators considers the role that State support plays in supporting adequacy in later life. The State Pension and benefit income is the largest component of total gross income for both pensioner couples (37%) and single pensioners (56%), rising to 80% of all income among the bottom fifth of the income distribution.[18] For those with private pensions, State Pension income provides a sustainable income stream that lowers the amount of private income or top ups from other savings that may be required to maintain **living standards**, protect against **poverty** and maintain **financial resilienc**e in later life. This group of indicators examines how trends in State Pension coverage, the level of income that individuals receive, and the proportion of people who further depend upon additional means-tested benefits for protection against poverty before and after State Pension age, are supporting adequate retirement outcomes.	Measures in this indicator relate to benefits that seek to provide a minimum level of income to pensioners whose household income is below a certain threshold. Depending on their circumstances, individuals may qualify for a range of benefits including income-related means-tested benefits and housing benefit, as well as additional benefits such as disability or carers allowance. This indicator examines income-related benefits. It analyses how the proportion of people eligible for benefits, the level at which they are paid before and after SPa, and levels of uptake after SPa, may be impacting adequacy and the extent to which people can achieve a minimum standard of living in later life. Measures are also designed to reflect the importance of a clear system that enables support to reach those who need it most.

Indicator Measures

Measure & Purpose	Strata	Data Source
Proportion of Pensioners in receipt of income-related benefits Measures the proportion of pensioners without adequate income from earnings or other sources to meet Minimum Income Standard (MIS).	Family type (single pensioners and pensioner couples)	Pensioners' Income Series FY 2023 to 2024 [19]
Non-take up of Pension Credit and Housing Benefit Estimates the extent to which people may be missing out on payments which could support adequacy because they are eligible for, but not claiming, income-related benefits.	Family type (single pensioners and pensioner couples)	Department for Work & Pensions DWP Income-related benefits: Estimates of take-up, fye2023 [20]
Pension Credit v. Minimum Income Standard Compares value of Pension Credit to MIS to estimate extent to which income-related benefits are providing people with a minimally acceptable level of income in later life.	Family type (single pensioners and pensioner couples), age (above / below 80)	www.gov.uk[21] and JRF Minimum Income Standards 2024[22]
Universal Credit v. Minimum Income Standard Compares value of Universal Credit Standard Allowance to MIS to estimate extent to which income-related benefits are providing people with a minimally acceptable level of income for people below, or with a partner below, SPa.	Family type (single or couple)	www.gov.uk and JJRF Minimum Income Standards 2024

[18] DWP (2025)
[19] DWP (2025)
[20] DWP (2024)
[21] GOV.UK
[22] JRF (2024)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L2
Poor support for adequacy

High dependency on income-related benefits among single pensioners, with high levels of non-take up among all groups and falling adequacy of benefit income compared to MIS suggests that means-tested benefits provide poor support for adequacy in later life, with significant risks for older people in need of income support but under State Pension age.

A very high proportion (30%) of single pensioners depend on income-related means-tested benefits in later life, although pensioner couples in receipt of benefits have fallen to a low level in recent years (8%). However, non-take up of benefits remains high among both single pensioners and pensioner couples (35% of entitled people and 22% of expenditure). Over the past ten years, the minimum level of benefit income that pensioners can expect to receive has fallen below the Minimum Income Standard for all pensioners, particularly couples and those under 80. For those dependent upon means-tested benefits before they or their partner reach State Pension age, the Standard Allowance component of Universal Credit presents a significant risk to adequacy, having fallen to approximately one third of the level of the Minimum Income Standard before additional benefits are included.

Figure A2.4.2: Estimated non-take-up by caseload of Pension Credit by entitlement to Guarantee Credit, and Housing Benefit for pensioners, FYE 2010 to FYE2023, Great Britain, percentages

	All Pension Credit	Couples (PC)	Single Males (PC)	Single Females (PC)	Housing Benefit (All above SPa)
FYE 2010	39%	51%	32%	34%	18%
FYE 2013	38%	47%	37%	33%	13%
FYE 2014	37%	44%	36%	35%	15%
FYE 2015	38%	45%	33%	36%	15%
FYE 2016	39%	49%	35%	36%	19%
FYE 2017	39%	48%	36%	36%	15%
FYE 2018	39%	45%	33%	38%	13%
FYE 2019	37%	44%	35%	35%	14%
FYE 2020	34%	31%	33%	35%	16%
FYE 2021	[x]	[x]	[x]	[x]	[x]
FYE 2022	37%	48%	31%	35%	21%
FYE 2023	35%	41%	32%	34%	17%

[x] data not available

Figure A2.4.1: The percentage of pensioner units with income from income-related benefits by family type, 1994/95 to 2023/24, United Kingdom

	1994/95	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
All pensioner units	**37%**	**30%**	**27%**	**28%**	**27%**	**26%**	**25%**	**24%**	**24%**	**23%**	**23%**	**20%**	21%	21%	20%
Pensioner couples	22%	18%	16%	17%	14%	14%	14%	12%	12%	11%	11%	8%	10%	10%	8%
Single pensioners	47%	42%	39%	40%	38%	38%	36%	35%	35%	35%	34%	30%	32%	32%	30%

Figure A2.4.3: Pension Credit Minimum Guarantee Rate* and Universal Credit Standard Allowance as a proportion of Minimum Income Standard**, 2008-2024. Based on current year prices, not inflation adjusted.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pension Credit																	
Single Pensioner under 80	+6%	+6%	+2%	+0%	+1%	-1%	-8%	-7%	-6%	-7%	-6%	-6%	-5%	-4%	-16%	-20%	-5%
Single Pensioner 80 and over	+11%	+10%	+6%	+1%	+3%	+1%	-7%	-6%	-5%	-5%	-5%	-5%	-4%	-3%	-16%	-19%	-4%
Pensioner Couple under 80	+2%	+2%	-1%	-2%	+2%	+0%	-7%	-5%	-4%	-4%	-11%	-11%	-10%	-9%	-21%	-23%	-13%
Pensioner Couple 80 and over	+4%	+4%	+1%	-1%	+4%	+2%	-5%	-4%	-2%	-2%	-9%	-9%	-8%	-7%	-20%	-22%	-12%
Universal Credit																	
Single, 25 or over	-	-	-	-	-	-	-60%	-60%	-60%	-60%	-62%	-63%	-54%	-67%	-71%	-72%	-70%
Couple, 25 or over	-	-	-	-	-	-	-63%	-63%	-62%	-63%	-65%	-65%	-60%	-67%	-74%	-74%	-72%

**Income including safety-net benefits and universal entitlements (winter fuel allowance and free TV license to over 75s)*

***Excludes rent and council tax*

Technical Notes

Figure A2.4.1: Proportion of Pensioners in receipt of income-related benefits and median benefit income
Source: Pensioner Income Series

1. The proportion of all pensioners with income from income-related benefits in the UK. Income related benefits include Pension Credit, Housing Benefit, local council tax support, Social Fund payments and Universal Credit for working age partners of pensioners.
2. Reducing reliance on income-related means-tested benefits within the State Pension system is a long-term government goal as benefits can "complicate pensioner income and make it more difficult for people to recognise the value of saving". Furthermore, not all those who are eligible will claim Pension Credit meaning that many people may be missing out on payments, and benefits to which Pension Credit is a gateway, that could support adequacy in later life.[23]
3. A principal objective of State Pension reform was to reduce the proportion of people entitled to Pension Credit to 10% by 2050, requiring around 90% of the pensioner population to be in receipt of an income above a minimum standard. A target level for this measure is therefore set at 10%.

Figure A2.4.2: Non-take up of Pension Credit and Housing Benefit
Source: DWP

1. Estimates of non-take up expressed as a percentage caseload data.
2. Caseload refers to the average number of recipients who are entitled to, but do not claim each benefit, compared to the number of people entitled to it over a one-year period. Non-take up of Pension Credit is considered an important measure in the context of adequacy because Pension Credit is a gateway to other means-tested benefits including Housing Benefit. Individuals who are entitled to but do not claim Pension Credit may also therefore be eligible but missing out on other payments.
3. Reasons for non-take up of benefits are complex, but a DWP report in 2012 found that 92% of eligible non-recipients (ENRs) of Pension Credit would apply if they knew they were eligible. At the time of the report, around 4 in 10 potentially eligible people were not claiming Pension Credit.[24] A target rate for non-take up of this benefit is set at 10%.
4. At present, it is likely that the actual number of people in need of income-related support may be underestimated in recipient caseload data, where the proportion of all pensioners receiving benefits would rise as take-up rates increase. Although this outcome would be considered poor in respect of adequacy objectives in the UK pension system, higher take up would somewhat offset the impact since it would indicate that greater support is reaching those who need it most.
5. Estimated take-up rates for Pension Credit in FYE 2020 may be affected by a change in DWP methodology which links Pension Credit to other benefits. They may also be affected by the exclusion of couples where one partner was above and one below SPa from modelling and analysis, in response to a 2019 policy change which required both partners in a couple to have reached SPa in order to be eligible. Couples are defined as having one person above State Pension age until FYE 2019. From FYE 2020 couples are defined as having both partners above State Pension age because both partners of a couple will have to reach SPa before they can be entitled to pension age benefits. Estimate take-up rates for Housing Benefit are affected by a similar policy change in 2019.

Figure A2.4.3: Pension Credit Minimum Guarantee rates as a proportion of Minimum Income Standard
Source: DWP and Joseph Rowntree Foundation

1. The extent to which the current rate of Pension Credit provides for a minimum decent standard of living is analysed by estimating the difference between the Minimum Income Standard (MIS) and the Standard Minimum Guarantee for pensioner couples and single pensioners, before and after 80. The value of universal Winter Fuel Payments (with increased rates for people over 80) is added to the Pension Credit rate, and the value of free TV licenses is added for people over 75.
2. MIS is developed by Loughborough and York Universities, funded by the Joseph Rowntree Foundations, to show how much money people need, so that they can buy things that members of the public think that everyone in the UK should be able to afford.[25]
3. MIS data in this measure excludes rent and council tax, since individuals on the lowest incomes are likely to be entitled to Housing Benefits and Council Tax support payments. This approach is commensurate with previous analysis.[26]
4. Historical MIS rates excluding rents are publicly available. Rates excluding council tax are made available for the current year. To deduct Council Tax from previous years, rates are adjusted by applying a deduction of 9% to single pensioners and 7% to pensioner couples, equivalent to Council Tax as a proportion of MIS data in 2021.

Difference between Universal Credit Standard Allowance rates and Minimum Income Standard
Source: DWP and Joseph Rowntree Foundation

1. The extent to which the Universal Credit Standard Allowance provides for a minimum decent standard of living for single people and couples where at least one partner is of working-age, no other means of income is available (such as earnings under the Work Allowance) and people do not qualify for any additional benefits such as those relating to children or disabilities. MIS data in this measure excludes rent and council tax, where a deduction of 7.5% is applied to the MIS rate (excluding rent) of single people, and 4.6% to couples, equivalent to Council Tax as a proportion of MIS data in 2021.

References:

Department for Work and Pensions (DWP) (2013), The single-tier pension: a simple foundation for saving. Available at: https://assets.publishing.service.gov.uk

Department for Work and Pensions (DWP) (2025), Pensioners' Incomes Series: Financial year 2023 to 2024. Available at: https://www.gov.uk

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Minimum Income Calculator UK (2025), Do you earn enough for a decent standard of living? Available at: https://www.minimumincome.org.uk/

[23] DWP (2013)
[24] Radford. L, Taylor. L and Wilkie. C (2012)
[25] MIS (2024)
[26] Madley. P and Hirsh. D (2017)

A3.1 Overall Private Pension Coverage

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Private Pension Coverage**	**A3.1 Overall Private Pension Coverage**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	How changes in participation rates, contribution rates and investment returns across public and private sector Defined Benefit (DB) and Defined Contribution (DC) pensions, along with the support of tax relief, are contributing to overall adequacy outcomes in the pension system.	This indicator is designed to provide an oversight of the overall proportion of workers (employed and self-employed) saving into any pension in a manner beneficial to pension adequacy. Saving into a private pension scheme can help people to **maintain living standards** and protect themselves against **poverty in later life** through a combination of private pensions and State Pension. It also gives people access several benefits that significantly improve retirement savings and, ultimately, adequacy in later life. These include employer contributions, tax relief, as well as access to investment managers who can help people manage risk through investments in a range of assets. Pension freedoms also provide people with a range of choices over what to do with their pension savings, including taking a 25% tax-free lump sum after they reach the Normal Minimum Pension Age (NMPA) of 55 (rising to 57).

Indicator Measures

Measure & Purpose	Data Source & Update Frequency
Employees participating in workplace pensions by sector Provides an overview of rates of pension participation among employees	DWP estimates derived from the ONS ASHE, GB, 2009 to 2023[27]
Participation in all pensions by economic status Highlights differences in rates of pension participation among employees and self-employed workers.	DWP Modelled analysis derived from the Family Resources Survey, UK, 2009/10 to 2022/23[28]

[27] ONS(2024)
[28] ONS(2024)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L4
Some support for adequacy

The proportion of employees with pension provision is at record levels, with 80% of all employees participating in workplace pensions in 2023. This follows similar levels in recent years. However, pension participation among the self-employed remains low, with less that one in five self-employed workers contributing to a pension.

The level of pension coverage seen since the introduction of Automatic Enrolment has remained steady around 80%, staying between 78% and 80% since 2019 until the most recent data in 2023. This is driven by the steady increase in pension coverage in the private sector, and reflects that up until 2023, economic pressures, or any other factors, have not driven enough opt-outs to impact overall participation levels. Pension coverage in the private sector has also remained high, having already been at 83% in 2011, and rising in 2023 to 91%. With the introduction of Automatic Enrolment, the gap between pension provision in the public and private sector has narrowed, owing to the increase in pension coverage in the private sector. As the rate of pension coverage in the private sector plateaus, the gap between the two sectors has remained steady in recent years.

The rates of participation among the self employed in any type of pension have remained low, as the self-employed are not covered by Automatic Enrolment. In 2022/23, 18% of self employed workers were contributing to some type of pension. While it is hard to comment on the precise direction of this trend as data sources differ, there is no indication that pension participation among the self-employed will increase above historically observed levels, representing a persisting adequacy gap between employees and the self employed.

Figure A3.1.1: Employees participating in workplace pensions by sector (%), GB, 2009 to 2023

Year	Public	Private	Overall
2009	84%	37%	50%
2010	84%	36%	50%
2011	83%	34%	48%
2012	83%	34%	47%
2013	85%	38%	50%
2014	87%	51%	59%
2015	87%	56%	64%
2016	87%	61%	67%
2017	89%	68%	73%
2018	90%	72%	76%
2019	89%	74%	78%
2020	90%	74%	78%
2021	91%	76%	80%
2022	90%	76%	79%
2023	91%	76%	80%

Figure A3.1.2: Workplace pension participation in the public and private sector (%), UK, 2009 to 2023

Year	Employees - not eligible	Employees - eligible	Self-employed	Unemployed	Inactive
2009/10	19%	59%	21%	2%	1%
2010/11	19%	58%	21%	2%	1%
2011/12	17%	56%	20%	2%	1%
2012/13	16%	56%	18%	2%	1%
2013/14	19%	62%	17%	2%	1%
2014/15	24%	69%	14%	2%	1%
2015/16	25%	72%	16%	4%	1%
2016/17	27%	75%	14%	3%	1%
2017/18	30%	80%	15%	3%	1%
2018/19	32%	83%	14%	2%	1%
2019/20	34%	83%	16%	2%	1%
2020/21	38%	87%	18%	3%	1%
2021/22	35%	86%	17%	1%	1%
2022/23	32%	85%	18%	5%	1%

Technical Notes

Figure A3.1.1: Workplace pension participation in the public and private sector (%)
Source: DWP – Official Statistics on workplace pension participation and saving trends of eligible employees: 2009-2023

Figure A3.1.2: Participation in all pensions by economic status (%), UK, 2009 to 2023
Source: DWP – Official Statistics on workplace pension participation and saving trends of eligible employees: 2009-2023

1. Rates rounded to nearest percentage point.
2. Participation rates calculated using the FRS include participation in personal as well as workplace pensions. For the June 2019 publication onwards, we have made minor revisions to the methodology used to calculate workplace pension participation to align more closely with FRS National Statistics.

References

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Department for Work and Pensions (DWP) (2024) – Official Statistics on workplace pension participation and saving trends of eligible employees: 2009-2023. Available at: https://www.gov.uk/government/statistics/workplace-pension-participation-and-savings-trends-2009-to-2023

Office for National Statistics (ONS) (n.d.) Annual Survey of Hours and Earnings (ASHE). Available at: https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualsurveyofhoursandearningsashe

A3.2 Defined Benefit Coverage

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Private Pension Saving**	**A3.2 Defined Benefit coverage**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	How changes in participation rates, contribution rates and investment returns across public and private sector Defined Benefit (DB) and Defined Contribution (DC) pensions, along with the support of tax relief, are contributing to overall adequacy outcomes in the pension system.	This indicator is designed to measure the proportion of people saving in a DB pension in a manner beneficial to pension adequacy. DB schemes are designed to help people to achieve a retirement income which reflects their earning during working life, by linking entitlements to a proportion of final or average salary. In this way, DB pensions contribute to helping people **maintain living standards**, through allowing them more of a chance to meet their target working-life replacement rate. DB pensions pay out at an escalating rate until the death of the recipient, providing **reliability** of income. Currently, those saving into DB pensions accrue higher pension entitlements, on average, than those in saving into DC schemes. By assessing the proportion of working-age people in DB schemes, it is possible to determine the percentage of working-age people who are being given the potential to **protect against poverty** and **maintain living standards** through a combination of private pensions and State Pension.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Proportion of employees saving into a DB pension in current year Allows assessment of the proportion of working-age people who are being given the potential to protect against poverty and maintain living standards through a combination of private pensions and State Pension.	Age, gender, income	Annual Survey of Hours and Earnings (ASHE) – annually table P1 [29] [30]

[29] ONS(2025)
[30] ONS(2021b)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3 Somewhat fails to support adequacy	**A low proportion of individuals are covered by DB pension saving in a manner beneficial to pension adequacy, but where exceptions exist, they positively impact at risk groups.** DB coverage is in decline against long-term averages in most groups, and particularly at overall population level. The only groups to have seen improvements are at the very youngest and oldest ages, as well as at the lowest incomes. These are groups with historically low coverage and where current DB savings rates are less impactful upon the financial adequacy in retirement across these groups.

Figure A3.2.2 Defined Benefit Coverage in Employees, United Kingdom, 2021

DB Pension coverage in employees	2021 Rate	10Y Average
All	28.2%	28.4%
Age band: 16-21	6.7%	4.8%
Age band: 22-29	22.2%	18.9%
Age band: 30-39	27.7%	28.3%
Age band: 40-49	33.5%	35.3%
Age band: 50-54	34.9%	38.5%
Age band: 55-59	34.1%	36.8%
Age band: 60-64	28.9%	28.3%
Age band: 65+	18.2%	12.2%
Weekly income: Less than £100	14.5%	11.0%
Weekly income: £100 - £200	14.3%	15.4%
Weekly income: £200 - £300	22.5%	21.1%
Weekly income: £300 - £400	24.1%	24.3%
Weekly income: £400 - £500	27.5%	30.1%
Weekly income: £500 - £600	30.5%	34.7%
Weekly income: £600 and over	35.7%	40.5%
Women	34.3%	33.7%
Age band: 16-21	7.9%	5.4%
Age band: 22-29	28.1%	23.8%
Age band: 30-39	34.2%	35.2%
Age band: 40-49	41.0%	41.6%
Age band: 50-54	41.6%	43.8%
Age band: 55-59	39.9%	41.6%
Age band: 60-64	33.7%	32.5%
Age band: 65+	20.9%	12.9%
Weekly income: Less than £100	17.6%	13.3%
Weekly income: £100 - £200	16.8%	18.5%
Weekly income: £200 - £300	27.9%	27.4%
Weekly income: £300 - £400	31.2%	32.9%
Weekly income: £400 - £500	35.5%	41.8%
Weekly income: £500 - £600	41.3%	48.0%
Weekly income: £600 and over	48.2%	53.4%
Men	22.1%	23.0%
Age band: 16-21	5.4%	4.0%
Age band: 22-29	16.2%	14.0%
Age band: 30-39	21.5%	21.9%
Age band: 40-49	26.1%	29.0%
Age band: 50-54	27.7%	32.6%
Age band: 55-59	27.7%	31.5%
Age band: 60-64	24.0%	24.5%
Age band: 65+	15.7%	11.6%
Weekly income: Less than £100	7.0%	5.3%
Weekly income: £100 - £200	7.9%	6.9%
Weekly income: £200 - £300	9.4%	9.0%
Weekly income: £300 - £400	14.1%	14.7%
Weekly income: £400 - £500	19.4%	20.4%
Weekly income: £500 - £600	21.8%	25.6%
Weekly income: £600 and over	28.6%	34.1%

Technical Notes

Figure A3.2.1 Defined Benefit Coverage in Employees, United Kingdom, 2021
Source: ASHE Pension Tables

1. The Annual Survey for Hours and Earnings (ASHE) is based on employer responses for a 1% sample of employee jobs. It uses HM Revenue and Customs' Pay As You Earn (PAYE) records to identify individuals' current employer.
2. Employee membership in ASHE is measured in terms of "employee jobs" rather than individuals, and individuals may have more than one job.
3. Data from the ASHE is available from 1997 onwards only. However, it is the most useful source of information because it covers all workplace pensions: occupational pension schemes, group personal pensions (GPPs), group stakeholder and group self-invested personal pensions.

References:

Office for National Statistics (ONS) (2022). Employee workplace pensions in the UK: 2021 provisional and 2020 final results. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2021provisionaland2020finalresults

Office for National Statistics (ONS) (2022b). Annual Survey of Hours and Earnings

A3.3 Defined Contribution Coverage

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Private Pension Saving**	**A3.3 Defined Contribution coverage**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	How changes in participation rates, contribution rates and investment returns across public and private sector Defined Benefit (DB) and Defined Contribution (DC) pensions, along with the support of tax relief, are contributing to overall adequacy outcomes in the pension system.	This indicator is designed to measure the proportion of people saving in a DC pension in a manner beneficial to pension adequacy. While DC savings do not currently provide incomes commensurate with those provided by DB schemes, automatic enrolment regulations are still being monitored and reviewed, and contribution levels in these schemes could rise in the future. DC savings allow people flexibility of access and, depending on method of access, can provide a **reliable** level of income above the level of the State Pension (annuity) or a flexible income which helps people to be **resilient** against financial shocks through withdrawing in different amounts (income drawdown or lump sum withdrawal). By assessing the proportion of working-age people in DC schemes and the percentage of working-age people who are being given the opportunity to achieve a level of income in retirement above the State Pension, which will help improve their chances of **avoiding poverty and maintaining living standards** into retirement. This indicator uses analysis of differences in coverage over time by age, gender and income to draw conclusions about gaps in coverage.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Proportion of employees saving into a DC pension in current year Allows assessment of percentage of working age people who are being given the opportunity to achieve a level of income in retirement above the State Pension, which will help improve their chances of avoiding poverty and maintaining living standards into retirement.	Age, gender, income	Annual Survey of Hours & Earnings (ASHE) – annually table P1[31]

[31] ONS(2022)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L5
Good support for adequacy

Compared to recent years, a high proportion of employees across almost all population groups are covered by DC pension saving in a manner that is beneficial to pension adequacy.

DC coverage has increased significantly across all groups by age, gender and income over the past 10 years thanks to the success of automatic enrolment. Among men and women in most age and income groups, active membership of defined contribution pension schemes is significantly better than the ten-year averages. In 2021, the improvement in coverage compared to ten years ago was slightly lower for the youngest workers and the lowest earners, reflecting that those under 2022 are not eligible for automatic enrolment. However, even these groups have seen considerable increase in their DC coverage.

Figure A3.3.1 Proportion of employees saving into a DC pension in 2021

Defined Contribution Pension coverage in employees	2021 Rate	10Y Average
All	49.7%	34.3%
Age band: 16-21	13.1%	9.3%
Age band: 22-29	57.7%	39.2%
Age band: 30-39	55.4%	39.5%
Age band: 40-49	50.7%	35.9%
Age band: 50-54	49.1%	33.8%
Age band: 55-59	48.2%	33.3%
Age band: 60-64	48.7%	32.3%
Age band: 65+	29.2%	13.5%
Weekly income: Less than £100	12.7%	7.7%
Weekly income: £100 - £200	30.1%	19.1%
Weekly income: £200 - £300	47.9%	31.1%
Weekly income: £300 - £400	54.2%	37.5%
Weekly income: £400 - £500	56.1%	38.9%
Weekly income: £500 - £600	54.6%	39.6%
Weekly income: £600 and over	53.9%	42.5%
Women	42.9%	28.2%
Age band: 16-21	10.9%	7.9%
Age band: 22-29	51.9%	34.8%
Age band: 30-39	48.5%	33.0%
Age band: 40-49	42.9%	28.5%
Age band: 50-54	41.8%	27.2%
Age band: 55-59	41.1%	26.7%
Age band: 60-64	41.8%	23.9%
Age band: 65+	23.2%	8.9%
Weekly income: Less than £100	12.5%	7.4%
Weekly income: £100 - £200	31.9%	20.1%
Weekly income: £200 - £300	47.7%	30.5%
Weekly income: £300 - £400	50.7%	34.8%
Weekly income: £400 - £500	50.9%	33.8%
Weekly income: £500 - £600	46.2%	32.3%
Weekly income: £600 and over	43.1%	33.2%
Men	56.6%	40.4%
Age band: 16-21	15.6%	10.7%
Age band: 22-29	63.4%	43.6%
Age band: 30-39	61.8%	45.5%
Age band: 40-49	58.4%	43.3%
Age band: 50-54	56.9%	41.1%
Age band: 55-59	55.9%	40.2%
Age band: 60-64	55.6%	39.8%
Age band: 65+	34.1%	16.9%
Weekly income: Less than £100	12.6%	7.9%
Weekly income: £100 - £200	24.9%	15.9%
Weekly income: £200 - £300	47.4%	32.2%
Weekly income: £300 - £400	59.3%	40.5%
Weekly income: £400 - £500	61.3%	43.3%
Weekly income: £500 - £600	61.5%	44.7%
Weekly income: £600 and over	60.0%	47.1%

Technical Notes

Figure A3.3.1 Proportion of employees saving into a DC pension in current year
Source: ASHE Pension Tables

1. The Annual Survey for Hours and Earnings (ASHE) is based on employer responses for a 1% sample of employee jobs. It uses HM Revenue and Customs' Pay As You Earn (PAYE) records to identify individuals' current employer.
2. Employee membership in ASHE is measured in terms of "employee jobs" rather than individuals, and individuals may have more than one job. Data from the ASHE is available from 1997 onwards only. However, it is the most useful source of information because it covers all workplace pensions: occupational pension schemes, group personal pensions (GPPs), group stakeholder and group self-invested personal pensions.

Item	Breakdowns	Metrics
Proportion of jobs with DC pension scheme membership	Period: Annual Breakdowns: • Sex [Male, Female] by Age group [16-21, 22-29, 30-39, 40-49, 50-54, 55-59, 60-64, 65+] • Sex [Male, Female] by Weekly income group [Less than £100, £100 - £200, £200 - £300, £300 - £400, £400 - £500, £500 - £600, £600 and over]	[Jobs with DC membership] / [Total jobs]

References:

Office for National Statistics (2022). Annual Survey of Hours and Earnings. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2021provisionalland2020finalresults

A3.4 Defined Benefit Accruals

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Private Pension Saving**	**A3.4 Defined Benefit Accruals**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	How changes in participation rates, contribution rates and investment returns across public and private sector Defined Benefit (DB) and Defined Contribution (DC) pensions, along with the support of tax relief, are contributing to overall adequacy outcomes in the pension system.	This indicator is designed to measure the amount people accrue in a DB pension in a manner beneficial to pension adequacy. DB schemes are designed to help people to achieve a retirement income which reflects their earning during working life, by linking entitlements to a proportion of final or average salary. In this way, DB pensions contribute to helping people **maintain living standards**, through allowing them more of a chance to meet their target working life replacement rate. DB pensions pay out at an escalating rate until the death of the recipient, providing **reliability** of income. Currently, those saving into DB pensions accrue higher pension entitlements, on average, than those in saving into DC schemes. This analysis uses average accrual rates to determine the level of retirement income that people receive from DB schemes, and the contribution these incomes make to adequate **living standards**. This indicator uses analysis of differences in coverage over time by age and gender to draw conclusions about gaps in contribution levels.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Rate of Defined Benefit accrual I Allows determination of the level of retirement income that people receive from defined benefit schemes, and the contribution these incomes make to adequate living standards	Age and gender	Wealth and Assets Survey (WAS) dataset.[32] Updated every two years

[32] ONS(2025)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L6
Strong support for adequacy

A high proportion of individuals who are actively contributing to a DB pension are doing so in a manner which is likely to yield a high level of guaranteed, inflation linked, income throughout their retirement which is designed to help people replicate working life living standards in retirement.

A trend towards slightly higher accrual rates, all of which were already producing good outcomes.

The DB system was designed to provide people with sufficient income to achieve an adequate living standard in retirement when supplementing State Pension income with private pension payments. Despite changes to the way in which these benefits are structured in the public and private sector, they still provide the highest level of guaranteed (inflation linked) income of any private pension saving method; this is partly due to higher levels of contributions from the employer. In addition, some of the reforms designed to make the schemes more affordable have actually reduced inequalities. For example, replacing the final salary system with the career average (CARE) system in public sector pensions benefits women and those on lower earnings.

In order to achieve a DB income that supports adequate retirement incomes, individuals need to remain within a DB scheme for most or all of their working life. Public sector workers, on average, are more likely to remain working in the public sector and therefore in a public sector DB scheme over the course of their career. For private sector workers, the provision of a DB pension may be regarded as an added incentive to remain with the employer.

Figure A3.4.1: Defined Benefit Pension Accrual Rates

Defined Benefit Pension accrual rates for scheme members	2020-22 Rate	10Y Average
All	1.6%	1.5%
Age band: 16-24	1.6%	1.5%
Age band: 25-34	1.6%	1.5%
Age band: 35-44	1.6%	1.5%
Age band: 45-54	1.6%	1.5%
Age band: 55-64	1.6%	1.5%
Age band: 65+	1.5%	1.5%
Women	1.6%	1.5%
Age band: 16-24	1.6%	1.5%
Age band: 25-34	1.6%	1.5%
Age band: 35-44	1.6%	1.5%
Age band: 45-54	1.6%	1.5%
Age band: 55-64	1.6%	1.5%
Age band: 65+	1.5%	1.5%
Men	1.6%	1.5%
Age band: 16-24	1.6%	1.5%
Age band: 25-34	1.6%	1.5%
Age band: 35-44	1.6%	1.5%
Age band: 45-54	1.6%	1.5%
Age band: 55-64	1.6%	1.5%
Age band: 65+	1.5%	1.5%

Technical Notes

Figure A3.4.1 Defined Benefit Accrual Rates
Source: Wealth and Assets Survey

1. The Wealth and Assets Survey (WAS) is a longitudinal survey, which aims to address gaps identified in data about the economic well-being of households by gathering information on level of assets, savings and debt; saving for retirement; how wealth is distributed among households or individuals; and factors that affect financial planning.
2. Time series generated:

Item	Breakdowns	Metrics
Weighted accrual rate of benefit for members of Defined Benefit pension schemes	Period: two-yearly Breakdowns: • Sex [Male, Female] by Age group [16-24, 25-34, 35-44, 45-54, 55-64, 65+]	Weighted average of accrual rates in first and second DB scheme

References:

Office for National Statistics, Social Survey Division. (2025). Wealth and Assets Survey, Waves 1-5 and Rounds 5-8, 2006-2022. [data collection]. 19th Edition. UK Data Service. SN: 7215, DOI: http://doi.org/10.5255/UKDA-SN-7215-19

A3.5 Defined Contribution Pension Contribution Rates

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Private Pension Saving**	**A3.5 Defined Contribution Pension Contribution Rates**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	How changes in participation rates, contribution rates and investment returns across public and private sector Defined Benefit (DB) and Defined Contribution (DC) pensions, along with the support of tax relief, are contributing to overall adequacy outcomes in the pension system.	This indicator is designed to measure the amount people save into a DC pension in a manner beneficial to pension adequacy. DC pension savings can help people to take income flexibly in retirement, supporting **resilience** against short-term financial shocks. This analysis uses average levels of employee and employer contributions over a time series to explore when contributions increase and decrease, which affects final pot sizes and pensioners' long-term ability to maintain **living standards**. This indicator uses analysis of differences in coverage over time by age and gender to draw conclusions about gaps in contribution levels.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Employee contributions Explores when contributions increase and decrease, which affects final pot sizes and pensioners long-term ability to maintain living standards	Age, gender	Annual Survey of Hours & Earnings (ASHE) Table P5 – updated annually.[33]
Employee contributions Explores when contributions increase and decrease, which affects final pot sizes and pensioners long-term ability to maintain living standards	Age, gender	ASHE Table P9 – updated annually[34]

[33] ONS (2022)
[34] ONS (2022)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L2
Poor support for adequacy

The proportion of individuals who are actively contributing to a DC pension who are doing so in a manner beneficial to pension adequacy is significantly low but where exceptions exist, they are trending towards more equal outcomes.

Average contribution rates for all groups are significantly below contribution rates associated with adequacy in retirement.

Total contribution rates have shown limited increases (0.3SD) above the 10 year average mostly through increased contributions from employees, with a modest decrease in average employer contribution rates.

Figure A3.5.1 Defined Contribution Pension Contribution Rates

Defined Contribution contribution rates	2021 Rate	10Y Average
Total contribution rates		
All	**10.0%**	**9.3%**
Age band: 16-21	7.7%	6.3%
Age band: 22-29	8.8%	7.4%
Age band: 30-39	9.7%	8.9%
Age band: 40-49	10.5%	9.9%
Age band: 50-54	10.6%	10.3%
Age band: 55-59	10.6%	10.4%
Age band: 60-64	10.0%	9.7%
Age band: 65+	8.1%	7.6%
Women	9.9%	9.4%
Men	10.0%	9.3%
Employer contribution rates		
All	**5.6%**	**5.9%**
Age band: 16-21	3.9%	4.0%
Age band: 22-29	4.7%	4.7%
Age band: 30-39	5.4%	5.7%
Age band: 40-49	6.0%	6.3%
Age band: 50-54	6.0%	6.5%
Age band: 55-59	5.9%	6.5%
Age band: 60-64	5.5%	5.9%
Age band: 65+	3.5%	4.2%
Women	5.6%	6.0%
Men	5.5%	5.9%
Employee contribution rates		
All	**4.4%**	**3.4%**
Age band: 16-21	3.8%	2.2%
Age band: 22-29	4.1%	2.7%
Age band: 30-39	4.3%	3.3%
Age band: 40-49	4.5%	3.6%
Age band: 50-54	4.6%	3.8%
Age band: 55-59	4.7%	3.8%
Age band: 60-64	4.5%	3.8%
Age band: 65+	4.6%	3.4%
Women	4.3%	3.3%
Men	4.5%	3.4%

Technical Notes

Figure A3.5.1 Defined Contribution Pension Contribution Rates
Source: ASHE Pension Tables

1. The Annual Survey for Hours and Earnings (ASHE) is based on employer responses for a 1% sample of employee jobs. It uses HM Revenue and Customs' Pay As You Earn (PAYE) records to identify individuals' current employer.
2. Employee membership in ASHE is measured in terms of "employee jobs" rather than individuals, and individuals may have more than one job.
3. Data from the ASHE is available from 1997 onwards only. However, it is the most useful source of information because it covers all workplace pensions: occupational pension schemes, group personal pensions (GPPs), group stakeholder and group self-invested personal pensions..

Item	Breakdowns	Metrics
Weighted average employer contribution for jobs with DC schemes	Period: Annual Breakdowns: • Sex [Male, Female] by Age group [16-21, 22-29, 30-39, 40-49, 50-54, 55-59, 60-64, 65+]	[Jobs with DC employer contribution levels] / [Total jobs with DC pension]
Weighted average employee contribution for jobs with DC schemes	Period: Annual Breakdowns: • Sex [Male, Female] by Age group [16-21, 22-29, 30-39, 40-49, 50-54, 55-59, 60-64, 65+]	[Jobs with DC employer contribution levels] / [Total jobs with DC pension]

References:

Office for National Statistics (ONS) (2022), Employee contribution bands by age group and pension type: Table P5. Available at: https://www.ons.gov.uk

Office for National Statistics (ONS) (2022) Annual Survey of Hours and Earnings (ASHE). Available at: https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualsurveyofhoursandearningsashe

A3.6 Pension Investments and Assets

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Private Pension Saving**	**A3.6 Pension Investments and Assets**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	How changes in participation rates, contribution rates and investment returns across public and private sector Defined Benefit (DB) and Defined Contribution (DC) pensions, along with the support of tax relief, are contributing to overall adequacy outcomes in the pension system.	This indicator is designed to examine how changes to the way in which pension assets are invested, and the returns they generate, are contributing to adequacy in later life. For pension savers to maximise adequacy, especially DC savers, pension savings need to be invested in a way which optimises returns, while also limiting volatility. This indicator examines the impact of investment returns on the value of DC savings to understand how they are contributing to people's ability to maintain **living standards** and mitigate **poverty** in retirement. It also examines investment volatility as a measure of the risk to which funds are subjected, particularly those with members at older ages, and how much people can **rely** on returns from their investments. Fund diversification is examined as an indicator of the extent to which funds may be hedged, and the extent to which they may be accessing new or alternative market products and assets that, together, can contribute to overall levels of resilience and growth in investments.

Indicator Measures

Measure & Purpose	Strata	Source
DC pension investment returns Measures the extent to which investment returns support pension adequacy in retirement by comparing average default returns to National Employment Savings Trust (NEST) default fund objectives	Years from retirement (5 and 30)	Corporate Advisor Pensions Average (CAPA) data[35] Office for National Statistics (ONS)[36]
DC pension investment volatility Measures the extent to which investment volatility affects pension adequacy, by comparing volatility to acceptable levels of appropriate NEST funds.	Years from retirement (5 and 30)	CAPA data
Quarterly CPI Forms part of NEST performance benchmarks		ONS[37]
Fund diversification in default and self-select strategies Examines asset allocation as a driver of volatility.		PPI Future Book[38] CAPA data

[35] CAPA (2025)
[36] ONS (2025)
[37] ONS (2025)
[38] Wilkinson, L. Adams, J. Silcock, D, (PPI) (2021).

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L5 Good support for adequacy

A high proportion of pension assets are invested in a way which is beneficial to adequacy, although changes in the economy due to the COVID-19 pandemic mean that performance has been inconsistent over recent years.

The majority of DC savers are invested in funds with strategies that have provided returns above the benchmark level set by NEST default funds over the past 5 years, except over the period of high inflation peaking in 2022, however the long term average returns have beaten the benchmark. An average of DC pension fund performance provides returns that have exceeded typical inflation-linked fund objectives, as well as staying within benchmark volatility limits for different risk profiles. For all quarters for which data exists, since Q1/18, the average 5-year annualised returns for funds 5 years from retirement has exceeded these objectives, and for all of these quarters except 2, the average 5 year annualised returns for funds 30 years from retirement has exceeded these objectives.

Volatility has remained below benchmark rates with the exception of Q2 and Q3 2020, which suggests that the funds are sufficiently well diversified to limit volatility, with funds mainly allocated to conventional assets such as equities, cash and bonds. As such, asset allocation within DC pension schemes has remained in line with expectations, allowing most DC savers to both see returns on their investments and to maintain a degree of protection from economic shocks. Despite these outcomes, a degree of uncertainty remains over the impact of broader economic change arising over the course of 2022 on the value of pensions.

Figure A3.6.1 Corporate Advisors Pensions Average (CAPA) performance compared to benchmark NEST fund objectives for assets belonging to individuals 5 and 30 years from retirement, United Kingdom 2018-2024

Quarter	CAPA 30 years from retirement 1/3/5-year annualised returns			Benchmark rate*	CAPA 5 years from retirement 1/3/5-year annualised returns			Benchmark rate**
	1-year	3-year	5-year		1-year	3-year	5-year	
Q1/18	2.6%	7.2%	8.6%	3.4%	1.8%	5.1%	7.3%	0.4%
Q2/18	7.4%	10.9%	10.2%	6.9%	4.4%	7.4%	8.4%	3.9%
Q3/18	8.6%	14%	10.2%	4.9%	4.9%	9%	8.1%	1.9%
Q4/18	-5.2%	8.9%	7.5%	5.3%	-2.9%	7%	6.7%	2.3%
Q1/19	7.7%	11%	9%	2.3%	5.9%	8.5%	5.9%	-0.7%
Q2/19	6.5%	10.1%	9.3%	7.2%	5%	7.8%	7.9%	4.2%
Q3/19	6.3%	8.8%	9.7%	4.5%	7.4%	6.5%	8%	1.5%
Q4/19	16.4%	8%	9.2%	3.7%	13.9%	6.1%	7.3%	0.7%
Q1/20	-8.4%	0.2%	4.1%	3.4%	-4%	1.2%	3.8%	0.4%
Q2/20	0.6%	4.7%	7.5%	3.7%	2.2%	4.3%	6.5%	0.7%
Q3/20	0.4%	4.8%	9.4%	4.5%	0.7%	4.2%	1.9%	1.5%
Q4/20	6.1%	6.1%	9.9%	3.7%	5.1%	5%	8.1%	0.7%
Q1/21	32%	8.8%	10.3%	3.7%	19.7%	6.4%	8%	0.7%
Q2/21	21%	8.7%	10%	8.2%	12.9%	6.5%	7.7%	5.2%
Q3/21	20.8%	8.9%	9%	7.0%	12.3%	6.4%	6.4%	4.0%
Q4/21	16.5%	13.6%	9.2%	10.7%	9.1%	9.3%	6.5%	7.7%
Q1/22	10.1%	9.9%	7.9%	8.0%	5.3%	6.2%	5.3%	5.0%
Q2/22	-5.3%	5.1%	5.7%	18.4%	-6.2%	2.7%	3.6%	15.4%
Q3/22	-7.9%	3.9%	5.3%	10.2%	-10.5%	0.3%	2.2%	7.2%
Q4/22	-9.0%	4.3%	5.1%	13.2%	-9.7%	1.6%	3.0%	10.2%
Q1/23	-3.8%	11.7%	6.5%	6.6%	-4.8%	6.9%	4.0%	3.6%
Q2/23	8.3%	7.6%	6.0%	12.9%	3.7%	7.6%	3.6%	9.9%
Q3/23	9.3%	6.7%	5.5%	4.9%	6.7%	2.9%	3.3%	1.9%
Q4/23	13.2%	6.1%	8.7%	5.5%	10.3%	2.9%	5.6%	2.5%
Q1/24	16.2%	7.4%	8.4%	4.5%	11.5%	4.3%	5.5%	1.5%
Q2/24	16.6%	6.2%	7.9%	8.9%	12.6%	3.2%	4.9%	5.9%
Q3/24	18.3%	5.8%	7.5%	4.8%	15.1%	3.6%	4.7%	1.8%
Q4/24	15.2%	5.6%	7.9%	7.3%	10.3%	3.1%	5.1%	4.3%

**Benchmark rate at 30 years from retirement equivalent to NEST 2040 retirement fund target of Consumer Prices Index (CPI) +3%*

***Five-year benchmark rate equivalent to NEST lower growth fund target of CPI +0%*

Figure A3.6.2 - Corporate Advisors Pensions Average volatility compared to NEST volatility benchmarks for assets belonging to individuals 5 and 30 years from retirement, United Kingdom 2018-2024

Quarter	Standard deviation of 1/3/5-year annualised performance of CAPA 30 years from retirement (%)			Benchmark rate	Standard deviation of 1/3/5-year annualised performance of CAPA 5 years from retirement (%)			Benchmark rate
	1-year	3-year	5-year		1-year	3-year	5-year	
Q1/18 – Q4/18	6.3%	2.8%	2.0%	11.0%	3.7%	1.5%	1.6%	6.0%
Q2/18 – Q1/19	6.5%	2.4%	2.0%	11.0%	4.0%	1.1%	2.0%	6.0%
Q3/18 – Q2/19	6.3%	2.4%	1.4%	11.0%	4.0%	1.1%	1.2%	6.0%
Q4/18 – Q3/19	5.7%	1.3%	0.7%	11.0%	4.3%	1.2%	0.5%	6.0%
Q1/19 – Q4/19	4.9%	1.7%	0.7%	11.0%	4.1%	1.5%	0.4%	6.0%
Q2/19 – Q1/20	9.8%	4.5%	2.1%	11.0%	7.0%	3.1%	1.6%	6.0%
Q3/19 – Q2/20	9.7%	3.8%	2.6%	11.0%	7.0%	2.8%	2.3%	6.0%
Q4/19 – Q3/20	9.7%	3.6%	3.0%	11.0%	7.0%	2.8%	2.8%	6.0%
Q1/20 – Q4/20	6.1%	3.4%	3.0%	11.0%	4.1%	2.8%	2.7%	6.0%
Q2/20 – Q1/21	12.5%	1.3%	1.8%	11.0%	6.5%	1.8%	2.5%	6.0%
Q3/20 – Q2/21	11.9%	1.0%	1.5%	11.0%	6.4%	1.1%	1.0%	6.0%
Q4/20 – Q3/21	9.8%	1.0%	1.0%	11.0%	5.6%	0.5%	1.1%	6.0%
Q1/21 – Q4/21	6.9%	1.9%	1.4%	11.0%	4.8%	1.1%	1.5%	6.0%
Q2/21 – Q1/22	4.2%	2.3%	2.6%	11.0%	2.7%	1.9%	2.7%	6.0%
Q3/21 – Q2/22	11.0%	3.9%	2.6%	11.0%	7.8%	3.3%	2.4%	6.0%
Q4/21 – Q3/22	11.9%	4.8%	2.5%	11.0%	9.4%	4.3%	2.5%	6.0%
Q1/22 – Q4/22	8.6%	2.7%	1.5%	11.0%	7.1%	2.4%	1.4%	6.0%
Q2/22 – Q1/23	2.4%	2.1%	1.1%	11.0%	2.7%	1.5%	1.1%	6.0%
Q3/22 – Q2/23	7.1%	3.1%	1.1%	11.0%	5.8%	1.6%	0.9%	6.0%
Q4/22 – Q3/23	7.8%	3.8%	1.3%	11.0%	6.4%	3.0%	1.3%	6.0%
Q1/23 – Q4/23	6.4%	3.8%	1.4%	11.0%	5.6%	3.0%	1.2%	6.0%
Q2/23 – Q1/24	4.4%	1.7%	1.4%	11.0%	4.1%	2.0%	1.1%	6.0%
Q3/23 – Q2/24	4.3%	1.7%	1.4%	11.0%	3.5%	1.8%	1.2%	6.0%
Q4/23 – Q3/24	3.0%	1.2%	1.0%	11.0%	3.0%	1.1%	0.9%	6.0%
Q1/24 – Q4/24	2.0%	1.2%	0.9%	11.0%	2.7%	1.1%	0.8%	6.0%

Technical Notes

Figure A3.6.1: Corporate Advisors Pensions Average (CAPA) performance compared to benchmark NEST fund objectives for assets belonging to individuals 5 and 30 years from retirement, United Kingdom 2018-2024

1. Compares the average (mean) return of default funds in the Corporate Adviser Pensions Average (CAPA) against benchmarks of the Nest 2040 Retirement Fund (default strategy – growth phase) and the Nest Lower Growth Fund.
2. CAPA data covers the performance of default strategies that comprise more than 95% of the master trust sector by assets and members, as well as those of key life insurers active in the provision of workplace pensions to ensure greater representation of the workplace pensions market. Over 90% of employees typically invest in their employer's default fund.
3. For individuals 30 years from retirement, one-year annualised CAPA returns are compared to the Nest 2040 Retirement Fund benchmark rate of CPI +3%.
4. For individuals 5 years from retirement, one-year annualised returns are compared to the Nest Lower Growth Fund benchmark rate of CPI + 0%.
5. CAPA performance data is quoted gross, before the deduction of charges, because charges can differ for individuals across different funds. Nest returns are quoted net of Nest annual management charge (0.3%). Fund returns may not therefore be directly comparable and CAPA returns may not be a direct indication of the impact of growth on pensions adequacy, although a comparison of the two metrics can allow for insight into relative performance.[39]
6. Data was not available at the time of writing for 5-year annualised returns of CAPA 5 years from retirement, so in this case, the Q4/21 results were used for analysis.
7. Collection of CAPA data began in 2018 and includes the impact of the COVID-19 pandemic upon performance. As more data is collected over time, a clearer picture of pension fund performance is expected to emerge.
8. CAPA data is published with permission from Corporate Adviser/ CAPA-Data.com

Figure A3.6.2 - Corporate Advisors Pensions Average volatility compared to NEST volatility benchmarks for assets belonging to individuals 5 and 30 years from retirement, United Kingdom 2018-2024

1. Compares the standard deviation of four quarters of performance against benchmark volatility rates. The performance is first adjusted by weekly earnings according to the following formula, to obtain real returns:

$$\frac{1+\text{return}}{1+\triangle\text{AWE}} - 1$$

Where $\triangle$AWE is the 1, 3 and 5 year increase in weekly earnings for that quarter.

2. For individuals 30 years from retirement, the standard deviation of the most recent four quarters of one year annualised investment returns given by CAPA data are compared with the Nest 2040 retirement fund's objective of 11% volatility.
3. For individuals 5 years from retirement, the standard deviation of the most recent four quarters of one year annualised investment returns given by CAPA data are compared with a volatility benchmark of 6%. This benchmark has been arrived at by observing that the Nest Lower Growth Fund objectives' aim for 0.5% volatility. Making the following assumptions:
   - This objective of 0.5% would also be a good objective for savers one day from retirement
   - A fund might reduce volatility linearly from the previously given objective of 11%, to 0.5%, over a period of ten years
   - A benchmark figure of 6% would roughly reflect an appropriate level of volatility for a default strategy fund 5 years from retirement.

References:

Corporate Advisor Pensions Average Data (CAPAData) (2025). Available at: https://capa-data.com/

Office for National Statistics (ONS) (2025), EARN01: Average weekly earnings, 2024, Monthly wages and Salaries Survey. Available at: https://www.ons.gov.uk

Office for National Statistics (ONS) (2025), CPIH ANNUAL RATE 00: ALL ITEMS 2015=100, 2025, Consumer price inflation time series (MM23), L550. https://www.ons.gov.uk

Wilkinson, L. Adams, J. Silcock, D, (PPI) (2021). The DC Future Book 2021. Available at: https://www.pensionspolicyinstitute.org.uk

[39] CAPA(2025)

A3.7 Tax Relief

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Private Pension Saving**	**A3.7 Tax Relief**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	How changes in participation rates, contribution rates and investment returns across public and private sector Defined Benefit (DB) and Defined Contribution (DC) pensions, along with the support of tax relief, are contributing to overall adequacy outcomes in the pension system.	This indicator aims to examine the extent to which reliefs available to individuals on their pension tax liabilities contribute to adequacy in retirement. At present, tax relief is applied when contributions are made to a pension from pre-tax income. In respect of National Insurance contributions (NICs) on pension contributions, however, those made by the employee are subject to both employer and employee NICs, whilst those made by the employer (or through salary sacrifice) are not subject to NICs at all. In order to limit the total tax relief available to any given individual, reliefs are restricted by an annual allowance and a lifetime allowance, both of which have reduced substantially in recent years. Pensions are then taxed when income is drawn in retirement, with the exception that 25% of savings can be taken as a tax-free lump. The impact of marginal rates of income tax means that, in net terms, the tax relief that different groups get on their pension saving varies widely, with higher earners typically receiving significantly higher subsidies and advantages than lower earners. Whilst some people will receive relatively little, others can receive significant rebates and the extent to which tax reliefs provide an incentive to save varies between people. The benefits of some incentives, such as salary sacrifice, are not equally available. This indicator reports the proportion of pension income derived from tax relief, and its distribution among different groups, in order to measure the impact of tax relief on final retirement incomes and its support for **living standards** and **poverty** mitigation. A discussion of the extent to which the pension tax system contributes to wider complexity in the UK pension system is included in indicator S3.3 – System Complexity.

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

Unrated

There is insufficient data to assess tax relief in the context of adequacy. This indicator will be updated in future releases once data inconsistencies are resolved.

The number of people with pension contributions that qualify for tax relief has increased in recent years, driven in part by the growth in new savers as a result of Automatic Enrolment. Whilst researching this indicator, the PPI conducted analysis of HMRC data to estimate the likely impact of tax relief on long-term adequacy outcomes by income group. However, inconsistencies in the reported value of data relating to tax relief applied to individuals were discovered during the research process that preclude the assignment of an indicator outcome for 2025.

A4.1 Non-pension savings

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A4: Non-pension savings and assets**	**A4.1 Non pension savings**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	Non-pension wealth is a major element of financial adequacy in retirement. Although it may be found in many different forms, this group of indicators will focus on three key sources of non-pension wealth: non-pension savings, home ownership and inheritance.	This indicator is designed to measure the level to which rates of non-pension saving can contribute to adequacy in later life. Non-pension savings allows people to top up State and private pension income in retirement and/or to access savings flexibly in times of financial need, allowing for greater financial **resilience.** This indicator uses the level of savings in formal financial assets (which includes Individual Savings Accounts (ISAs), the main non-pensions tax-advantaged savings wrapper), by age and gender, to determine the access people have to this form of saving and where there are gaps. Levels of total household non-pensions savings and wealth, as well as whether savings are intended for use as a retirement income, allows for understanding of the role non-pension savings may play for UK households in preventing **poverty** and allowing for **resilience** in future.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Savings in formal financial assets Indicates the extent to which individuals have access to assets which could improve financial resilience in retirement.	Age and gender	Wealth and Assets Survey (WAS) dataset.[40] Updated every 2 years
Whether currently saving (not in pensions) Assesses whether people are able to save outside of their pensions, and the proportion of households who may be less likely to be able to call upon non-pension assets in retirement.	Age and gender	WAS dataset.[41] Updated every 2 years
Whether saving (not in pensions) for the purpose of generating generate retirement income Highlights the proportion of households who are actively aiming to improve adequacy in retirement through non-pension savings	Age and gender	WAS dataset.[42] Updated every 2 years
Proportion households owning additional property (not including main home) Indicates the extent to which individuals have access to property income or assets which could improve financial resilience in retirement.	Age	WAS dataset.[43] Updated every 2 years

[40] ONS(2025)
[41] ONS (2025)
[42] ONS (2025)
[43] ONS (2025)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3
Somewhat fails to support adequacy

The proportion of households saving in a manner beneficial to adequacy in retirement is comparable to recent trends but where exceptions exist, they are trending towards less equal outcomes

The proportion of people saving in non-pension assets has increased slightly over time, with a higher proportion of the population making savings on average between 2018-2020 than between 2010-2020. However, of those making savings, the proportion doing so with the stated aim of providing for an income in retirement has decreased across all groups. It may be that these assets are eventually used for retirement income, however savings aspirations appear to be focused upon shorter term goals. The impact of the pandemic period was to increase household savings ratios, however this does not appear to be focussed upon longer term savings goals.

The median average value of formal financial assets has increased in real (earnings) terms for most groups except between the ages of 55-64, and there has been a widening of the gender savings gap from ages 35 to 64 since the 2022 framework results. However, savings are typically not of sufficient value to provide an adequate income in retirement on their own and will only provide very limited support for financial resilience.

Excluding their main property, more than one in ten households with a head over age 65 also own additional property, with a median value of £150,000 and mean value of £238,000, that could provide a source of either income or capital to support adequacy in retirement. This level is consistent with the average across the population, but lower than households who will retire in the next 15 years. The proportion of households owning additional properties has decreased slightly in recent years both overall and within age bands.

Figure A4.1 1: Proportion of people saving into non-pension financial assets

Proportion saving	2020-22 Rate
All	**39.3%**
Age band: 25-34	48.7%
Age band: 35-44	42.4%
Age band: 45-54	39.8%
Age band: 55-64	37.6%
Age band: 65+	30.7%
Women	**38.0%**
Age band: 25-34	46.6%
Age band: 35-44	42.0%
Age band: 45-54	38.2%
Age band: 55-64	36.7%
Age band: 65+	28.9%
Men	**40.8%**
Age band: 25-34	51.0%
Age band: 35-44	42.8%
Age band: 45-54	41.6%
Age band: 55-64	38.7%
Age band: 65+	32.8%

Figure A4.1.2: Proportion of people saving into non-pension financial assets for retirement

Proportion population (non-pension) saving for retirement income	2018-20 Proportion	10Y Average
All	**8.2%**	**8.4%**
Age band: 25-34	3.6%	3.7%
Age band: 35-44	6.3%	6.8%
Age band: 45-54	10.5%	11.3%
Age band: 55-64	16.1%	18.4%
Age band: 65+	6.4%	6.9%
Women	**6.8%**	**7.4%**
Age band: 25-34	2.7%	3.4%
Age band: 35-44	4.5%	6.0%
Age band: 45-54	9.7%	10.3%
Age band: 55-64	14.4%	16.8%
Age band: 65+	5.2%	5.6%
Men	**8.6%**	**9.5%**
Age band: 25-34	4.1%	4.1%
Age band: 35-44	6.8%	7.8%
Age band: 45-54	10.9%	12.5%
Age band: 55-64	16.7%	20.2%
Age band: 65+	6.7%	8.4%

Figure A4.1.3: Median value of formal financial assets

Median value of formal financial assets	2020-22 Rate	10Y Average
All	**£2,000**	**£1,041**
Age band: 25-34	£2,300	£1,106
Age band: 35-44	£3,200	£1,978
Age band: 45-54	£4,400	£3,192
Age band: 55-64	£10,000	£11,218
Age band: 65+	£19,850	£17,543
Women	**£1,951**	**£1,046**
Age band: 25-34	£2,000	£986
Age band: 35-44	£2,600	£1,636
Age band: 45-54	£4,000	£3,051
Age band: 55-64	£9,100	£11,033
Age band: 65+	£18,075	£15,862
Men	**£2,000**	**£1,029**
Age band: 25-34	£2,704	£1,185
Age band: 35-44	£4,005	£2,385
Age band: 45-54	£5,000	£3,344
Age band: 55-64	£10,750	£11,488
Age band: 65+	£21,500	£19,869

Figure A4.1.4: Proportion of households owning additional property

Proportion households owning additional property (not including main home)	2020-22 Proportion	2018-20 Proportion	2016 - 2018 Proportion	2014-2016 Proportion
All Households	**11%**	**12%**	**12%**	**12%**
Age band: 25-34	6%	7%	7%	8%
Age band: 35-44	11%	13%	14%	13%
Age band: 45-54	12%	15%	13%	14%
Age band: 55-64	14%	17%	17%	16%
Age band: 65+	10%	11%	10%	12%

Technical Notes

Figure A4.1.1: Proportion of people saving into non-pension financial assets
Source: Wealth and Assets Survey

1. Whether added any money to savings / investments in last 2 years. The wealth and assets survey removed their question block on savings attitudes and behaviours from April 2020. This statistic is based on new variables and as such there is not currently a continuous timeseries.

Figure A4.1.2: Proportion of people saving for retirement income
Source: Wealth and Assets Survey

1. Proportion of UK population saving into non-pension assets whose primary reason for saving is to generate additional retirement income

Figure A4.1.3: Median value of formal financial assets
Source: Wealth and Assets Survey

1. Median average value of non-pension assets in current earnings terms. See above for the list of assets which comprise this measure.

Figure A4.1.4: Additional property ownership
Source: Wealth and Assets Survey

1. The proportion of UK population by age band who own any other property (excluding main property). Additional property may be in the UK or overseas, rented or used as a second home.

References:
Office for National Statistics, Social Survey Division (ONS), (2025), Wealth and Assets Survey, Waves 1-5 and Rounds 5-8, 2006-2022, [data collection], UK Data Service, 15th Edition, Accessed 10 May 2025. SN: 7215,
DOI: 10.5255/UKDA-SN-7215-15

A4.2 Home Ownership

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A4: Non-pension savings and assets**	**A4.2 Home Ownership**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	Non-pension wealth is a major element of financial adequacy in retirement. Although it may be found in many different forms, this group of indicators will focus on three key sources of non-pension wealth: non-pension savings, home ownership and inheritance.	This indicator is designed to measure the extent to which levels and affordability of home ownership impact the adequacy that people are able to achieve with their pension savings in later life. Owning your own home can reduce (although not eliminate) housing costs and the income needed to maintain living standards or mitigate poverty in retirement. Homes are also an appreciating asset which can contribute to financial resilience in later life by providing capital either through sale or equity release. Property prices have therefore become a critical component of individual's long-term financial stability, and of the health of the UK financial system.[44] However, access to home ownership, and the disposable income from which people are able to save after mortgage or rental payments, are dependent upon affordability. Increasing home ownership, particularly among younger age groups, has been a key government objective in recent years.[45] This indicator uses measures levels of home ownership by age, as well as levels of affordability, to determine the extent to which home ownership is helping people to achieve better financial outcomes in retirement.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Housing Affordability Ratios Describe the difficulty that non-homeowners might have in accessing the current housing market on account of house price increases	Lower and median quartile	Office for National Statistics (ONS) analysis of house price and earnings data[46]
Home Ownership: Change from peak Compares current levels of home ownership to peak levels in 2003 to understand medium-term trends in home ownership	Age	English Housing Survey[47]

[44] Coelho M, Dellepiane-Avellaneda S and V Ratnoo (2017)
[45] Seely A, Barton C, Cromarty H and W Wilson (2021)
[46] ONS (2024)
[47] DLUHC (2023)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L4
Some support for adequacy

Home ownership among people over 65 is very high and continues to rise. However, since the peak during the pandemic the affordability of property prices has improved showing a decrease in the value of property prices compared to gross annual earnings, falling to similar ratios to that observed around ten years ago. This may lead to an increase in home ownership through greater affordability which in turn will support for pensions adequacy.

More than 80% of people over 65 own their own homes, higher than ever before, as high levels of home ownership among working age groups from the turn of the century are carried forward. However, UK home ownership has fallen significantly in all working age groups since peak rates were reached in 2003. Although trends are beginning to improve at younger ages, the greatest sustained drop is observed among 25 to 34 year olds. Home ownership rates are increasing for 45 to 64 year olds though they are still significantly below the peak observed in 2003 (68% vs 81%), and are below the currently observed rates for those aged over 65 years old (82%). This suggests that pension adequacy may be compromised in the future as fewer people are likely to reach retirement as homeowners and that the length of time that people need to save before buying their first home is increasing. Significant deterioration in house price affordability is a primary driver of these changes. However affordability has improved since the peak of the affordability ratio during the covid-19 pandemic to a ratio comparable to that observed around ten years ago. This effect is evident across house prices with both less expensive and more typical house prices falling in comparison to the earnings distribution. The share of people over 65 in social renting fell sharply from 24.7% in 2003-4 to 15.4% in 2020-21, a level which has been stable for the past five years.

Figure A4.2.1: Home ownership in England by age 2003/4 to 2022/23

Proportion of households where home is owned outright or with mortgage	2003-4	2020-21
16-24-year-olds	24%	10%
25-34-year-olds	59%	43%
35-44-year-olds	74%	61%
45-64-year-olds	81%	68%
Over 65s	71%	82%
All	**71%**	**65%**

Figure A4.2.2: Ratio of median and lower quartile house price to gross annual workplace earnings, England and Wales 2001-2024

	Median	Lower Quartile
2004	6.53	5.99
2005	6.74	6.53
2006	6.96	7.07
2007	7.17	7.26
2008	6.90	6.96
2009	6.35	6.39
2010	6.85	6.77
2011	6.74	6.59
2012	6.76	6.51
2013	6.74	6.51
2014	6.95	6.61
2015	7.37	6.79
2016	7.59	6.83
2017	7.77	6.86
2018	7.85	6.90
2019	7.73	6.82
2020	7.81	6.78
2021	8.95	7.86
2022	8.45	7.19
2023	8.28	7.03
2024	7.54	6.61

Figure A4.2.3: Median value of formal financial assets

Household Tenure	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
own outright	65.0%	66.7%	67.1%	66.2%	69.3%	70.2%	70.5%	71.0%	70.5%	71.8%	71.8%	71.7%	73.2%	72.9%	74.2%	74.0%	74.2%	74.9%	74.5%	73.4%
buying with mortgage	5.9	5.3%	6.5%	6.6%	5.8%	4.6%	5.4%	4.8%	5.0%	5.5%	5.3%	5.0%	4.6%	4.7%	4.4%	4.6%	5.5%	4.7%	4.2%	5.0%
all owner occupiers	71.0%	72.0%	73.6%	72.8%	75.1%	74.7%	75.9%	75.8%	75.6%	77.3%	77.1%	76.7%	77.8%	77.6%	78.6%	78.7%	79.7%	79.6%	78.6%	78.4%
private renters	4.4%	4.9%	4.4%	4.8%	4.1%	4.7%	4.6%	4.9%	5.4%	5.1%	5.2%	5.7%	5.8%	6.3%	5.6%	5.5%	5.3%	5.6%	5.7%	6.2%
local authority	:	:	:	:	:	9.6%	8.9%	8.9%	8.5%	8.1%	7.5%	7.6%	6.8%	6.3%	6.3%	6.7%	6.1%	6.2%	6.6%	6.3%
housing association	:	:	:	:	:	11.0%	10.5%	10.5%	10.5%	9.6%	10.2%	9.9%	9.7%	9.8%	9.5%	9.2%	8.9%	8.7%	9.1%	9.1%
all social renters	24.7%	23.1%	22.0%	22.4%	20.8%	20.5%	19.4%	19.3%	19.0%	17.6%	17.7%	17.6%	16.5%	16.1%	15.8%	15.8%	15.0%	14.8%	15.7%	15.4%
all 65 or over	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100%	100%

Technical Notes

Figures A4.2.1 and 4.2.3: Home ownership and Household Tenure

1. Data collected in the continuous and nationally representative English Housing Survey is used to compare current levels of home ownership in England to peak levels, which reached almost 71% in 2003.

2. Rates of home ownership by age relate to the proportion of households where the household reference person (HRP) falls into each age category. The HRP is the householder in whose name the accommodation is owned or rented, or who is otherwise responsible for the accommodation. In the case of joint owners and tenants, the person with the highest income is taken as the HRP. Where incomes are equal, the older is taken as the HRP.[48]

3. Rising demand and relatively limited supply growth in recent years have led to rising house prices which, in turn, have led to declines in home ownership among working age groups, where first-time buyers find it harder to get on the housing ladder.[49] The rate of decline in home ownership since 2003 has prompted recent governments to make extending home ownership a key policy objective, in part on account of the benefits that it can bring to an individual's financial stability.[50]

4. In the absence of formal set targets, levels of home ownership comparable to peak 2003 levels are considered beneficial to pension adequacy. The English Housing Survey note that data collection was significantly affected by the COVID 19 pandemic, and that it will take several years to determine whether changes observed in 2020-21 are sustained over the longer term.[51]

Figure A4.2.2: House price to workplace-based earnings ratio

1. This indicator compares current affordability ratios to the average over 20 years in order to reflect the approximate duration of one house price and affordability cycle on a peak-to-peak basis.[52] A fall in affordability ratios is considered beneficial to adequacy since it lowers the cost of future housing for aspiring homeowners, along with the amount they need to borrow through a mortgage. Higher house prices increase the non-pension wealth of existing homeowners but present a risk to adequacy in retirement for non-homeowners.[53]

2. Affordability ratios calculated by dividing house prices by gross annual workplace-based earnings, based on the median and lower quartiles of both house prices and earnings in England and Wales. Data from the Annual Survey of Hours and Earnings (ASHE) provides a snapshot of gross full-time individual earnings on a place of work basis in April in each year.

3. House price statistics are sourced from the House Price Statistics for Small Areas, which report the median and lower quartile price paid for residential property and refer to a 12-month period with April in the middle (year ending September). Statistics are available at country, region, county and local authority district level in England and Wales.[54]

[48] DLUHC (2021)
[49] ONS (2015)
[50] Seely A, Barton C, Cromarty H and W Wilson (2021)
[51] DLUHC (2021)
[53] FCA (2019)
[54] ONS (2022)

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Financial Conduct Authority (FCA) (2019), Intergenerational Differences. Available at: https://www.fca.org.uk

Miguel Coelho, Sebastian Dellepiane-Avellaneda & Vigyan Ratnoo (2017) The political economy of housing in England, New Political Economy, 22:1, 31-60, DOI: 10.1080/13563467.2016.1195346

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A4.3 Intergenerational Transfers

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A4: Non-pension savings and assets**	**A4.3 Intergenerational Transfers**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	Non-pension wealth is a major element of financial adequacy in retirement. Although it may be found in many different forms, this group of indicators will focus on three key sources of non-pension wealth: non-pension savings, home ownership and inheritance.	Intergenerational transfers in the form of financial gifts, loans and bequests are likely to comprise an increasing share of household wealth and its distribution in the future, as rising levels of household wealth mean that older households will likely have greater wealth that they can pass on to younger generations. This indicator is designed to measure the extent to which intergenerational transfers might contribute to financial stability and the adequacy that people are able to achieve with their pension savings in later life. Receiving transfers, through gifts, loans or inheritance, can increase **financial resilience** and reduce the income needed to maintain **living standards** or **mitigate poverty** in retirement. Where gifts help individuals to get on the housing ladder or pay off debt, they can further provide support for adequacy by enabling households to make disposable income available for other forms of saving (including pensions) and provide access to appreciating assets. This indicator examines the proportion of people receiving transfers and their value. It also examines first-time buyers who receive some or all of their deposit through inheritance, or as a gift from family and friends. Together, these measures help to determine the extent to which intergenerational transfers may be contributing to financial stability before or during retirement.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Trends in proportion of people receiving transfers	Age. Wealth Quintile	Wealth and Assets Survey (WAS)[55]
Trends in value of transfers received	Wealth Quintile	WAS
Impact of transfers received	Wealth Quintile	WAS
Source of deposit for first-time buyers	Gift, loan or inheritance	English Housing Survey Section 1: Household Annex Tables, Table AT1_9[56]

[55] UKDS (2022)
[56] DLUHC (2021)

Assessment Classifications - 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3
Somewhat fails to support adequacy

The proportion of people receiving transfers compared to recent years is largely unchanged. However, in low-and-middle income groups, the value of transfers will not significantly improve adequacy in retirement and gaps are widening compared to higher groups.

The overall proportion of people receiving financial gifts and transfers is stable among all age groups, with those aged around 55-64 most likely to inherit, and those aged 25-34 most likely to receive cash gifts or loans. The value of inheritance is significantly higher than gifts, but it is received by fewer people and is likely, on average, to only be sufficient to improve lifetime income, financial resilience or provide a top up for pension income for at least half of people in the two highest wealth quintiles. The value of gifts and loans received for at least half of people across all wealth quintiles is unlikely to make a significant impact on lifetime income or adequacy in later life. However, as with inheritance, a small number of people in each group receive much more than the average, particularly at the higher end of the wealth distribution. 36% of first-time buyers use gifts or inheritance towards their deposit, this rate is an increase in 2022-23, and is comparable to figures observed in 2016-2019. Although transfers reduce relative differences in wealth because they make up greater proportion of net wealth for those in lower quintiles, in general they are not individually sufficient at lower income levels to make a significant impact on adequacy in later life. Overall, transfers look likely to increase inequalities in lifetime income between those with richer and poorer parents.

Since 2015, individuals have had increased flexibility in how they use their pension wealth, including the option not to buy an annuity. Unlike DB pensions and annuities, non-annuitised DC pension wealth can be bequeathed, and may increasingly be seen as a favourable way for people to pass on their wealth on account of generous tax treatment. However, at present there is insufficient data to estimate the extent to which DC pension pots are being used to pass on inheritance, or how much of the wealth may eventually be bequeathed.[57]

Figure A4.3.1: Proportion of people receiving transfer by age, Great Britain 2014-16 and 2016-18

Age Group	Received Inheritance of £1,000 or more		Received gift or loan of £500 or more	
	2014-16	2018-20	2014-16	2018-20
16 to 24	2%	1.5%	6%	6.5%
25 to 34	4%	4%	11%	11.5%
35 to 44	4%	5%	9%	8%
45 to 54	5%	5%	5%	6%
55 to 64	7%	6%	3%	3.5%
65 and over	4%	3.5%	1%	1.5%
All	**4%**	**3.5%**	**6%**	**6%**

Figure A4.3.2: Proportion of people receiving transfer by wealth quintile, Great Britain 2014-16 and 2016-18

Wealth Quintile	Received Inheritance of £1,000 or more		Received gift or loan of £500 or more	
	2014-16	2018-20	2014-16	2018-20
Lowest	1%	0.25%	5%	2.5%
2	3%	1%	7%	5.5%
3	4%	4%	7%	9%
4	5%	5%	6%	8%
Highest	7%	7%	4%	6%
All	**4%**	**3.5%**	**6%**	**6%**

[57] Bourquin, P., Joyce, R. and Sturrock, D. (2021)

Figure A4.3.3: Value of transfer by wealth quintile, Great Britain 2014-16 and 2016-18. 2020 prices.

Wealth Quintile	Value of inheritance (£1,000 or more)				Value of gift or loan (£500 or more)			
	2014-16		2018-20		2014-16		2016-18	
Lowest	Mean	Median	Mean	Median	Mean	Median	Mean	Median
2	£9,155	£3,231	£2,966	£2,000	£4,284	£1,300		£1,292
3	£8,939	£4,847	£18,434	£4,000	£4,207	£1,500		£2,154
4	£24,017	£6,462	£20,430	£10,000	£6,824	£3,000		£2,154
Heighest	£42,434	£20,463	£40,431	£11,000	£12,142	£2,000		£3,339
	£99,192	£37,695	£104,413	£50,000	£16,384	£3,000		£3,231
Total	**£52,127**	**£11,847**	**£59,304**	**£15,000**	**£9,619**	**£2,000**		**£2,154**

Figure A4.3.4: Proportion of recent first-time buyers who had help from family and friends for their deposit, England 1995 to 2023

	1995-96	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Savings	-	83%	81%	80%	76%	85%	85%	91%	85%	87%
Gift or Loan	22%	27%	29%	35%	39%	34%	28%	23%	27%	36%
Inheritance	-	10%	7%	10%	10%	6%	6%	6%	8%	9%
Other	-	12%	13%	10%	10%	10%	12%	8%	10%	9%

Technical Notes

Figures A4.3.1 and A4.3.2: Proportion of people receiving inheritance, gifts or cash loans
Source: Wealth and Assets Survey Waves 5 and 7

1. The proportion of people receiving inheritance of more than £1000, and of gifts or loans of more than £500 between 2014-16 (WAS Wave 5) and 2016-18 (WAS Wave 7) are compared in order to identify general trends in transfers which could support financial adequacy in later life. For the purpose of assessment, receipt of inheritance, gifts or loans is seen to be equally beneficial at all ages.
2. In respect of inheritance, an ONS review of survey data in 2014-16 found that around half of all recipients saved or invested their inheritance, around a third of people spent it, and around 10% used it to pay off debts. The transfers of greatest value were made by spouse, parent and grandparents respectively, highlighting a generational effect whereby the older people were at the time they received the inheritance, the more they were likely to receive.[58]

Figure A4.3.4: Proportion of all first-time buyers who had help from family and friends for their deposit
Source: English Housing Survey table AT1_9, & Table 2.1.

1. Recent first-time buyers include all households where the household reference person (HRP) is a first-time buyer and has been resident for less than three years.
2. Participants were asked whether the source of their deposit came from savings, a gift or loan from family or friend, inheritance or another source. More than one answer could be given.
3. Increasing prevalence of transfers is considered to be positive since home ownership is considered beneficial to adequacy in later life, although it is recognised that transfers can contribute to wealth inequality.
4. In the case of gifts and loans, survey data does not make it possible to establish the overall characteristics or financial position of the transferor, but transfers are assumed not to be detrimental to their own adequacy.
5. The increasing reliance on savings and gifts to fund deposits over this period may reflect increasing deposit values, driven by increasing house prices and changing mortgage requirements.[59]
6. Cases where the respondent paid a deposit of 0 or 100% of their purchase price have been excluded.

Data Gaps

Defined Contribution Pension Wealth

Since 2015, individuals have had substantial flexibility in how they use their pension wealth including the option not to buy an annuity. Unlike DB pensions and annuities, non-annuitised DC pension wealth can be bequeathed, and may increasingly be seen as a favourable way for people to pass on their wealth on account of generous tax treatment. However, at present there is insufficient data to estimate the extent to which DC pension pots are being used to pass on inheritance, or how much of the wealth may eventually be bequeathed.[60]

Changes to the Wealth and Assets Survey

From April 2020 the Wealth and Assets Survey removed the question block on asset transfers within measures to reduce the time needed to complete the survey.[61]

New questions have been included from May 2021. However, this does not provide continuity and reduces the amount of data gathered.

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[58] ONS (2018)
[59] DCLG (2017)
[60] Bourquin, P., Joyce, R. and Sturrock, D. (2021)
[61] ONS (2025)

A5.1 Cost of living

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A5: Retirement Living costs**	**A5.1: Cost of living**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	Covers elements that together make up some of the main expenses people are likely to face in retirement. It includes household spending, housing costs in retirement, household debt and the cost of social care.	This indicator explores how changes in measures of the cost of living compare to changes in retirement income and earnings. Its objective is to provide an insight into how changes might impact **living standards** that people are able to maintain in later life, and the extent to which they may need to supplement their income with other forms of saving in order to mitigate a decline in living standards or protect themselves against **poverty**. Retirement income is also compared to changes in earnings for people over 60, in order to identify the extent to which the impact of cost-of-living changes for individuals who largely receive income from pensions reflect the impact on income for employees of a similar age.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Annual increase in pensioner income compared to cost-of-living indices and increases in employee earnings Used to determine the extent to which pensioner incomes are going up or down in relation to the cost of goods and services they buy	Household Type Age Household Income	Office for National Statistics (ONS) Consumer Price Inflation Reference Tables[62] ONS Household Cost Indices[63] Annual Survey of Hours and Earnings (ASHE)[64] Pensioner Income Series[65]

[62] ONS (2025a)
[63] ONS (2025b)
[64] ONS (2024)
[65] DWP (2025)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L5
Good support for adequacy

NOTE: This indicator outcome is based on retirement income up data to and including FY 2023/24.

Pensioner income has generally grown at a faster rate than cost of living indices over the twelve months to FY23/24 and by a significantly greater margin over the preceding ten years, increasing the likelihood that pensioners are able to achieve somewhat improved living standards, or sustain their existing living standards with less need to draw on other forms of saving.

The cost of living crisis has impacted pensioner households across the distribution with single pensioner households seeing a lower increase in income than couples. Single male pensioner households saw a fall in their income against cost of living measures both gross income and after housing costs.

Over the past ten years, net pensioner income has increased at a proportionately greater rate than cost of living measures including the Consumer Price Index (CPI), the Consumer Price Index including housing costs (CPIH) and the Household Cost of Living Index (HCI) of retired households in cash terms. Pensioner income includes income from both State and private pensions, along with benefits, earnings and other sources. It has also generally outpaced growth in earnings among employees over 60.

Median net income for all pensioners after housing costs (AHC) rose by 5% between 2022/23 and 2023/24, and by 37% between 2013/14 and 2023/24. However, the volatility in recent years has meant that the gap between the increase in gross income and net income after housing costs has decreased with the changes in gross pension income amounting to7% and 34% over the same period. This pattern can be observed across all family types and age groups, and suggests that pensioners are spending less of their total income on fixed costs such as housing and tax than in the past, allowing them more disposable income to sustain their living standards. By comparison, CPI rose by an average of 2.3% and 18% over the same periods.

Despite these improvements, income has not increased equally amongst population groups in relation to inflation. Overall, pensioner couples have benefited from slightly greater increases than single pensioners, but single female pensioners have seen higher increases in income than their male counterparts. Single male pensioner households saw their net income after housing costs fall 1% when compared to CPI from 2022/23 to 2023/24. Older pensioners have also seen their incomes rise faster against cost of living measures than those who have recently retired or are under the age of 75, but it should be noted that income levels among single and older pensioner households are considerably lower than among couples and younger pensioner units. In 2023/24, average income for pensioner couples was £595 per week compared to £292 for single male pensioners, and £278 for single female pensioners. Younger pensioner households where the head is under 75 at £455 per week, and those where the head was over 75 at £372 per week.

The level at which pensioner income rose in comparison to cost of living also differed across the net income distribution when using a three-year average to estimate rates of change, this included the period of highest inflation when meeting the increase in cost of living was consequently harder. For households across the distribution households typically saw a drop in income levels of around 2% - 3% against increases in the cost of living.

Figure A5.1.1: Percentage change in weekly pensioner income by household type and inflation measures, United Kingdom. Nominal Terms.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Series Change
Inflation Measures											
HCI (Retired Households)	**-0.4%**	**0.3%**	**2.6%**	**2.8%**	**2.6%**	**0.8%**	**1.1%**	**10.9%**	**10.6%**	**1.9%**	**34.5%**
CPI	**-0.1%**	**0.3%**	**2.7%**	**2.4%**	**2.1%**	**0.8%**	**1.5%**	**9.0%**	**8.7%**	**2.3%**	**18.1%**
CPIH	**0.3%**	**0.7%**	**2.6%**	**2.2%**	**2.0%**	**0.9%**	**1.6%**	**7.8%**	**7.8%**	**3.0%**	**18.3%**
Earnings (60+)	**1.5%**	**2.4%**	**2.9%**	**1.0%**	**3.8%**	**-2.0%**	**6.6%**	**4.6%**	**8.3%**	**6.2%**	**23.2%**
All Pensioner Units											
Gross Income	5.7%	-0.6%	2.0%	2.1%	3.2%	0.7%	4.7%	1.4%	9.2%	7.2%	33.6%
Median Net Income BHC	5.0%	0.0%	2.7%	0.6%	3.8%	2.8%	7.1%	-0.8%	8.7%	5.9%	34.8%
Median Net Income AHC	4.9%	-0.3%	3.7%	-1.0%	5.3%	3.4%	9.1%	-3.3%	10.9%	5.2%	37.0%
Pensioner Couples											
Gross Income	6.7%	-0.1%	0.6%	4.7%	0.5%	0.7%	3.2%	0.9%	10.7%	7.6%	32.1%
Median Net Income BHC	6.0%	0.0%	0.9%	4.1%	1.5%	1.0%	3.5%	0.9%	9.6%	6.8%	32.1%
Median Net Income AHC	5.2%	-1.8%	3.7%	0.4%	4.4%	1.7%	6.0%	0.8%	8.9%	6.1%	34.0%
Single Male Pensioner											
Gross Income	-6.5%	8.5%	7.8%	-2.2%	11.0%	-5.7%	5.6%	2.1%	10.2%	0.6%	42.9%
Median Net Income BHC	-0.4%	5.1%	2.6%	0.0%	3.6%	2.1%	7.9%	-5.1%	12.4%	2.7%	34.9%
Median Net Income AHC	3.8%	0.5%	6.9%	0.0%	-2.1%	6.6%	7.0%	-2.3%	12.6%	2.1%	34.6%
Single Female Pensioner											
Gross Income	3.6%	-2.8%	2.9%	-3.8%	6.3%	7.4%	3.7%	0.6%	6.1%	12.8%	37.0%
Median Net Income BHC	3.0%	0.8%	1.2%	0.0%	4.9%	2.3%	5.7%	-1.1%	10.5%	5.2%	33.2%
Median Net Income AHC	3.1%	0.5%	2.5%	0.0%	2.4%	4.7%	9.0%	-3.7%	11.6%	7.3%	39.0%
Pensioner units where the head is under 75											
Gross Income	8.6%	-1.5%	2.0%	1.3%	-0.5%	0.7%	3.9%	2.8%	11.4%	7.5%	30.4%
Median Net Income BHC	6.7%	-1.3%	4.2%	-0.8%	2.0%	1.5%	6.7%	-0.7%	9.6%	6.2%	30.3%
Median Net Income AHC	6.4%	-1.7%	5.6%	-2.2%	2.3%	2.5%	6.2%	-1.0%	10.0%	6.3%	30.7%
Pensioner units where the head is over 75											
Gross Income	0.5%	2.0%	2.5%	3.6%	10.7%	1.5%	6.2%	-0.2%	8.0%	6.9%	48.9%
Median Net Income BHC	2.9%	1.4%	3.1%	1.0%	7.6%	3.4%	8.4%	-1.7%	8.4%	5.9%	43.9%
Median Net Income AHC	4.0%	0.4%	2.7%	2.3%	5.5%	5.6%	8.6%	-1.8%	10.6%	4.5%	44.7%

Figure A5.1.2: Annual change in weekly pensioner income by net income distribution and household type, United Kingdom. 3 Year Average. Nominal Terms.

Inflation Measures and Pensioner Income Distribution Quintile	Change between 2020/21 to 2022/23 and 2021/22 to 2023/24	Change between 20011/12 to 2013/14 and 2021/22 to 2023/24
Inflation Measures		
Cost of Living		
CPI	6.6%	31%
CPIH	6.2%	30%
CPIH - FOOD	9.2%	25%
HCI (Retired Households)	7.5%	34%
Gross Income		
Employees 60+	6.5%	28%
Bottom Fifth		
Pensioner Couples		
Gross Income	-2.5%	5.0%
Net Income BHC	-1.1%	9.1%
Net Income AHC	**-2.5%**	**7.8%**
(v. FOOD)	-5.2%	13.7%
Single Pensioners		
Gross Income	-4.3%	0.9%
Net Income BHC	-3.4%	3.8%
Net Income AHC	**-2.9%**	**4.1%**
(v. FOOD)	-5.6%	10.0%
Next Fifth		
Pensioner Couples		
Gross Income	-2.4%	7.0%
Net Income BHC	-1.3%	12.0%
Net Income AHC	**-2.5%**	**12.0%**
(v. FOOD)	-5.1%	17.9%
Single Pensioners		
Gross Income	-2.9%	1.9%
Net Income BHC	-2.3%	5.4%
Net Income AHC	**-0.7%**	**8.2%**
(v. FOOD)	-3.3%	14.1%
Middle Fifth		
Pensioner Couples		
Gross Income	-3.0%	7.7%
Net Income BHC	-1.7%	12.0%
Net Income AHC	**-2.6%**	**12.1%**
(v. FOOD)	-5.2%	17.9%
Single Pensioners		
Gross Income	-3.6%	4.8%
Net Income BHC	-1.8%	7.8%
Net Income AHC	**-2.9%**	**10.6%**
(v. FOOD)	-5.6%	16.5%
Next Fifth		
Cost of Living		
Gross Income	-2.8%	6.5%
Net Income BHC	-1.9%	12.8%
Net Income AHC	**-2.9%**	**12.0%**
(v. FOOD)	-5.6%	17.9%
Gross Income		
Gross Income	-3.6%	6.9%
Net Income BHC	-2.5%	11.0%
Net Income AHC	**-3.8%**	**11.6%**
(v. FOOD)	-6.5%	17.5%
Top Fifth		
Pensioner Couples		
Gross Income	0.0%	5.0%
Net Income BHC	-1.7%	10.9%
Net Income AHC	**-2.6%**	**9.8%**
(v. FOOD)	-2.6%	9.8%
Single Pensioners		
Gross Income	-0.1%	11.7%
Net Income BHC	-1.4%	11.7%
Net Income AHC	**-2.2%**	**11.1%**
(v. FOOD)	-4.8%	17.0%

Figure A5.1.3: Median gross weekly pensioner income by household type (£), United Kingdom. Nominal Terms.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
All Pensioner Units										
Gross Income	515	512	522	533	550	554	580	588	642	688
Median Net Income BHC	333	333	342	344	357	367	393	390	424	449
Median Net Income AHC	297	296	307	304	320	331	361	349	387	407
Pensioner Couples										
Gross Income	714	713	717	751	755	760	784	791	876	943
Median Net Income BHC	471	466	480	482	498	507	539	538	589	622
Median Net Income AHC	444	436	452	454	474	482	511	515	561	595
Single Male Pensioner										
Gross Income	343	372	401	392	435	410	433	442	487	490
Median Net Income BHC	239	236	253	256	255	268	275	275	285	291
Median Net Income AHC	217	218	233	233	228	243	260	254	286	292
Single Female Pensioner										
Gross Income	316	307	316	304	323	347	360	362	384	433
Median Net Income BHC	241	243	246	246	258	264	279	276	305	321
Median Net Income AHC	200	201	206	206	211	221	241	232	259	278
Pensioner units where the head is under 75										
Gross Income	605	596	608	616	613	617	641	659	734	789
Median Net Income BHC	383	378	394	391	399	405	432	429	470	499
Median Net Income AHC	348	342	361	353	361	370	393	389	428	455
Pensioner units where the head is over 75										
Gross Income	397	405	415	430	476	483	513	512	553	591
Median Net Income BHC	285	289	298	301	324	335	363	357	387	410
Median Net Income AHC	257	258	265	271	286	302	328	322	356	372

Figure A5.1.4: Median gross weekly earnings of employees aged 60+ (£)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
491	499	510	525	530	551	540	575	602	651	693

Technical Notes

Figure A5.1.1: Percentage change in weekly pensioner income by household type and inflation measures, United Kingdom. Nominal Terms and Figure A5.1.3 Median gross weekly pensioner income by household type (£), United Kingdom. Nominal Terms.
Source: Pensioner Income Series, ONS

1. Income amounts do not include grants received from the Self-Employment Income Support Scheme (SEISS). Wages are treated as earnings income rather than state support, irrespective of any support payments from Coronavirus Job Retention Scheme (CJRS) that the respondent's employer was receiving in respect of their employment.
2. A pensioner unit is defined as having recently reached State Pension age if the head of the benefit unit is less than five years above the State Pension age.
3. The percentages are calculated on unrounded numbers and therefore may not match any calculated from the rounded numbers shown in the table.
4. Due to rounding, percentages may not add up to 100
5. Due to rounding, the sum of all income types may not equal gross income
6. Consumer Price Index (CPI) and Consumer Price Index including housing (CPIH) are commonly used measures of UK inflation. CPIH includes housing costs. Additionally, CPI forms part of the triple-lock, which informs yearly increases in State Pension. Index reported as at April of the respective year.
7. ONS Household Costs Indices measures retired households' experience of changing prices and costs. HCI are a set of measures currently in development which seek to improve upon existing CPI measures from a household perspective. The measure used here specifically relates to retired households, defined as a household where the combined income of retired members amounts to at least half the total gross income of the household. Index reported as at April of the respective year.
8. Employee earnings are median gross weekly earnings for full-time employees aged 60 and over. Full-time employees are defined as working more than 30 paid hours per week.

Figure A5.1.2: Annual change in weekly pensioner income by net income distribution and household type, United Kingdom. 3 Year Average. Nominal Terms.
Source: Pensioner Income Series, ONS

1. Data are presented as an average over three years as there are small sample sizes for some categories.
2. The percentages are calculated on unrounded numbers and therefore may not match any calculated from the rounded numbers shown in the table.

Figure A5.1.4: Median gross weekly earnings of employees aged 60+ (£)
Source: Annual Survey of Hours and Income

1. Median gross weekly earnings for full-time employees. Full-time employees are defined as working more than 30 paid hours per week. These are the source data used to calculate the change in trend over time.

References:

Department for Work and Pensions (DWP) (2025), Pensioners' Incomes Series: Financial year 2023 to 2024. Available at: https://www.gov.uk

Office for National Statistics (ONS) (2025a), Consumer price inflation tables. Available at:
https://www.ons.gov.uk

Office for National Statistics (ONS) (2025b), Household Costs Indices for UK household groups: October to December 2024. Available at: https://www.ons.gov.uk

Office for National Statistics (ONS) (2024). Earnings and hours worked, age group: ASHE Table 6 Available at: https://www.ons.gov.uk

A5.2 Housing Costs in Retirement

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A5: Retirement Living costs**	**A5.2: Housing Costs in Retirement**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators covers elements that together make up some of the main expenses people are likely to face in retirement, in order to understand the extent to which they might compromise the level of adequacy that pension income is able to provide. It includes measures relating to the cost of living, housing costs in retirement, household debt and the cost of social care.	This indicator explores the impact of changes in housing costs on disposable income in later life for households who have mortgage debt or may be renting in retirement. Housing costs are associated with risks to adequacy as they can drive down levels of disposable income, potentially impacting **living standards** and **financial resilience**. Renting presents the most significant risk to adequacy and living standards, since individuals may be required to meet the cost of renting throughout their retirement in contrast to mortgages, which are likely to be time-limited. It also means that they are unable to improve financial resilience or flexibility by accessing access equity built up in housing assets later in life. Although this indicator includes changes in the proportion of households renting (social and private), paying off mortgages, and owning outright in retirement, in order to understand how changes in housing status are likely to affect retirement incomes, its outcome is primarily derived from changes in affordability of housing costs as a proportion of income, with emphasis on those which impact the most people. For homeowners, the cost of undertaking repairs and maintenance can be significant, but they can also be unpredictable and it is not possible to accurately estimate these costs over time. Ability to meet these costs is therefore considered to be a condition of **financial resilience** and is not factored into this analysis. The extent to which changes in levels and affordability of home ownership impact adequacy is more closely examined in indicator A4.2 – Home Ownership.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Proportion of households renting (social and private), paying off mortgages and owning outright in retirement Highlights the proportion of households affected by housing costs in retirement	Age Household	English Housing Survey data on social and private renters[66]
Proportion of income spent on rent or mortgage in households where the household representative person is/is not retired Examines changes to housing cost affordability	Tenure Age	Office for National Statistics (ONS) Private Rental Market Summary Statistics (England)[67]

[66] DLUHC (2025)
[67] DLUHC (2023)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3
Somewhat fails to support adequacy

A sharp increase in proportion of households owning their own home outright by age 65 suggests that overall, fewer households experience the potentially negative impact of housing costs on adequacy in later life than in recent years. For most people with housing costs however, the cost of renting privately or making mortgage payments is becoming less affordable, consuming an increasing proportion of income over time.

1. In 2023/24, 26.6% of households over 65 were either renting or paying towards a mortgage, a substantial decrease since 2003/4 when 35% had housing costs in later life. Within this group, the proportion of older households making payments towards a mortgage fell from 5.9% to 4.9%, and the proportion of older households renting socially fell substantially from 24.7% to 15.8%.

2. Only the proportion of older households renting privately saw an increase over this period, from 4.4% to 5.9%. The proportion of older households owning their own home by age 65 also rose from 65% in 2003/4 to 73.4% in 2023/24, suggesting that fewer households are experiencing risks to adequacy as a result of housing costs in retirement than in recent years.

3. For those with housing costs, the increase in mortgage payments as a proportion of income has been greater than the increase in rent over the period 2008/9 to 2021/22. The increase has also been higher among households over 65 than households under 65.

4. Mean average mortgage payments among households over 65 rose from 20.2% to 25.4% of income, representing a significant increase in housing costs for mortgagors over 65. However, this is also a significant reduction from the 29.2% observed in 2020/21.

5. Among households under 65, the proportion of income spent on rent was 32.2% in 2021/22 at the mean after peaking slightly higher in 2015/16.

6. Although affordability has been most compromised for those making mortgage repayments, these changes affect a relatively small (and falling) proportion of households overall as home ownership in later life continues to rise. In general, households making mortgage repayments will also eventually pay off their mortgage and have equity in an asset that they may be able to access in the future.

7. The cost of renting in later life has also risen, but consumes a higher proportion of income and affects a greater number of households. The proportion of households facing the highest costs, private renters, is also the fastest growing group and represents the biggest gap at the median level between in housing costs during working life and those in retirement.

8. Overall, growth in the prevalence and cost private renting appear to be the measures of greatest risk to adequacy in retirement. However, the increase in prevalence is not sufficiently high to absorb substantial falls in the proportion of households renting socially in later life, meaning that it is not possible to infer the extent to which social renters have moved into home ownership or private renting in recent years from the data. Changes are likely to be a product of extensive changes to social housing policy over the same period, but are generally assumed to be positive from an adequacy perspective as overall they reduce the proportion of households with housing costs in later life.

Figure A5.2.1: Trends in housing tenure among households with occupants age 65 or over in England

Household Tenure	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Own outright	65.0%	66.7%	67.1%	66.2%	69.3%	70.2%	70.5%	71.0%	70.5%	71.8%	71.8%	71.7 %	73.2 %	72.9 %	74.2 %	74.0%	74.2%	74.9%	74.5%	73.4%	73.4%
Buying with mortgage	5.9%	5.3%	6.5%	6.6%	5.8%	4.6%	5.4%	4.8%	5.0%	5.5%	5.3%	5.0%	4.6%	4.7%	4.4%	4.6%	5.5%	4.7%	4.2%	5.0%	4.9%
All owner occupiers	71.0%	72.0%	73.6%	72.8%	75.1%	74.7%	75.9%	75.8%	75.6%	77.3%	77.1%	76.7%	77.8%	77.6%	78.6%	78.7%	79.7%	79.6%	78.6%	78.4%	78.3%
Private renters	4.4%	4.9%	4.4%	4.8%	4.1%	4.7%	4.6%	4.9%	5.4%	5.1%	5.2%	5.7%	5.8%	6.3%	5.6%	5.5%	5.3%	5.6%	5.7%	6.2%	5.9%
Local authority	:	:	:	:	:	9.6%	8.9%	8.9%	8.5%	8.1%	7.5%	7.6%	6.8%	6.3%	6.3%	6.7%	6.1%	6.2%	6.6%	6.3%	6.0%
Housing association	:	:	:	:	:	11.0%	10.5%	10.5%	10.5%	9.6%	10.25	9.9%	9.7%	9.8%	9.5%	9.2%	8.9%	8.7%	9.1%	9.1%	9.8%
All social renters	24.7%	23.1%	22.0%	22.4%	20.8%	20.5%	19.4%	19.3%	19.0%	17.6%	17.7%	17.6%	16.5%	16.1%	15.8%	15.8%	15.0%	14.8%	15.7%	15.4%	15.8%
all 65 or over	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Figure A5.2.2: Mean proportion of income spent on private renting and mortgage in households under and over 65 in England

Year	Private Renting <65	Private Renting 65+	Mortgage <65	Mortgage 65+
2008/09	32.6	36.3	18.8	20.2
2015/16	34.7	36.0	17.5	20.6
2018/19	32.2	39.2	17.5	22.8
2019/20	30.8	42.4	17.6	22.2
2020/21	30.3	37.9	17.2	29.2
2021/22	32.2	39.3	20.7	25.4

Technical Notes

Figure A5.2.1: Trends in housing tenure among households with occupants age 65 or over in England
Source: English Housing Survey

1. Annex table 1.4 of the English Housing Survey 2023/24
2. Age of household occupants is determined by the age of the household reference person (HRP), in whose name the accommodation is owned or rented or who is otherwise responsible for the accommodation.

Figure A5.2.2: Mean proportion of income spent on private renting and mortgage in households under and over 65 in England
Source: English Housing Survey

1. Over/under 65 households are defined as those where the household reference person (HRP), is aged over or under 65. Households taking part in the English Housing Survey are made up of a range of sizes, so other members of the household may therefore be of a different age.
2. In the case of joint owners and tenants, the person with the highest income is taken as the HRP. Where incomes are equal, the older is taken as the HRP. This procedure increases the likelihood that the HRP better characterises the household's social and economic position.
3. Shared owners are excluded.
4. Figures exclude services but include Housing Benefit.
5. Where figures for over/under 65s were not available directly, an average weighted by sample size was taken for all cohorts over/under 65.
6. Figures were taken from the English Housing Survey – the exact table for each year is given below:

Year	EHS survey chapter/year	Annex Table
2008/09	Housing and affordability / 2018/19	3_3
2015/16	Housing costs and affordability / 2015/16	AT3.2, AT3.3
2018/19	Housing and affordability / 2018/19	3_3
2019/20	Housing and affordability, chapter 2 / 2019/20	2_7
2020/21	Private rented sector, chapter 2 / 2020/21	2_6
2021/22	2021-22 English Housing Survey: Private Rented Sector Report -- Chapter 2: Housing costs and affordability	2_6

References:

Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities and Local Government (2023) 2021-22 English Housing Survey: Private Rented Sector Report.
Available at: https://www.gov.uk

Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities and Local Government (2025). English Housing Survey data on social and private renters. Available at: https://www.gov.uk

A5.3 Household Debt

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A5: Retirement Living costs**	**A5.3: Household Debt**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators covers elements that together make up some of the main expenses people are likely to face in retirement, in order to understand the extent to which they might compromise the level of adequacy that pension income is able to provide. It includes measures relating to the cost of living, housing costs in retirement, household debt and the cost of social care.	This indicator explores the proportion of people reaching retirement with household debt and the levels and types of debt they have, in order to understand how changing levels of debt in retirement could impact people's **financial resilience** and ability to maintain **living standards** in retirement. The overall rate of growth in consumer credit is analysed to provide an overview of changes in population-wide consumer lending that could indicate the extent to which households may be increasingly or decreasingly reliant upon borrowing to meet their needs. High repayment costs for consumer credit could compromise ability to build **financial resilience** through savings over working life, and potentially increase the likelihood of reaching retirement with outstanding household debt. The analysis also examines the extent to which people report experiencing concern over debt repayments as a measure of financial security, both through working and later life.

Indicator Measures

Measure & Purpose	Source
Proportion of people age 65+ with household debt – highlights how many pensioners may have their ability to spend limited by debt	Office for National Statistics (ONS) analysis of Wealth and Assets Survey (WAS) – Household debt: wealth in Great Britain, Table 7.6[68]
Extent to which household debt presents a financial burden for people age 65+ Indicates the significance of debt levels for pensioner standard of living	ONS analysis of WAS – Household debt: wealth in Great Britain, Table 7.12, 7.13, 7.14
Consumer credit growth rate Provides an indication of how quickly households are taking on consumer credit	Bank of England[69]
Households age 65 and over with mortgage debt Signals change in the proportion of households and homeowners who reach age 65 with outstanding mortgage debt.	English Housing Survey[70]

[68] ONS (2025)
[69] Bank of England (2025)
[70] English Housing Survey (2023)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L4
Somewhat supports adequacy

Despite a sharp increase in 2022 in population-wide consumer lending, debt at older ages is becoming less likely to impede adequacy. No significant increases in the proportion of people over 65 with financial or mortgage debt were observed in recent years, and of those who do have debt, the proportion who report their debts to be a heavy or problematic burden is falling.

Overall, the proportion over people aged 65 and over with financial debt is around 17%, having increased slowly from 14% in 2014. For more than ten years however, the proportion of households (all tenures) aged 65 and over with outstanding mortgage debt has remained stable at around 5%, whilst falling as a proportion of owner-occupiers from 10% in 2006-7 to 7% in 2022-23.

Of those people over 65 with financial debt, the proportion who report that debt is a heavy burden or somewhat problematic is around 30%, having decreased steadily from 40% since 2014.

Figure A5.3.1: Proportion of individuals aged 65 and over with financial debt, United Kingdom

Date	Proportion of people aged 65 and over with financial debt
July 2010 – June 2012	14%
July 2012 – June 2014	13%
July 2014 – June 2016	15%
April 2014 – March 2016	14%
April 2016 – March 2018	15%
April 2018 – March 2020	16%
April 2020 – March 2022	17%

Figure A5.3.2: Proportion of individuals aged 65 and over with financial debts, who found their financial debts to be a heavy burden, somewhat of a burden or not a problem at all, United Kingdom.

Date	No burden	Somewhat of a burden	Heavy Burden
July 2010 – June 2012	58%	29%	14%
July 2012 – June 2014	60%	28%	12%
July 2014 – June 2016	67%	24%	10%
April 2014 – March 2016	66%	23%	10%
April 2016 – March 2018	71%	22%	7%
April 2018 – March 2020	70%	22%	8%
April 2020 – March 2022	70%	23%	7%

Figure A5.3.3: Consumer Credit Growth Rate: 12 month growth rate of sterling lending to individuals (in per cent, seasonally adjusted). United Kingdom.

	Total net consumer credit lending	Total net consumer credit lending (excluding credit cards)	Total net credit card lending
Jun-12	0%	-1%	1%
Jun-13	3%	3%	4%
Jun-14	6%	7%	4%
Jun-15	8%	9%	5%
Jun-16	10%	12%	8%
Jun-17	10%	11%	9%
Jun-18	10%	10%	9%
Jun-19	6%	7%	5%
Jun-20	-4%	0%	-11%
Jun-21	-2%	0%	-6%
Jun-22	7%	4%	12%
Jun-23	8%	6%	12%
Jun-24	8%	7%	10%

Figure A5.3.4: Proportion of households with outstanding mortgage debt where household reference person is age 65 and over, England.

	Proportion of people over 65	Proportion of owner occupiers over 65
2003-04	6%	9%
2004-05	5%	8%
2005-06	7%	10%
2006-07	7%	10%
2007-08	6%	8%
2008-09	5%	6%
2009-10	5%	8%
2010-11	5%	7%
2011-12	5%	7%
2012-13	5%	8%
2013-14	5%	7%
2014-15	5%	7%
2015-16	5%	6%
2016-17	5%	6%
2017-18	4%	6%
2018-19	5%	6%
2019-20	6%	7%
2020-21	5%	6%
2020-22	4%	6%
2020-23	5%	7%

Technical Notes

Figure A5.3.1
Source: ONS and Wealth and Assets Survey

1. The figures for individuals with debts exclude individuals without financial liabilities. Financial liabilities are defined as borrowing such as overdrafts; loans; outstanding balances on credit or store cards; mail order or hire purchase; student loans; or any arrears on credit commitments or household bills.
2. Figures are nominal values taken from Table 7.6 of Household Debt: Wealth in Great Britain dataset, based on the ONS Wealth and Assets survey

Figure A5.3.2: Proportion of individuals aged 65 and over with financial debts, who found their financial debts to be a heavy burden, somewhat of a burden or not a problem at all, United Kingdom.
Source: ONS Wealth and Assets Survey

1. Excludes individuals who did not respond to the question in Wealth and Assets Survey
2. Figures are nominal values taken from Table 7.12 / 7.13 / 7.14 of Household Debt: Wealth in Great Britain dataset, based on the ONS Wealth and Assets survey

Figure A5.3.3: Consumer Credit Growth Rate: 12 month growth rate of sterling lending to individuals (in per cent, seasonally adjusted). United Kingdom.
Source: Bank of England

1. Total consumer credit includes credit card lending, and other loans and advances.

References:

Office for National Statistics (ONS) (2025), Household debt: wealth in Great Britain. Available at: https://www.ons.gov.uk

Bank of England (2025). Consumer Credit Growth Rate series. Available at: www.bankofengland.co.uk

English Housing Survey (2023). English Housing Survey 2022 to 2023: headline report. Available at: https://www.gov.uk/government/collections/english-housing-survey-2022-to-2023-headline-report

A5.4 Health & Social Care Costs

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A5: Retirement Living costs**	**A5.4: Health and Social Care Costs**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	Covers elements that together make up some of the main expenses people are likely to face in retirement. It includes household spending, housing costs in retirement, household debt and the cost of social care.	This indicator examines the cost of funding health and social care services to individuals, with a particular focus on social care. It considers both the giving and receiving of care, whether provided formally or informally. The majority of care for older people is delivered informally, by unpaid carers such as family members, neighbours and friends. When individuals have high levels of need, caregiving responsibilities can affect retirement adequacy by disrupting employment and reducing income over time. Formal social care is the responsibility of Local Authorities. When a care need arises, the Local Authority conducts a needs assessment, followed by a financial assessment to determine how much of the cost will be borne by the individual. Some people, however, fund their care privately without any Local Authority involvement . Under the current system, self-funded social care can involve unpredictable, and sometimes catastrophic costs, which are a major concern for people in later life. This indicator also considers changes in the share of healthcare costs funded directly by individuals through out-of-pocket expenditure, in order to track trends that may increase pressure on lifetime income or retirement savings.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Provision of informal care Estimates the proportion of people looking after someone who needs support, perhaps due to illness, older age, disability, a mental health condition or an addiction	Gender	Department for Work & Pensions (DWP) analysis of Family Resources Survey (FRS)[88] ONS 2021 Census, Ons Labour Force Survey (LFS)
Change in number of cases entitled to Carer's Allowance Estimates rate of change in number of people over 50 who spend at least 35 hours a week looking after someone with a disability and earn less than £132 per week	Age band, gender	DWP Stat Xplore
Change in number of cases entitled to Attendance Allowance Estimates rate of change in people over State Pension age (SPa)	Age band, gender	DWP Stat Xplore
Social care means-test threshold Indicates the extent to which public and private spending on social care are managed through financial eligibility criteria		ONS Series MM23
Individual Contributions to Social Care Estimates the amount that individuals over 65 contribute towards gross current expenditure on long- and short-term care in England	Type of care	NHS Digital, The King's Fund Social Care 360
Spending on out-of-pocket healthcare expenditure Examines changes in the amount that people spend on out of pocket costs relating to health and social care (the biggest source of healthcare financing after government spending) to identify the extent to which individual cost burdens are increased over time, and public spending may be offset by individual spending on health and social care.		Office for National Statistics (ONS) UK Health Accounts[74]
Private spending on social care A qualitative assessment of the extent to which the amount spent privately by individuals on long-term care, and the amount that individuals can expect to spend on long-term care, are known and changing.	Population level Individual level	Qualitative Assessment, data not adequately available

[71] Adams, J. (2022)
[72] DWP (2025)
[73] ONS (2025)
[74] ONS (2025)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L2 Poor support for adequacy

Across the population, growth in the proportion of people providing informal care or entitled to benefits that relate to the provision or receipt of care has slowed in recent years.[75] However, the proportion of people entitled to Carer's Allowance because they provide substantial care has continued to rise, with the highest growth among people aged 55-65.[76] Out of pocket expenditure on health and social care decreased during 2020 due to the Covid-19 pandemic, but has since resumed an upward trend. Despite these increases, the financial threshold at which individuals are required to fund their own long-term care has remained unchanged. Significant risks to adequacy and uncertainty remain regarding the potential costs of social care in later life.

Two of the most significant individual health and social care related impacts to retirement adequacy include the costs associated with self-funding long-term care and those related to becoming a carer. The threshold from which people are required to fully fund their own social care has remained at £23,250 since 2010, and is now considerably lower in real terms than it was ten years ago, meaning that more people are required to fund more of their own care than before. Self-funders now account for approximately 37% of total gross current expenditure on adult social care in England. However, there is still little data to determine how much people are spending privately on long-term care either on a lifetime basis or as a proportion of retirement income. There is also little continuous data to estimate the extent to which their costs are being used to cross-subsidise the fees of local authority funded clients, a practice known to exist widely among care homes.[77] Considering the unpredictable nature of care needs, and in the absence of a limit, or cap, on social care costs, the potential risks to retirement adequacy therefore remain very high.

The impact of caregiving on employment among the UK working age population also presents a significant challenge to retirement outcomes, and to social and economic policy. Informal care remains a critical component of the social care system, with an estimated 5.2 million or 8% of people providing some level of informal care in 2022/23. This represents a significant increase from 4.2 million or 6% in 2020/21. In 2024, the estimated economic value of informal adult care in the UK was approximately £184 billion per year, representing a 29.3% increase over the past decade from £119.4 billion in 2011.[78] Among these carers, 1.7 million individuals provide 50 or more hours of unpaid care per week. Those aged 55 to 59 are most likely to be providing unpaid care. Research also suggests that carers in their 40s and 50s are more likely than carers of other ages to exit the labour market.[79] [80]

The proportion of people with caring responsibilities sufficiently substantial to entitle them to claim for Carer's Allowance (more than 35 hours per week) has grown steadily. As of August 2023, there were 1.4 million individuals entitled to Carer's Allowance in Great Britain, with around 1 million receiving payments[81]. The highest growth has been observed among people aged 55–65. At all ages, around 59% of unpaid carers are female.[82] This measure is important because Carer's Allowance claimants are less likely to be in work, and those who exit employment are unlikely to return after their caregiving ends.[83] It also means that many carers face financial worries which can carry over from working into later life as a result of lower levels of retirement saving, and in some cases, the need to access savings in order to supplement household income and maintain livings standards.[84] In contrast to Carer's Allowance however, reports suggest that the proportion of carers receiving financial support from local authorities has fallen in recent years despite little indication that the overall number of carers has fallen. This is likely explained by budgetary pressures leading to a shift in the type of support provided to carers, with a higher more now receiving advice, information and signposting.[85]

In 2024, out-of-pocket consumer spending on health and care services accounted for approximately 14.6% of total healthcare expenditure, amounting to £46 billion.[86] Although private spending by consumers continues to grow in nominal terms, it has declined as a share of total healthcare expenditure since 1998, when it accounted for 19% of overall spending, and fell further during the COVID-19 pandemic due to expanded public spending.[87] The main components of out-of-pocket expenditure include costs related elective treatments and other health services, medical goods and long-term care.[88] In 2022, government spending accounted for 68.5% of total long-term care expenditure in the UK, while out-of-pocket expenses constituted approximately 31.5%.[89] This data highlights the significant role of private spending in long-term care. Out-of-pocket healthcare spending per person, when adjusted for inflation, has resumed its long-term upward trend following a dip in 2020. In 2023, average out-of-pocket spending reached £664 per person. This reflects increases in the financial burden of care on individuals and highlights the growing role of private contributions within the UK's healthcare funding mix.[90]

[77] CMA (2017)
[78] Carers UK (2025)
[79] Carers UK (2025)
[80] DWP (2019)
[81] DWP (2024)
[82] Carers UK (2025)
[83] DWP (2019)
[84] Carers UK (2021)
[85] Bottery, S. & Jefferies, D. (2022)
[86] ONS (2024), Table 1d.
[87] ONS (2024), Table 1b and Table 1d.
[88] ONS (2022)
[89] ONS (2024)
[90] ONS (2024), Table 2c

Figure A5.4.1 People providing informal care by gender, United Kingdom,[91]

	Millions of informal carers			Percentage of people		
Year	**All**	**Male**	**Female**	**All**	**Male**	**Female**
2010/11	4.9	2.0	2.9	8%	7%	9%
2011/12	5.3	2.1	3.2	8%	7%	10%
2012/13	5.6	2.3	3.3	9%	7%	10%
2013/14	5.1	2.0	3.1	8%	6%	10%
2014/15	5.1	2.0	3.1	8%	7%	9%
2015/16	4.9	2.0	2.9	8%	6%	9%
2016/17	5.4	2.2	3.2	8%	7%	10%
2017/18	4.5	1.8	2.7	7%	6%	8%
2018/19	4.5	1.8	2.7	7%	6%	8%
2019/20	4.5	1.8	2.7	7%	6%	8%
2020/21	4.2	1.7	2.5	6%	5%	7%
2021/22	4.9	1.9	3.0	7%	6%	9%
2022/23	5.2	2.0	3.1	8%	6%	9%
2022/24	5.4	2.1	3.3	8%	6%	10%

Figure A5.4.2 Cases with entitlement to Carer's Allowance among people over 50, Great Britain

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	**1,005,574**	**1,026,860**	**1,039,076**	**1,079,312**	**1,134,559**	**1,169,151**	**1,210,109**	**1,241,197**	**1,250,349**	**1,251,666**	**1,260,853**	**1,316,333**	**1,220,903**	**1,364,952**
1Y Chg	2.3%	2.1%	1.2%	3.9%	5.1%	3.0%	3.5%	2.6%	0.7%	0.1%	0.7%	4.40%	1.10%	2.60%
Male	33%	33%	33%	32%	32%	32%	32%	31%	31%	31%	30%	30%	30%	30%
Female	67%	67%	67%	68%	68%	68%	68%	69%	69%	69%	70%	70%	70%	70%
Under 65	63%	65%	66%	68%	70%	71%	72%	72%	72%	73%	73%	74%	74%	74%
Over 65	37%	35%	34%	32%	30%	29%	28%	28%	28%	27%	27%	26%	26%	26%

[71] DWP (2025)

Figure A5.4.3 Cases with entitlement to Attendance Allowance, Great Britain

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
All	**1,759,408**	**1,709,886**	**1,639,519**	**1,624,604**	**1,608,835**	**1,600,372**	**1,587,115**	**1,577,247**	**1,593,308**	**1,529,351**	**1,517,383**	**1,581,774**	**1,695,429**	**1,839,318**
1Y Change	-	-3%	-4%	-1%	-1%	-1%	-1%	-1%	1%	-4%	-1%	4%	7%	8%
Male	33%	33%	33%	34%	34%	35%	35%	65%	64%	64%	64%	36%	38%	38%
Female	67%	67%	67%	66%	66%	65%	65%	35%	36%	36%	36%	64%	62%	62%
Lower Rate	**42%**	**42%**	**42%**	**41%**	**40%**	**39%**	**38%**	**37%**	**37%**	**36%**	**37%**	**37%**	**37%**	**37%**
Male	32%	32%	33%	33%	33%	33%	34%	66%	66%	66%	66%	35%	36%	36%
Female	68%	68%	67%	67%	67%	67%	66%	34%	34%	34%	34%	65%	64%	64%
Higher Rate	**58%**	**58%**	**58%**	**59%**	**60%**	**61%**	**62%**	**63%**	**63%**	**64%**	**63%**	**63%**	**63%**	**63%**
Male	33%	33%	33%	34%	35%	35%	36%	36%	37%	37%	37%	38%	39%	40%
Female	67%	67%	67%	66%	65%	65%	64%	64%	63%	63%	63%	62%	61%	60%

Figure A5.4.4: Social Care Financial Eligibility Criteria – Real term change in upper means-test threshold

Year	CPIH	Actual Threshold	Real-term Threshold Value	Difference
2010	2.5	£23,250	£23,250	£0
2011	3.8	£23,250	£24,133.50	£884
2012	2.6	£23,250	£24,760.97	£1,511
2013	2.3	£23,250	£25,330.47	£2,080
2014	1.5	£23,250	£25,710.43	£2,460
2015	0.4	£23,250	£25,813.27	£2,563
2016	1	£23,250	£26,071.40	£2,821
2017	2.6	£23,250	£26,749.26	£3,499
2018	2.3	£23,250	£27,364.49	£4,114
2019	1.7	£23,250	£27,829.69	£4,580
2020	1	£23,250	£28,107.99	£4,858
2021	2.5	£23,250	£28,810.69	£5,561
2022	7.9	£23,250	£31,086.73	£7,837
2023	6.8	£23,250	£33,200.63	£9,951
2024	3.3	£23,250	£34,296.25	£11,046

A5.4.5 Total current healthcare expenditure by financing scheme

Current healthcare expenditure per person, in real terms, £ per person	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total current healthcare expenditure	3897	3910	3921	3990	4111	4452	4828	4611	4540
Government-financed expenditure	3076	3106	3094	3141	3249	3718	4017	3759	3687
Voluntary health insurance schemes	126	108	116	116	117	105	107	116	118
Non-profit institutions serving households financing schemes	64	70	79	76	74	69	68	66	63
Enterprise financing schemes	13	12	12	12	12	8	8	7	7
Out-of-pocket expenditure	618	613	621	659	659	552	629	663	664

Share of current healthcare expenditure by financing scheme, nominal terms	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total current healthcare expenditure	100%	100%	100%	100%	100%	100%	100%	100%	100%
Government-financed expenditure	79%	79%	79%	79%	80%	83%	83%	81%	81%
Voluntary health insurance schemes	3%	3%	3%	3%	3%	2%	2%	2%	3%
Non-profit institutions serving households financing schemes	2%	2%	2%	2%	2%	1%	1%	1%	1%
Enterprise financing schemes	0%	0%	0%	0%	0%	0%	0%	0%	0%
Out-of-pocket expenditure	16%	16%	16%	16%	16%	13%	14%	15%	15%

Annual rate of growth by financing scheme, real terms	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total current healthcare expenditure	2%	3%	3%	4%	6%	14%	8%	1%	6%
Government-financed expenditure	2%	4%	2%	4%	6%	21%	8%	0%	6%
Voluntary health insurance schemes	-2%	11%	9%	3%	3%	-5%	2%	15%	9%
Non-profit institutions serving households financing schemes	10%	13%	15%	-1%	0%	-2%	-1%	3%	4%
Enterprise financing schemes	-1%	-3%	0%	1%	2%	-25%	-9%	1%	8%
Out-of-pocket expenditure	3%	2%	4%	7%	5%	-12%	14%	12%	8%

Technical Notes

Figure A5.4.1 People providing informal care by gender, United Kingdom, 2010/11 to 2022/24
Source: ONS Analysis of Family Resources Survey

1. The FRS defines informal care as support from any carer which is not provided as a paid job. Professional carers can also be informal carers if giving help outside of work. It can take several different forms including personal care and support with activities of daily living, or help with tasks around the home. The person they care for could be in the same household as the carer, or they could be living somewhere else. Those in receipt of care may be receiving either formal or informal care, or a mixture of both.
2. Analysis of informal care is not restricted to people of retirement age because many people provide care for older relatives during working life, which could potentially impact their own retirement outcomes if their responsibilities necessitate a change in saving or employment patterns.

Figure A5.4.2 Cases with entitlement to Carer's Allowance, Great Britain 2011 to 2024
Source: DWP Stat Xplore

1. Carer's Allowance is a national benefit provided to people who give regular and substantial help and care to individuals with disabilities. It is paid at a standard rate for the person making the claim (£69.70 in 2022/23). People who are paid Carer's Allowance will also get class one national insurance credits paid each week to help protect their State Pension.
2. To qualify for Carer's Allowance, carers must spend at least 35 hours a week caring for a person with disabilities, who in turn must be in receipt of a qualifying benefit such as Disability Living Allowance or Attendance Allowance. The carer does not qualify for Carer's Allowance if they earn more than £132 a week from employment or self-employment (after deductions).
3. Some claimants are entitled to receive Carer's Allowance, because they satisfy the conditions listed above, but do not actually receive a payment. This is because they receive another benefit (e.g. Incapacity Benefit for people of working age, or State Pension for people of State Pension age) which equals or exceeds their weekly rate of Carer's Allowance.
4. The number of people with entitlement to Carer's Allowance is used as a proxy for the number of people with substantial caring responsibilities, or caring responsibilities that could preclude them from paid employment. Both outcomes may be associated with risks to adequacy in retirement on account of their impact on income and retirement savings patterns.

Figure A5.4.3 Cases with entitlement to Attendance Allowance, Great Britain, 2011 to 2024
Source: DWP Stat Xplore

1. Attendance Allowance (AA) is a benefit for people over State Pension age who need a great deal of help with personal care or supervision due to physical or mental disabilities. It can be awarded for a fixed or an indefinite period and those requiring constant help receive the higher rate of benefit. It is not a means-tested benefit and does not cover mobility needs.
2. The number of people with entitlement to Attendance Allowance is used as a proxy for the number of people with care needs which mean they require considerable help with personal care, and to which the State determines that a contribution towards the costs associated with their needs to be necessary. People with entitlement to Attendance Allowance may be receiving informal care, formal care or a mixture of both but people do not have to have someone caring for them in order to claim.
3. The allowance is paid at two rates; higher and lower. To qualify, people must have needed help with personal care (i.e. attention in connection with their bodily functions and/or continual supervision to avoid substantial danger to themselves or others) for at least 6 months (the 'qualifying period'). The level at which it is paid depends on the level of care that people need because of their disability.
4. In 2022/23, the lower rate of Attendance Allowance was £61.85 a week. The higher rate was £92.40 a week.
5. Totals for all entitled cases show both the number of people in receipt of an allowance and those with entitlement where the payment has been suspended, for example if they are in hospital.

Figure A5.4.4: Social Care Financial Eligibility Criteria – Real term change in upper means-test threshold
Source: ONS Consumer price inflation time series (MM23)

1. Eligibility for publicly funded social care is determined through a needs assessment and financial means test. The level of savings and other assets that people can have and still qualify for funded care is determined by the upper threshold (currently £23,250), from which a sliding scale of contributions are provided until the lower threshold (currently £14,250) is reached, when individuals receive full public funding for their care. The more the upper threshold increases in real terms, the more people qualify.
2. This measure indicates the extent to which governments may be seeking to manage the cost of social care through financial means-testing. Costs may also be managed through needs-based eligibility criteria (restricting care to those with the highest needs), and by cross-subsidising Local Authority provision with fees paid by self-funded clients of care providers.[92] Although both practises are widely recognised however, it is not possible to determine the extent to which they may be impacting the cost of social care to individuals or Local Authorities. Changes to the means-testing threshold are therefore used as a proxy for policy direction.
3. In 2021, the government announced reforms to adult social care which include changes to the upper and lower thresholds, a cap on care costs and an increase in National Insurance Contributions to fund a health and social care levy. Following an announcement by the Chancellor of the Exchequer on 29 July 2024, the planned adult social care charging reforms, which were inherited from the previous government, will not be taken forward in October 2025.

Figure A5.4.5 Rate of growth (real terms) in Out-of-Pocket healthcare expenditure and change as a proportion of total current healthcare expenditure.
Source: ONS (2023/24) Reference Tables accompanying the 2021 UK Health Accounts and 2024 provisional estimates, Table 1b,Table 1c, Table 1d.

1. Total current healthcare expenditure figures exclude expenditure on capital but include consumption of fixed capital.
2. Rates of change are provided in real terms, adjusted for inflation using GDP deflators to deflate current price expenditure.
3. Government financing covers healthcare spending by the NHS, local authorities and other government bodies involved in the provision of healthcare. Figures are reported net of client contributions and grants to charities.
4. Voluntary health insurance schemes include: private medical insurance, employer self-insurance schemes, dental insurance and capitation plans and the health component of travel insurance.
5. Out of pocket spending covers consumer expenditure on healthcare goods and services, outside of health insurance schemes. The four main components of out of pocket spending are medical goods, hospital services, ambulatory and other healthcare services, and long-term care services.[93] [94]

[92] DWP (2025) [93] ONS (2021) [94] ONS (2022)

Technical Notes

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A6.1 Change in Retirement Income

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A6: Retirement Outcomes**	**A6.1: Change in Retirement Income**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators examines the overall impact of pension system components on the adequacy of pension outcomes that people have in later life through a number of different measures. It includes an overview of changes in the composition of retirement income, and the rate of growth and change in each source. It also examines how rates of **poverty** are changing among the older population, and the extent to which people are able to meet **living standard** targets in later life. When more data becomes available, the way in which people access their pensions, and the impact these choices have on their retirement outcomes, will also be assessed.	The objective of this indicator is to understand how the level and composition of overall retirement income are changing over time for different types of pensioner households in the UK. Incomes which rise in real terms, and those whereby households achieve a significant proportion of their income from private (non-benefit) sources of income, will directly improve adequacy outcomes in later life. Although population averages can help to provide a directional indicator of change over time, they are rarely representative of individual experience. This indicator considers how these experiences change by age and family type, and by level of household income. It also examines the extent to which households in each of these groups are dependent upon benefit income (including the State Pension), and the extent to which they are able to supplement this with income from other sources such as occupational pensions and earnings, in order to maintain **living standards** and protect themselves against **poverty**.

Indicator Measures

Measure & Purpose	Strata	Source
Percentage of pensioner units with more than 50% of gross income from private sources Estimates the proportion of people with access to non-benefit income to improve adequacy	Family type, recently reach State Pension age (SPa)	Pensioner Income Series[95]
Average retirement income Highlights rates of change in retirement income and differences in growth by population group.	Family type, recently reached SPa, age, type of income (gross, net, Before Housing Costs (BHC), After Housing Costs (AHC))	
Change in retirement income by wealth quintile and source Highlights how changes in retirement income differ by level of household income, and how composition of income that could impact adequacy differs by group	Family type	
Percentage of individuals in pensioner families in the top half of the overall population net income distribution Shows how total pensioner income is changing in relation to levels of income across the population.	Family Type, BHC and AHC	

[95] DWP (2024)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3
Somewhat fails to support adequacy

After housing costs, net median retirement income from all sources increased faster in real terms in 2020/21 than in recent years but have fallen back since by 2022/23. Among pensioner couples, over 10% more people were in the top half of the overall net income distribution than twenty years ago. Although income grew at a higher rate among older and single pensioners and on average, more retirement income is made up of non-benefit income than ever before, lower income households were less likely to feel the benefit of uplifts.

In real terms, gross average retirement income has seen slow annual growth since 2010/11 but rose by around 4% in 2020/21, however, since then there has been a reduction in incomes such that 2022/23 incomes were at around the same level as 2017/18 incomes in real terms. However, over the past ten years pensioner couples have seen a rise of 4% in gross income and a rise of 7% in the median net income after housing costs, whilst single pensioners saw a rise of 4% in gross income but only 5% in median net income over the same period. There has in all cases been falls in the real income rates since 2020/21 leading to a fall in the rating of the indicator

Since 2012, growth in income has been relatively evenly distributed across wealth quintiles for pensioner couples. However, among single pensioners, income inequality widened as only those with the highest incomes were likely to see an uplift to their income. Incomes of the top 20% rose by 10% compared to just 3% for those in the bottom 20%. Both pensioner couples and single pensioners in the lowest income group are now more dependent upon benefit income than they were ten years ago, in contrast to higher income groups for whom the proportion of overall income generated by benefits has remained stable or fallen slightly. For the lowest income group, benefit income now makes up 79% of gross income for pensioner couples, and 88% of gross income for single pensioners compared to 16% and 31% for couples and single pensioners, respectively, among the highest income groups. Across the pensioner population, 39% of households in 2022/23 receive more than half of their income from other sources, down from a high of 42% in 2022/21. Recently retired pensioners and pensioner couples are significantly and increasingly more likely to depend on non-benefit related income for at least half of their overall income.

Other sources of income include occupational pension and earnings. Occupational pension income is rising as a share of gross income across all but the bottom 20% of households in the income distribution but fastest among households with above average income where it represents 39% of income for the wealthiest pensioner couple households compared to 6% for the poorest single pensioners. This change is likely to partially explain the faster rate of growth in income among higher income households. Income from earnings, however, has fallen among pensioner couples and single pensioners in every wealth quintile over the past ten years, particularly among higher income households for whom occupational pension income now plays a greater role in achieving adequacy.

Figure A6.1.1: The percentage of pensioner units with more than 50% of gross income from private sources by family type and for recently reached State Pension age status, 2010/11 to 2022/23, United Kingdom

Year	All	Pensioner couples	Single pensioners	Recently Reached SPa	Pensioner couples	Single pensioners
2010/11	39%	53%	26%	51%	57%	42%
2011/12	40%	54%	26%	53%	59%	42%
2012/13	39%	52%	26%	51%	58%	40%
2013/14	40%	53%	28%	53%	60%	42%
2014/15	41%	55%	29%	54%	62%	40%
2015/16	41%	54%	29%	53%	62%	41%
2016/17	41%	53%	29%	53%	63%	38%
2017/18	39%	52%	27%	51%	63%	35%
2018/19	40%	53%	27%	49%	62%	33%
2019/20	39%	51%	28%	50%	65%	34%
2020/21	42%	54%	31%	51%	63%	37%
2021/22	40%	51%	28%			
2022/23	41%	53%	29%			
2023/24	39%	51%	29%			

Figure A6.1.2: The average (median) net incomes AHC of pensioner units by family type, recently reached State Pension age status and age, 2010/11 to 2012/13 and 2020/21 to 2022/23, United Kingdom. Incomes in £ per week, 2022/23 prices

	2010/11	2011/12	2012/13	2020/21	2021/22	2022/23	1Y Change	10Y Change	10yChg p.a.
All pensioner units	**365**	**359**	**367**	**416**	**386**	**387**	**0.3%**	**5.4%**	**0.53%**
Pensioner couples	516	517	526	591	570	561	-1.6%	6.7%	0.65%
Single pensioners	260	248	254	284	265	267	0.8%	5.1%	0.50%
Single male pensioners	285	267	269	300	281	286	1.8%	6.3%	0.61%
Single female pensioners	250	242	246	278	257	259	0.8%	5.3%	0.52%
Pensioner units where the head is under 75	414	412	413	454	431	428	-0.7%	3.6%	0.36%
Pensioner units where the head is 75 or over	316	312	318	379	356	356	0.0%	11.9%	1.14%

Figure A6.1.3a: The average incomes of pensioner units by type of income and family type, 2011/12 to 2022/23, United Kingdom. Income per week, £, 2022/23 prices.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
All pensioner units												
Gross income	**609**	**616**	**615**	**643**	**639**	**646**	**641**	**647**	**640**	**667**	**649**	**642**
of which												
Benefit income	233	231	227	234	229	232	236	239	240	243	246	252
Occupational pension income	137	138	144	146	151	158	161	167	155	171	169	189
Personal pension income	20	19	20	22	21	22	20	24	20	19	17	20
Investment income	42	39	38	36	44	45	46	38	42	47	47	46
Earnings income	113	107	97	93	85	97	88	87	96	79	74	70
Other income	4	5	4	4	3	4	4	5	5	4	4	3
Net income BHC												
Mean	507	512	515	536	534	539	537	543	538	561	545	536
Median	399	405	400	416	416	423	414	420	424	452	431	424
Net income AHC												
Mean	469	474	476	499	496	503	497	502	501	524	507	500
Median	359	367	359	374	372	383	368	379	384	416	386	387
Pensioner couples												
Gross income	**823**	**841**	**844**	**892**	**890**	**887**	**905**	**888**	**879**	**902**	**874**	**876**
of which												
Benefit income	254	252	250	262	259	265	271	275	277	278	283	289
Occupational pension income	196	195	205	206	218	228	234	238	229	250	247	271
Personal pension income	32	30	32	38	34	36	32	38	30	29	26	30
Investment income	63	59	57	56	66	68	74	60	68	71	73	71
Earnings income	197	188	167	165	152	173	156	152	176	138	129	120
Other income	5	6	4	4	4	5	5	6	6	5	5	4
Net income BHC												
Mean	672	684	696	731	730	729	739	732	727	750	726	720
Median	547	557	562	588	582	593	580	586	586	621	595	589
Net income AHC												
Mean	639	653	665	701	698	701	706	701	697	720	694	692
Median	517	526	537	559	549	564	550	561	560	591	570	561
Single pensioners												
Gross income	**392**	**402**	**407**	**404**	**407**	**423**	**399**	**422**	**425**	**443**	**428**	**418**
of which												
Benefit income	212	210	203	206	201	201	204	206	205	210	212	217
Occupational pension income	78	82	82	89	91	92	93	102	87	96	98	111
Personal pension income	9	8	7	8	10	9	10	11	10	9	9	10
Investment income	21	20	19	18	24	22	19	18	18	25	24	22
Earnings income	27	27	25	25	25	24	24	27	23	23	24	22
Other income	4	4	4	3	3	3	3	4	4	4	3	2
Net income BHC												
Mean	339	349	351	350	354	365	350	366	369	382	367	360
Median	297	307	303	306	312	314	308	312	314	331	310	313
Net income AHC												
Mean	295	304	306	307	309	320	305	316	324	337	324	317
Median	248	254	251	257	258	267	258	256	268	284	265	267

Figure A6.1.3b: Percentage change in average incomes of pensioner units by type of income and family type, 2012/13 to 2022/23, United Kingdom. Income per week, 2022/23 prices.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	10Y Change
All pensioner units												
Gross income	**1%**	**0%**	**5%**	**-1%**	**1%**	**-1%**	**1%**	**-1%**	**4%**	**-3%**	**-1%**	**4%**
of which												
Benefit income	-1%	-2%	3%	-2%	1%	2%	1%	0%	1%	1%	2%	**9%**
Occupational pension income	1%	4%	1%	3%	5%	2%	4%	-7%	10%	-1%	12%	**37%**
Personal pension income	-5%	5%	10%	-5%	5%	-9%	20%	-17%	-5%	-11%	18%	**5%**
Investment income	-7%	-3%	-5%	22%	2%	2%	-17%	11%	12%	0%	-2%	**18%**
Earnings income	-5%	-9%	-4%	-9%	14%	-9%	-1%	10%	-18%	-6%	-5%	**-35%**
Other income	25%	-20%	0%	-25%	33%	0%	25%	0%	-20%	0%	-25%	**-40%**
Net income BHC												
Mean	1%	1%	4%	0%	1%	0%	1%	-1%	4%	-3%	-2%	**5%**
Median	2%	-1%	4%	0%	2%	-2%	1%	1%	7%	-5%	-2%	**5%**
Net income AHC												
Mean	1%	0%	5%	-1%	1%	-1%	1%	0%	5%	-3%	-1%	**5%**
Median	2%	-2%	4%	-1%	3%	-4%	3%	1%	8%	-7%	0%	**5%**
Pensioner couples												
Gross income	**2%**	**0%**	**6%**	**0%**	**0%**	**2%**	**-2%**	**-1%**	**3%**	**-3%**	**0%**	**4%**
of which												
Benefit income	-1%	-1%	5%	-1%	2%	2%	1%	1%	0%	2%	2%	**15%**
Occupational pension income	-1%	5%	0%	6%	5%	3%	2%	-4%	9%	-1%	10%	**39%**
Personal pension income	-6%	7%	19%	-11%	6%	-11%	19%	-21%	-3%	-10%	15%	**0%**
Investment income	-6%	-3%	-2%	18%	3%	9%	-19%	13%	4%	3%	-3%	**20%**
Earnings income	-5%	-11%	-1%	-8%	14%	-10%	-3%	16%	-22%	-7%	-7%	**-36%**
Other income	20%	-33%	0%	0%	25%	0%	20%	0%	-17%	0%	-20%	**-33%**
Net income BHC												
Mean	2%	2%	5%	0%	0%	1%	-1%	-1%	3%	-3%	-1%	**5%**
Median	2%	1%	5%	-1%	2%	-2%	1%	0%	6%	-4%	-1%	**6%**
Net income AHC												
Mean	2%	2%	5%	0%	0%	1%	-1%	-1%	3%	-4%	0%	**6%**
Median	2%	2%	4%	-2%	3%	-2%	2%	0%	6%	-4%	-2%	**7%**
Single pensioners												
Gross income	**3%**	**1%**	**-1%**	**1%**	**4%**	**-6%**	**6%**	**1%**	**4%**	**-3%**	**-2%**	**4%**
of which												
Benefit income	-1%	-3%	1%	-2%	0%	1%	1%	0%	2%	1%	2%	**3%**
Occupational pension income	5%	0%	9%	2%	1%	1%	10%	-15%	10%	2%	13%	**35%**
Personal pension income	-11%	-13%	14%	25%	-10%	11%	10%	-9%	-10%	0%	11%	**25%**
Investment income	-5%	-5%	-5%	33%	-8%	-14%	-5%	0%	39%	-4%	-8%	**10%**
Earnings income	0%	-7%	0%	0%	-4%	0%	13%	-15%	0%	4%	-8%	**-19%**
Other income	0%	0%	-25%	0%	0%	0%	33%	0%	0%	-25%	-33%	**-50%**
Net income BHC												
Mean	3%	1%	0%	1%	3%	-4%	5%	1%	4%	-4%	-2%	**3%**
Median	3%	-1%	1%	2%	1%	-2%	1%	1%	5%	-6%	1%	**2%**
Net income AHC												
Mean	3%	1%	0%	1%	4%	-5%	4%	3%	4%	-4%	-2%	**4%**
Median	2%	-1%	2%	0%	3%	-3%	-1%	5%	6%	-7%	1%	**5%**

Figure A6.1.3c: The average incomes of pensioner units by type of income and family type as a % of gross income, 2012/13 to 2022/23, United Kingdom. Income per week, £, 2022/23 prices.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
All pensioner units											
Gross income	**616**	**615**	**643**	**639**	**646**	**641**	**647**	**640**	**667**	**649**	**642**
of which											
Benefit income	38%	37%	36%	36%	36%	37%	37%	38%	36%	38%	39%
Occupational pension income	22%	23%	23%	24%	24%	25%	26%	24%	26%	26%	29%
Personal pension income	3%	3%	3%	3%	3%	3%	4%	3%	3%	3%	3%
Investment income	6%	6%	6%	7%	7%	7%	6%	7%	7%	7%	7%
Earnings income	17%	16%	14%	13%	15%	14%	13%	15%	12%	11%	11%
Other income	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%	0%
Net income BHC											
Mean	83%	84%	83%	84%	83%	84%	84%	84%	84%	84%	83%
Median	66%	65%	65%	65%	65%	65%	65%	66%	68%	66%	66%
Net income AHC											
Mean	77%	77%	78%	78%	78%	78%	78%	78%	79%	78%	78%
Median	60%	58%	58%	58%	59%	57%	59%	60%	62%	59%	60%
Pensioner couples											
Gross income	**841**	**844**	**892**	**890**	**887**	**905**	**888**	**879**	**902**	**874**	**876**
of which											
Benefit income	30%	30%	29%	29%	30%	30%	31%	32%	31%	32%	33%
Occupational pension income	23%	24%	23%	24%	26%	26%	27%	26%	28%	28%	31%
Personal pension income	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%
Investment income	7%	7%	6%	7%	8%	8%	7%	8%	8%	8%	8%
Earnings income	22%	20%	18%	17%	20%	17%	17%	20%	15%	15%	14%
Other income	1%	0%	0%	0%	1%	1%	1%	1%	1%	1%	0%
Net income BHC											
Mean	81%	82%	82%	82%	82%	82%	82%	83%	83%	83%	82%
Median	66%	67%	66%	65%	67%	64%	66%	67%	69%	68%	67%
Net income AHC											
Mean	78%	79%	79%	78%	79%	78%	79%	79%	80%	79%	79%
Median	63%	64%	63%	62%	64%	61%	63%	64%	66%	65%	64%
Single pensioners											
Gross income	**392**	**402**	**407**	**404**	**407**	**423**	**399**	**422**	**425**	**443**	**428**
of which											
Benefit income	54%	52%	50%	51%	49%	48%	51%	49%	48%	47%	50%
Occupational pension income	20%	20%	20%	22%	22%	22%	23%	24%	20%	22%	23%
Personal pension income	2%	2%	2%	2%	2%	2%	3%	3%	2%	2%	2%
Investment income	5%	5%	5%	4%	6%	5%	5%	4%	4%	6%	6%
Earnings income	7%	7%	6%	6%	6%	6%	6%	6%	5%	5%	6%
Other income	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Net income BHC											
Mean	86%	87%	86%	87%	87%	86%	88%	87%	87%	86%	86%
Median	76%	76%	74%	76%	77%	74%	77%	74%	74%	75%	72%
Net income AHC											
Mean	75%	76%	75%	76%	76%	76%	76%	75%	76%	76%	76%
Median	63%	63%	62%	64%	63%	63%	65%	61%	63%	64%	62%

Figure A6.1.4: The type of gross income of pensioner units by quintile of the net income BHC distribution, 2010/11 to 2012/13 and 2020/21 to 2022/23, United Kingdom. Incomes in £ per week, 2022/23 prices.

		Quintiles of the net income distribution				
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	Overall mean
2010/11 to 2012/13 Pensioner couples Gross income	**338**	**489**	**634**	**858**	**1,859**	**835**
of which						
Benefit income	75%	66%	52%	36%	14%	35%
Occupational pension income	12%	20%	27%	34%	30%	28%
Personal pension income	4%	4%	4%	4%	5%	5%
Investment income	3%	3%	3%	4%	13%	8%
Earnings income	5%	7%	14%	21%	36%	24%
Other income	1%	0%	0%	0%	1%	1%
Single pensioners Gross income	**184**	**273**	**338**	**426**	**777**	**400**
of which						
Benefit income	87%	79%	75%	66%	36%	60%
Occupational pension income	7%	15%	18%	24%	35%	24%
Personal pension income	1%	2%	2%	2%	3%	2%
Investment income	3%	3%	2%	3%	10%	6%
Earnings income	1%	1%	2%	4%	15%	7%
Other income	1%	1%	1%	1%	1%	1%
2020/21 to 2022/23 Pensioner couples Gross income	**360**	**529**	**693**	**933**	**1,907**	**884**
of which						
Benefit income	79%	66%	51%	37%	16%	37%
Occupational pension income	10%	21%	32%	42%	39%	34%
Personal pension income	3%	4%	4%	4%	4%	4%
Investment income	3%	2%	2%	3%	16%	8%
Earnings income	4%	7%	10%	14%	25%	16%
Other income	1%	1%	1%	1%	1%	1%
Single pensioners Gross income	**189**	**283**	**358**	**460**	**858**	**430**
of which						
Benefit income	88%	79%	73%	62%	31%	56%
Occupational pension income	6%	14%	20%	29%	40%	28%
Personal pension income	2%	3%	2%	2%	3%	3%
Investment income	2%	2%	3%	3%	11%	6%
Earnings income	1%	1%	2%	3%	13%	6%
Other income	2%	1%	1%	1%	1%	1%

Figure A6.1.5: The percentage of individuals in pensioner families in the top half of the overall population net income distribution by family type, before and after housing costs, 2002/03 to 2022/23, United Kingdom

	2002/03	2007/08	2012/13	2017/18	2021/22	2022/23
Net income before housing costs						
All pensioner units	32%	37%	45%	42%	43%	41%
Pensioner couples	36%	43%	50%	48%	49%	47%
Single pensioners	26%	27%	35%	30%	32%	30%
Net income after housing costs						
All pensioner units	38%	47%	52%	49%	50%	49%
Pensioner couples	41%	51%	56%	54%	54%	53%
Single pensioners	34%	39%	45%	40%	40%	39%

Technical Notes

Figure A6.1.1: The percentage of pensioner units with more than 50% of gross income from private sources by family type and for recently reached State Pension age status, 2010/11 to 2022/23, United Kingdom
Source: Pensioner Income Series

1. 1. A pensioner benefit unit may include single pensioners (individuals over SPa) and pensioner couples (married or cohabiting pensioners where one or both are over SPa), categorised by the age of the head of the pensioner benefit unit.
2. 2. A pensioner unit is defined as having recently reached State Pension age if the head of the benefit unit is less than five years above the State Pension age.

Figure A6.1.2: The average (median) net incomes AHC of pensioner units by family type, recently reached State Pension age status and age, 2010/11 to 2012/13 and 2020/21 to 2022/23, United Kingdom. Incomes in £ per week, 2022/23 prices
Source: Pensioner Income Series

Figure A6.1.3: The average incomes of pensioner units by type of income and family type, 2011/12 to 2022/23, United Kingdom. Income per week, £, to 2022/23prices.
Source: Pensioner Income Series

Figure A6.1.4: The type of gross income of pensioner units by quintile of the net income BHC distribution, 22010/11 to 2012/13 and 2020/21 to 2022/23, United Kingdom. Incomes in £ per week, 2022/23 prices.
Source: Pensioner Income Series

1. PI breaks pension income down into occupational, personal and private pension income which are described in source guidance as:
    a. Occupational pension income: An arrangement provided by employer to give their employees a pension when they retire.
    b. Personal pension income: A personal pension arrangement provided through a contract between an individual and the pension provider. In PI, personal pension income includes personal pensions and annuities bought with lump sums from personal pensions, trade unions and friendly society pensions. They are a form of defined contribution (money purchase) pension where the pension which is produced will be based upon the level of contributions and investment returns. A personal pension can be either employer provided or privately purchased.
    c. Private pension income: Private pension income includes occupational and personal pension income. People can have more than one private pension.
    d. Wages are treated as earnings income rather than state support, irrespective of any support payments from Coronavirus Job Retention Scheme (CJRS) that the respondent's employer was receiving in respect of their employment.
2. Data are presented as an average over three years as there are small sample sizes for some categories.
3. Due to rounding, the sum of all income types may not equal gross income.

References

Department for Work and Pensions (DWP) (2024). Pensioners' Income Series: Financial Year 2022 to 2023. Available at: www.gov.uk

A6.2 Poverty

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A6: Retirement Outcomes**	**A6.2 Poverty**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators examines the overall impact of pension system components on the adequacy of pension outcomes that people have in later life through a number of different measures. It includes an overview of changes in the composition of retirement income, and the rate of growth and change in each source. It also examines how rates of **poverty** are changing among the older population, and the extent to which people are able to meet **living standard** targets in later life. When more data becomes available, the way in which people access their pensions, and the impact these choices have on their retirement outcomes, will also be assessed.	This indicator considers how rates of low income among today's population of pensioners reflect the extent to which the UK pension system is achieving a key goal of adequacy, the **protection against poverty**. It looks at how different measures of poverty (including material deprivation) are changing over time, between men and women, and between pensioners and the total population. It also examines how rates of low income in the UK compare to other Organisation for Economic Co-operation and Development (OECD) countries in order to establish the degree to which improvements can be made in the system.

Indicator Measures

Measure & Purpose	Source
Change in absolute and relative rates of low income (Before Housing Costs (BHC) and After Housing Costs (AHC), UK)	Households below average income (HBAI) data[96]
Poverty rates among older people compared to the total population (UK)	HBAI data
Material Deprivation among older people (UK)	HBAI data
Poverty rates among people 65 and over (UK v. OECD)	OECD Pensions at a Glance[97]
Gap in poverty rates between men and women over (UK v. OECD)	OECD Pensions at a Glance
Gap in poverty rates between older and total population (UK v. OECD)	OECD Pensions at a Glance

[96] DWP (2025)
[97] OECD (2023)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3 Somewhat fails to support adequacy

Rates of poverty among older people are significantly lower than in the past, but trends show a slow rise in relative poverty and overall, levels are around average to poor compared to other countries.

Rates of absolute and relative poverty, before and after housing costs, fell in 2020-21 but have since increased to levels seen through the 2010s. Overall, the risk of relative poverty among older people is comparable to that of the total population before housing costs but tends to be lower for pensioners compared to the general population after housing costs. However, a comparison against international peers suggests that UK rates are relatively high, as the UK sits in the bottom half of 37 countries despite being comparable to the OECD average.

Figure A6.2.1 Change in UK Poverty Rates

	Before housing costs				After housing costs			
	Relative low income*		Absolute low income**		Relative low income*		Absolute low income**	
	Percentage	5Y Avg	Percentage	5Y Avg	Percentage	5Y Avg	Percentage	5Y Avg
2001/02	25	25	32	40	26	27	31	39
2011/12	16	19	17	18	13	15	14	15
2012/13	16	17	17	17	13	14	14	14
2013/14	16	17	17	17	14	14	14	14
2014/15	16	16	15	16	14	14	13	14
2015/16	17	16	15	16	16	14	14	14
2016/17	18	17	15	16	16	14	13	14
2017/18	18	17	15	15	17	15	14	13
2018/19	18	17	15	15	16	16	13	13
2019/20	19	18	15	15	18	16	13	13
2020/21	16	18	13	15	15	16	11	13
2021/22	18	18	14	15	18	17	12	13
2022/23	18	18	15	14	16	16	12	13
2023/24	18	18	16	15	16	16	13	13

**Relative low income - percentage below 60% of contemporary median income*

***Absolute low income - percentage below 60% of 2010/11 median income held constant in real terms*

Figure A6.2.2: Difference between poverty rates among older people and total population

	BHC 2020-21 - percentage						AHC 2020-21 - percentage					
	Relative low income			Absolute low income			Relative low income			Absolute low income		
	Pensioners	All	Gap	Pensioners	All	Gap	Pensioners	All	Gap	Pensioners	All	Gap
2001/02	25	18	7	32	23	9	26	23	3	31	26	5
2011/12	16	16	0	17	17	0	13	21	-8	14	22	-7
2012/13	16	15	0	17	16	0	13	21	-8	14	22	-8
2013/14	16	15	1	17	16	1	14	21	-7	14	22	-7
2014/15	16	16	1	15	15	0	14	21	-7	13	20	-7
2015/16	17	16	1	15	15	1	16	22	-6	14	20	-6
2016/17	18	16	1	15	14	1	16	22	-6	13	19	-6
2017/18	18	17	1	15	15	1	17	22	-5	14	19	-6
2018/19	18	17	1	15	15	1	16	22	-6	13	20	-6
2019/20	19	18	1	15	14	1	18	22	-4	13	18	-5
2020/21	16	16	1	13	13	0	15	20	-6	11	17	-6
2021/22	18	17	1	14	13	1	18	22	-4	12	17	-5
2022/23	18	17	1	15	14	1	16	21	-6	12	18	-6
2023/24	19	17	1	16	15	1	16	21	-5	13	18	-5

Figure A6.2.3: Estimated percentage of individuals aged 65 or over in material deprivation, United Kingdom

	Percentage	Number (millions)	Individuals aged 65 or older (Millions)
2009/10	10	0.9	9.7
2010/11	9	0.9	9.9
2011/12	8	0.8	10.1
2012/13	8	0.9	10.5
2013/14	9	1.0	10.7
2014/15	8	0.9	11.0
2015/16	8	0.8	11.3
2016/17	7	0.8	11.4
2017/18	7	0.8	11.6
2018/19	6	0.7	11.8
2019/20	6	0.7	11.6
2020/21	5	0.6	11.5
2021/22	6	0.7	11.7
2022/23	8	1.0	11.8
2023/24	11	1.3	12.1

Figure A6.2.4: Rates of poverty in the United Kingdom and OECD, 2023 publication

2020 or most recent data	UK	OECD Average	OECD Rank*
Poverty Rates Among People 65 and over **Difference in poverty rates between men and women**	**13.1%**	**14.2%**	**20**
Men	11.1%	11.5%	22
Women	14.9%	16.5%	20
Men - Women	-3.8%	-5.4%	15
Difference in poverty rates between older and total population			
Total Population	11.2%	11.4%	20
Total Population - 65 and older	-1.9%	-2.8%	22

**Out of 37 countries*

Technical Notes

Figures A6.2.1 and A6.2.2: Change in UK Poverty Rates
Source: Households Below Average Income analysis of Family Resources Survey

1. Figures presented are central estimates, confidence intervals are available in HBAI reports.

Figure A6.2.3: Estimated percentage of individuals aged 65 or over in material deprivation, United Kingdom 2009/10 to 2023/24.
Source: Source: Households Below Average Income analysis of Family Resources Survey

1. Legal restrictions introduced in response to the coronavirus pandemic affected several of the questions asked as part of the material deprivation measure, which mean that for 2020/21 data, estimates of material deprivation are not comparable with previous years.
2. Full details of material deprivation methodology are available in HBAI.

Figure A6.2.4: Rates of poverty in the United Kingdom and OECD, 2023 publication
Source: OECD Pensions at a Glance 2023

1. UK poverty rates are assessed in the context of other OECD countries by comparing poverty rates among all people over 65, the gap in poverty rates between men and women, and the gap in poverty rates between the older and total population. Rates in the UK are assessed by both their rates relative to the average of 38 OECD countries (excluding Colombia for which data was unavailable), and also to their rank among them. This is because the averages are driven by a small number of countries with very poor pension outcomes, and a large number of countries with comparable outcomes.

References:

Department for Work and Pensions (DWP) (2025). Households below Average income analysis of Family Resources Survey. Available at: https://www.gov.uk

OECD (2023). Pensions at a Glance. Available at: https://www.oecd-ilibrary.org

A6.3 Living Standards

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A3: Retirement Outcomes**	**A6.3 Living Standards**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	This group of indicators examines the overall impact of pension system components on the adequacy of pension outcomes that people have in later life through a number of different measures. It includes an overview of changes in the composition of retirement income, and the rate of growth and change in each source. It also examines how rates of **poverty** are changing among the older population, and the extent to which people are able to meet **living standard** targets in later life. When more data becomes available, the way in which people access their pensions, and the impact these choices have on their retirement outcomes, will also be assessed.	This indicator is designed to examine changes in the extent to which individuals may be able to achieve adequacy in later life by analysing retirement income against a range of living standard measures. Despite its importance, there is currently no consensus of how to define and benchmark the multidimensional concept of adequacy, in part because of the wide range of agents and different perspectives involved in the pension system, including individuals, employers, the State and society more widely. For the purpose of tracking changes in adequacy in the UK Pension System, this indicator uses measures related to both proportional-income targets and fixed-income targets. Proportional-income targets, also known as replacement rates, are determined by the ratio of incomes before and after retirement. Fixed-income targets take an objective "basket of goods" approach which translate the price of a typically used basket of goods and services into annual required retirement income for a series of defined living standards. The Pensions Commission used an earnings replacement approach as their basis for assessing adequacy. In their first report, they concluded that, having considered evidence from international comparisons, time trends in replacement rates, analysis of expenditure patterns in retirement and actual replacement rates at the time, there could be no clear definition of pension adequacy.[16]

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Proportion of people and households meeting Retirement Living Standards (RLS) targets Estimates the likelihood that retirement income can support minimum, moderate and comfortable standards of living	Family Type	PPI analysis of Family Resources Survey (FRS) data[98]
Comparison of equivalised disposable average income among people over 65 and people aged 55 to 64 Highlights the difference in average disposable household income for people before and after retirement age.	Age	Office for National Statistics (ONS)[99]
Organisation for Economic Co-operation and Development (OECD) Gross and Net Replacement Rates		OECD (2024)

[98] FRS (2024)
[99] ONS (2024)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

L3 Somewhat fails to support adequacy

The proportion of individuals receiving retirement income at a level that is beneficial for pensions adequacy has remained stable in recent years, but where exceptions exist, they negatively impact at risk groups.

Overall, the income received by around a quarter of all pensioner households is still below the level needed to meet a minimum standard of income in retirement. This level is largely unchanged in recent years, and single pensioners remain most at risk of being unable to achieve minimum income standards, particularly women. Just 10% of pensioners are likely to be achieving living standards that could be considered comfortable, and around a third have income that could afford them a moderate standard of living, according to the PLSA Retirement Living Standards framework. This suggests that overall levels of income are broadly rising in line with the cost of living, and that either an uplift which is significantly above inflation, or an increase in the proportion of retirement income that comes from sources other than state benefits, will be required to improve these outcomes. A similar trend is observed by the OECD, which reports that that average earners in the UK achieve a replacement rate of just 54%, substantially below the target rate of two thirds set by the Pensions Commission.

Interestingly however, a comparison of recently published data which depicts equivalised average levels of disposable net income indicates that people aged 65 to 74 received around 90% of the income of someone aged 55 to 64. This implies that, once adjusted for household composition, average households may not be experiencing a significant drop in living standards around the time that they retire even if their overall levels of income remain relatively low.

[100] OECD (2023)

Figure A6.3.1: Proportion of pensioners and pensioner households with retirement income which meets living standard targets, United Kingdom 2016-17 to 2022-23

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Pensioner Households							
Not Attaining Minimum	25%	27%	27%	26%	24%	27%	31%
Minimum	75%	73%	73%	74%	76%	73%	69%
Moderate	31%	29%	30%	30%	33%	28%	28%
Comfortable	10%	9%	10%	9%	10%	7%	8%
Individual Pensioners							
Not Attaining Minimum	22%	24%	23%	23%	21%	24%	27%
Minimum	78%	76%	77%	77%	79%	76%	73%
Moderate	35%	33%	34%	34%	37%	31%	32%
Comfortable	12%	11%	11%	10%	12%	9%	10%
Pensioner Couples							
Not Attaining Minimum	14%	16%	15%	15%	14%	17%	19%
Minimum	86%	84%	85%	85%	86%	83%	81%
Moderate	43%	42%	43%	42%	45%	39%	40%
Comfortable	15%	14%	15%	13%	16%	11%	13%
Single Male Pensioners							
Not Attaining Minimum	28%	31%	35%	32%	28%	34%	38%
Minimum	72%	69%	65%	68%	72%	66%	62%
Moderate	26%	24%	25%	23%	29%	23%	22%
Comfortable	9%	8%	9%	7%	9%	7%	7%
Single Female Pensioners							
Not Attaining Minimum	37%	39%	37%	38%	34%	38%	44%
Minimum	63%	61%	63%	62%	66%	62%	56%
Moderate	18%	16%	17%	19%	21%	15%	13%
Comfortable	4%	3%	4%	4%	4%	3%	2%

Figure A6.3.2: Average equivalised disposable household income by age of individual aged 65 and over as a percentage of average equivalised disposable household income for individuals aged 55 to 64, 2001/2002 to 2023/24, UK (2023/24 prices)

	65 to 74		75 to 84		85+	
Year	**Mean**	**Median**	**Mean**	**Median**	**Mean**	**Median**
2001/02	81%	79%	65%	68%	70%	69%
2002/03	74%	76%	67%	68%	65%	70%
2003/04	79%	78%	65%	65%	68%	71%
2004/05	81%	77%	69%	70%	78%	67%
2005/06	74%	76%	67%	68%	58%	72%
2006/07	75%	75%	61%	68%	55%	66%
2007/08	75%	75%	63%	70%	65%	69%
2008/09	76%	79%	66%	69%	61%	71%
2009/10	77%	81%	65%	73%	61%	72%
2010/11	81%	84%	82%	78%	74%	78%
2011/12	78%	82%	67%	74%	65%	77%
2012/13	89%	88%	72%	76%	77%	75%
2013/14	90%	92%	74%	81%	70%	82%
2014/15	90%	86%	82%	78%	76%	70%
2015/16	85%	85%	77%	76%	66%	78%
2016/17	90%	88%	76%	72%	67%	68%
2017/18	96%	92%	78%	80%	77%	75%
2018/19	96%	96%	77%	78%	66%	71%
2019/20	94%	88%	73%	74%	69%	71%
2020/21	88%	91%	76%	80%	70%	75%
2021/22	90%	89%	78%	80%	69%	74%
2022/23	92%	90%	81%	78%	79%	75%
2023/24	83%	86%	75%	77%	63%	70%

Technical Notes

Figure A6.3.1: Proportion of pensioners and pensioner households with retirement income which meets living standard targets, United Kingdom 2016-17 to 2022-23
Source: Family Resources Survey, PLSA and Centre for Research in Social Policy

1. The Family Resources Survey (FRS) is a continuous survey that was launched in 1992 to meet the information requirements of Department for Work and Pensions (DWP) analysts. It collects information on a representative sample of private households in the United Kingdom (prior to 2002, it covered Great Britain only). The focus of the survey is on household incomes, and how much income comes from the many possible sources (such as individual earnings, individual pensions, state benefits and others such as investment income).[101]
2. The retirement living standards produced by the Pensions and Lifetime Savings Association are based on the Minimum Income Standards (MIS) research supported by the Joseph Rowntree Foundation (JRF) and carried out by the Centre for Research in Social Policy (CRSP) at Loughborough University. It determines an annual target income under three different retirement living standards (minimum, moderate and comfortable) for those living in-London and outside London, and for single person and couple households.
3. The Retirement Living Standards have been inflated and deflated to be applicable in particular years using average earnings growth published by the Office for Budget Responsibility within their economic determinants used in the Economic and Fiscal Outlook publication.[102]

Figure A6.3.2: Average equivalised disposable household income by age of individual aged 65 and over as a percentage of average equivalised disposable household income for individuals aged 55 to 64, 2001/2002 to 2023/24, UK (2023/24 prices)
Source: ONS

1. Disposable income is defined as gross weekly cash income less statutory deductions and payments of income tax and National Insurance contributions. Sources of income include wages and salaries, self-employment income, private pensions and annuities, investment income, and direct benefits in cash (including State Pension and means tested benefits). Disposable income represents the amount that households have to spend or save.
2. Equivalisation is a standard methodology that adjusts household income to account for the different financial resource requirements of different household types. It adjusts household income to reflect the different resource needs of single adults, any additional adults in the household, and children in various age groups. After equivalisation has been applied, households with the same equivalised income can be said to have a comparable standard of living.
3. Equivalisation has a large effect on the proportion of retired households in the lowest groups of the income distribution. In 2014 for example, 16% of all retired households appeared in the lowest non-equivalised disposable income decile group before equivalisation. After equivalisation, just 7% of households appeared in this group. The change can largely be explained by the relatively high proportion of retired households which only contain one adult, meaning that incomes of single adult households are scaled up (relative to other households) when income is equivalised.[103]
4. ONS analysis found that on average, expenditure for retired households with two adults was around 80% of non-retired households with two adults.[104]

References:

Department for Work and Pensions (DWP). Office for National Statistics (ONS), NatCen Social Research. (2021). Family Resources Survey, 2019-2020. [data collection]. UK Data Service. SN: 8802, DOI: 10.5255/UKDA-SN-8802-1.

OECD (2023). Pensions At a Glance 2023 Table 4.5. Available at: www.oecd-ilibrary.org

Office for Budget Responsibility (OBR) (2025). Economic and fiscal outlook – March 2025. Available at:
https://obr.uk

Office for National Statistics (ONS) (2015). Family Spending in the UK. Chapter 3: Equivalised Income.
Available at: ons.gov.uk

Office for National Statistics (ONS) (2025). The Effects of taxes and benefits on household income, disposable income estimates. Available at: www.ons.gov.uk

Pensions and Lifetime Savings Association (PLSA) and Centre for Research in Social Policy (CRSP) (2025). Retirement living standards in the UK in 2025. Available at:
https://www.retirementlivingstandards.org.uk

[101] FRS (2024)
[102] OBR (2025)
[103] ONS (2015)
[104] ONS (2015)

A6.4 Pensions Access

System Objective & Success Criteria	Sub-Objective Group	Indicator
A: Adequacy	**A6: Retirement Outcomes**	**A6.4 Pensions Access**
A **clear** system that enables people to plan **reliably** for a retirement that provides protection against **poverty,** financial **resilience** and the ability to maintain **living standards** from working into later life.	Demonstrate the overall impact of system components on the adequacy of outcomes that people have in later life. It includes accessing pensions, the retirement equation, poverty and living standards in retirement.	Examines trends in how people access their savings at and through retirement, and the extent to which multi-faceted decisions about pension withdrawals, tax, longevity and investment risk could impact adequacy in later life. Changes to pensions access are likely to underpin one of the most significant differences between current and future pensioners. Current pensioners have typically retired with a high proportion income from an income stream product, or are making good use of pension freedoms and are able to mitigate concerns about unsustainable withdrawals by having other sources of income.[105] In contrast, future pensioners will likely generate a significantly higher proportion of income from drawdown products and are less likely to have other forms of income to rely on. Complex decisions around when and how to flexibly withdraw pension income in a way that benefits adequacy will also require support, and this indicator is designed to examine the extent to which people are achieving good outcomes over time.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Access to investment pathways, annuities, drawdown and cash lump sums	Age, pot size	Association of British Insurers (ABI) stats, Financial Conduct Authority (FCA) retirement income data
Support from providers, regulated advice and impartial guidance		

[105] ABI (2021)

Assessment Classifications – 2025

L6	Strong support for adequacy
L5	Good support for adequacy
L4	Somewhat supports adequacy
L3	Somewhat fails to support adequacy
L2	Poor support for adequacy
L1	Fails to support adequacy

Unrated

There is insufficient data to assess the Pensions Access indicator in 2025

Although elements of Pensions Freedoms are covered in other Framework indicators, data currently available is insufficient for the Framework to assess the extent to which changes in individuals' access to retirement income products may be driving changes to adequacy and financial wellbeing in later life.

When approaching this indicator, the Framework team reviewed existing data on access to annuities, drawdown, cash lump sums and Uncrystallised Funds Pension Lump Sum (UFPLS). This data shows, on a time series basis, access by pot size and age. However, the data does not show the individual circumstances or the outcomes for these individuals, making it difficult to assess the extent to which their choices are benefitting or weakening adequacy. For example, some individuals who withdraw their entire Defined Contribution (DC) pot as a cash lump sum may be entitled to sufficient Defined Benefit (DB) income to meet an adequate level of income throughout their life, suggesting that withdrawal would not negatively impact the long-term sustainability of their income. Others may have multiple pots, some of which could be used to buy annuities or enter drawdown, and others might have personal circumstances such as health concerns that require their capital immediately. It is therefore difficult to assess the degree to which these purchases support adequacy, or the sustainability of adequacy, in retirement.

The team considered using evidence on the use of guidance or advice in the decision making as a determining factor, however it was also felt that this would not provide sufficient information about the extent to which individual decisions or outcomes were of benefit to financial wellbeing. The team will continue to monitor information and evidence in this area, and, when there is sufficient data to produce an assessment, this indicator will become live.

References

References:

Association of British Insurers (ABI) (2021). Future proofing the freedoms: Supporting customer decisions about pension withdrawals. Available at: https://www.frontier-economics.com

Sustainability refers to the way in which risks that could compromise affordability, stability, efficiency and integrity are managed in the UK pension system.

SUSTAINABILITY

1. The ability to be sustained, supported, upheld, or confirmed.

A stable, secure and affordable system which allows the needs of the present to be met without compromising the ability of others to meet their own needs

Stable

A reliable system which keeps pace with changes and risks inside and outside the pension system

Secure

Protection for retirement savings and income against a range of demographic, economic, market, political and ESG risks over time

Affordable

A system which opertates within the constraints of its finances and at a “credible and serviceable” position over the long-term

Compromise

A system which balances the need to provide adequacy and sustainability over populations and over time, according to the needs and preferences of society

S1.1 Longevity & Population Ageing

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S1: Population and Ageing**	**S1.1 Longevity & Population Ageing**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without compromising the ability of others to meet their own needs.	This group of indicators examines factors which impact pension system sustainability on account of changes to the size and characteristics of the older and the economically active populations, and to the profile of the wider population. It includes measures relating to longevity and population ageing, family arrangements, population health and the cost of health and social care services. The economic implications of longer lives are complex and difficult to quantify. Although population ageing can lead to rising cost pressures through increases in health and social care costs, as well as expenditure on pensions, it can also add value to the economy through increased revenues from direct and indirect taxation, as well as volunteering and caring activities.[106]	This indicator is designed to measure the extent to which the structure and profile of the UK population present a risk to the sustainability of the pension system, in particular the State Pension. Growth in the proportion of people economically inactive or over State Pension age (SPa) can put pressure on the **affordability** of the system by increasing constraints on financing, which, in turn, may **compromise** support or funding for other population groups or public services. The proportion of adult life that people spend in work, and the age at which they leave the labour market, can be impacted by life expectancy and measures of population health, as well as employment patterns. Measures designed to maintain **stability** in the system by ensuring that it keeps pace with demographic change, without unexpected consequences for stakeholders and individuals, may also be necessary to mitigate risks to sustainability.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Total Fertility Ratio Used to estimate impact of birth rates on demographic trends	None	ONS Comparison of total fertility rate estimates with projections, UK and constituent countries
Active Dependency Ratio Measures the current and projected proportion of people who are economically inactive compared to those economically active	None	PPI Analysis of LFS data, ONS time series ID MGTV and MGTS
Old Age Dependency Ratio Shows the current and projected proportion of the adult population with access to State Pension compared to the working age population, accounts for legislative changes	None	ONS Comparison of old-age dependency ratio (OADR) projections and estimates
Proportion of Adult Life in Work Measures the extent to which changes in employment patterns are keeping pace with changes to life expectancy	Sex	PPI Analysis of LFS data and ONS Mid-Year Population Estimates
Proportion of Life in Good Health from birth Estimates expected healthy life span for people born today	Sex	ONS Health State Life Expectancy all ages UK
Proportion of Life in Good Health from age 65 Estimates remaining healthy life span for those aged 65 today	Sex	ONS Health State Life Expectancy all ages UK

[106] Ferguson, B. and Belloni, A. (2019).

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L2 Poor support for sustainability

Overall measures of economic dependency between population groups remain stable, but projected falling healthy life expectancy following the Coronovirus pandemic along with increases in economic inactivity and population ageing signal a risk to pension system sustainability.

Declines in the current Active Dependency Ratio (ADR) along with significant declines in the forecast Active Dependency Ratio (ADR), the projected Old Age Dependency Ratio (OADR) and the Total Fertility Rate (TFR) indicate that the proportion of the economically dependent population is growing relative to the economically independent population. Measures of longevity and population ageing therefore somewhat fail to support long-term sustainability in the UK Pension System. Despite declines in the ADR, the proportion of adult life that people spend in work is rising among women and stable among men, supported in part by the significant reduction in projected healthy life expectancy for men and women following the COVID 19 pandemic.

Figure S1.1.1: Measures of Longevity and Population Ageing

	Most Recent Value	Change to Previous Year	10 year Average
Total Fertility Rate (2021)	1.5	-0.03	1.8
Dependency Ratios			
Active Dependency Ratio (2024 Current data)	585.6	+1.8	575.7
Old Age Dependency Ratio (2022 Current data)	277.9	+1.7	292.8
Old Age Dependency Ratio (2041 Projected)	321.2	+43.3	
Proportion of life in work 2021 (Males)	66%	-1%	66%
Proportion of life in work 2021 (Females)	56%	-1%	54%
Proportion of life in work 2021 (Females)	56%	-1%	54%
Longevity and Healthy Life Expectancy			
Proportion of life in good health 2023 (Males at 0)	77.8	-1.2	79.3
Proportion of life in good health 2023 (Males at 65)	54.3	-1.3	55.4
Proportion of life in good health 2023 (Females at 0)	74.5	-1.3	76.6
Proportion of life in good health 2023 (Females at 65)	52.9	-1.8	54.1

Technical Notes

Figure S1.1.1: Measures of Longevity and Population Ageing

1. UK Total Fertility Ratios (TFRs): the average number of children that a group of women would bear if they experienced the age-specific fertility rates of the calendar year throughout their childbearing lifespan.[107] Data analysis based on 5 year moving averages.
2. Old Age Dependency Ratios: Persons over Pension age per 1,000 persons of working age Pensionable Age Populations based on State Pension age for a given year. Projections for 2020-2041 are based on ONS 2022 based projections.[108] Historical data are to 2022 and from the same source.
3. Active Dependency Ratio: a ratio of the non-working to the working population, measured as the number of people aged 16 and over economically inactive per 1,000 economically active.
    a. The ADR is presented as an alternative indicator to the OADR and includes people of working age who are economically inactive, and people of pensionable age who are economically active.
    b. The ADR should not be used as a precise measure of economic dependency due to complex relationships between economic activity and dependency.
    c. The decrease in the ADR is likely to have been driven by relatively high immigration to the UK since the late 1990s, and greater economic activity at older ages, particularly among women.
4. Proportion of Adult Life in Work: Measures the average number of years that an individual can expect to work as a percentage of their adult life to provide an indication of the time that people are likely to be earning an income, and the time that people are likely to be dependent upon pensions, savings or other household income.
    a. Accounts for discontinuity in employment by examining the total average number of years worked, rather than the age of labour market exit.
    b. Adult life is considered to begin at age 20.[109] This measure uses period life expectancy to estimate the average number of years worked from age 20, and cohort life expectancy (which incorporates assumptions that longevity gains will be made over time) to estimate projected longevity.
5. Health State Life Expectancies (HLE): number of years that men and women can expect to live in good health at birth, and at 65 in the UK, expressed as a proportion of period life expectancy. Reflects the notion that years in good health may not be contiguous.[110]

References:

Department for Work and Pensions (DWP) (2013), Autumn Statement announcement on a core principle underpinning future State Pension age rises: DWP background note. Available at: https://assets.publishing.service.gov.uk

Ferguson, B. and Belloni, A. (2019). Ageing and Health Expenditure. Available at: https://ukhsa.blog.gov.uk

Office for National Statistics (ONS) (2025) Comparison of old-age dependency ratio (OADR) projections and estimates Available at: ons.gov.uk

Office for National Statistics (ONS) (2025a) Comparison of total fertility rate estimates with projections, UK and constituent countries https://www.ons.gov.uk

Office for National Statistics (ONS) (2025b), Health state life expectancy, all ages, UK. Available at: https://www.ons.gov.uk

[107] ONS (2025)
[108] ONS (2025)
[109] DWP (2013)
[110] ONS (2025b)

S1.2 Family Arrangements

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S1: Population and Ageing**	**S1.2 Family Arrangements**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without compromising the ability of others to meet their own needs.	This group of indicators examines factors which impact pension system sustainability on account of changes to the size and characteristics of the older and the economically active populations, and to the profile of the wider population. It includes measures relating to longevity and population ageing, family arrangements, population health and the cost of health and social care services. The economic implications of longer lives are complex and difficult to quantify. Although population ageing can lead to rising cost pressures through increases in health and social care costs, as well as expenditure on pensions, it can also add value to the economy through increased revenues from direct and indirect taxation, as well as volunteering and caring activities.[111]	Family arrangements, such as household composition and marital status, can have a significant impact on retirement income and the extent to which people have access to support in later life. This indicator examines the proportion of pensioners who live on their own or as a couple in their household, reflecting the added risk that single pensioners, particularly women, face to adequacy as a product of lower household income in later life. It also examines trends in rates of divorce, the outcomes of which may also be disproportionately poor for women if pension arrangements are not factored into separation agreements. Living arrangements can also impact the support that people have available to them in later life, both socially and where people need help in their daily lives.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Number of pensioner units by family type Shows changes in family type by household that could impact retirement outcomes	Pensioner Couple and Single Pensioner	Department for Work & Pensions (DWP) Stat Xplore
Living arrangements among people over 65 by sex, England and Wales, 2002 to 2020 Shows changes in living arrangements for individuals that could impact retirement outcomes	Living as a couple, not living as a couple	Office for National Statistics (ONS) Population Estimates[112]
Rates of divorce rates, England and Wales Indicates direction of travel for number of people potentially facing added retirement risk as a product of divorce		ONS Divorces in England and Wales[113]
Proportion of older women divorced in England and Wales Shows how changes in rates of divorce among women over 50 that could be a risk factor for poor retirement outcomes	Age	ONS Population Estimates[114]

[111] Ferguson, B. and Belloni, A. (2019)
[112] ONS (2024a)
[113] ONS (2024b)
[114] ONS (2021)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L4 Somewhat supports sustainability

Modest long-term declines in divorce rates and in the proportion of pensioners living alone suggest that somewhat fewer people are in or reaching later life with risks that could be a product of family or living arrangements.

In 2021, the proportion of pensioner benefit units made up of single pensioners and pensioner couples was almost equal. Although these rates have remained stable over the past ten years, they show a marked long-term improvement from 25 years ago when single pensioners made up 57% of all benefit units. This is important because single pensioner households are at greater risk of poverty in later life and may have less access to informal care or social support. They are also at greater risk of loneliness or social isolation.[115] These figures are also reflected in the proportion of people over 65 living alone. In 2002, 56% of people over 65 lived in a couple whilst 44% lived alone, but for the past ten years, around 60% of people lived in a couple and 40% lived alone. Women are significantly more likely to live alone than men, 50% compare to 30%, but this rate has also improved since 2002 when 57% of women were likely to live alone compared to 28% of men.

Meanwhile, the number of divorces reported each year in England and Wales has fallen significantly from 158,175 in 1994 to 80,057 in 2022, despite a growing population over this time. There has been an almost steady decline in divorces over the past 40 years with 2022 has the lowest number of divorces over the past 40 years, with the main significant exception being slight increases in 2019 and 2020 then a fairly significant increase up to 113,592 in 2021. Some of the 2020 and 2021 increase may be explainable as resulting from time spent in COVID19 lockdown exacerbating difficulties in marriages. The increase in 2019 would not have been as a result of that and is likely instead as a result of delays experienced in processing divorce petitions from 2018. In the context of retirement, divorce can have a significant impact on both social and financial outcomes. Across the income and wealth distributions, fewer than 15 per cent of couples have pension wealth that is approximately equal, whilst the wealth in around half of all couples with pensions is held by one partner.[116] The unequal distribution of pension wealth among couples means that over the course of their working life, the total amount of pension wealth accumulated by married women can be up to five times lower than married men. Although several factors explain these differences, the gender pay gap and implications of taking time out of the workforce for motherhood and caring responsibilities play a significant role. Despite this, 71% of couples do not discuss pensions at all when they separate and of those who do, only one in seven will actually result in pension sharing.[117] Around 15%, 19% and 13% of women in their 50s, 60s and over 70 respectively were divorced in 2022, an increase from 14%, 10% and 4% respectively in 2002. Whilst rates have remained relatively stable among women in their 50s, increases among older women can be partly attributed to higher past rates of divorce as women move through the age brackets. Nonetheless, without greater consideration of the risks of divorce, this trend presents a continued challenge to retirement outcomes.

Figure S1.2.1 Pensioner Units by Family Type, Great Britain, 1998/99 to 2023/24

	Pensioner Couples		Single Pensioners	
1998-99	3243154	43%	4386705	57%
2003-04	3644100	46%	4278496	54%
2008-09	4066651	48%	4420542	52%
2013-14	4155706	47%	4595169	53%
2018-19	4207503	48%	4497678	52%
2023-24	4263803	48%	4594096	52%

Figure S1.2.2 Living arrangements among people over 65 by sex, England and Wales, 2002 to 2022

	Living in a Couple			Not Living in a Couple		
	All	**Males**	**Females**	**All**	**Males**	**Females**
2002	56%	73%	43%	44%	28%	57%
2003	56%	74%	44%	44%	28%	56%
2004	56%	73%	44%	44%	28%	56%
2005	57%	74%	45%	43%	27%	55%
2006	57%	74%	45%	43%	28%	55%
2007	57%	73%	45%	43%	28%	55%
2008	57%	74%	45%	43%	28%	55%
2009	58%	74%	47%	42%	29%	53%
2010	59%	74%	48%	41%	28%	52%
2011	59%	75%	48%	41%	28%	52%
2012	60%	75%	49%	40%	28%	51%
2013	59%	74%	49%	41%	29%	51%
2014	62%	77%	52%	38%	26%	48%
2015	61%	76%	51%	39%	27%	49%
2016	62%	76%	51%	38%	27%	49%
2017	61%	74%	51%	39%	28%	49%
2018	61%	74%	52%	39%	29%	48%
2019	61%	74%	52%	39%	30%	48%
2020	60%	73%	50%	40%	30%	50%
2021	60%	71%	50%	40%	29%	50%
2022	59%	70%	50%	40%	29%	49%

[115] Russell, D. (2009)
[116] Buckley, J., & Price, D. (2021)
[117] Buckley, J. & Price, D. (2021)

Figure S1.2.3 Number of divorces, England and Wales, 1993 to 2022

Year	All divorces and decrees	1Y Change	3Y Moving Average Change
2022	80,057	-29.5%	-8.7%
2021	113,505	9.6%	7.3%
2020	103,592	-4.5%	0.5%
2019	108,421	18.8%	0.4%
2018	91,299	-10.5%	-3.2%
2017	102,007	-4.7%	-2.9%
2016	107,071	5.9%	-2.3%
2015	101,077	-9.1%	-5.0%
2014	111,169	-3.1%	-1.8%
2013	114,720	-2.9%	-1.4%
2012	118,140	0.5%	1.2%
2011	117,558	-1.7%	-1.2%
2010	119,589	4.9%	-2.3%
2009	113,949	-6.4%	-4.8%
2008	121,708	-5.0%	-4.9%
2007	128,131	-3.0%	-5.8%
2006	132,140	-6.5%	-4.7%
2005	141,322	-7.6%	-1.4%
2004	152,923	-0.1%	2.0%
2003	153,065	3.6%	2.8%
2002	147,735	2.7%	0.7%
2001	143,818	1.9%	-0.3%
2000	141,135	-2.4%	-1.3%
1999	144,556	-0.5%	-2.8%
1998	145,214	-1.0%	-2.2%
1997	146,689	-6.6%	-2.4%
1996	157,107	1.0%	-1.7%
1995	155,499	-1.7%	-1.0%
1994	158,175	-4.1%	-0.1%
1993	165,018	2.9%	2.5%

Figure S1.2.4 Proportion of females divorced by age group, England and Wales, 2002 to 2022

Year	50-59	60-64	70+
2002 Estimate	14%	10%	4%
2003 Estimate	14%	11%	4%
2004 Estimate	14%	11%	4%
2005 Estimate	15%	11%	4%
2006 Estimate	16%	12%	5%
2007 Estimate	16%	13%	6%
2008 Estimate	16%	13%	6%
2009 Estimate	17%	14%	7%
2010 Estimate	17%	14%	7%
2011 Estimate	17%	15%	8%
2012 Estimate	18%	15%	8%
2013 Estimate	17%	15%	8%
2014 Estimate	17%	15%	7%
2015 Estimate	17%	16%	9%
2016 Estimate	16%	17%	10%
2017 Estimate	17%	15%	10%
2018 Estimate	16%	18%	11%
2019 Estimate	17%	18%	11%
2020 Estimate	16%	18%	12%
2021 Estimate	15%	17%	12%
2022 Estimate	15%	19%	13%

Technical Notes

Figure S1.2.1 Pensioner Units by Family Type, United Kingdom, 1995/96 to 2023/24
Source: DWP Stat Xplore

1. Figures represent the proportion of pensioner benefit units by family type as reported by Family Resource Survey (FRS) respondents.
2. A pensioner benefit unit is defined as either an individual over State Pension age, or a married or cohabiting pensioner couple where one or both partners are over State Pension age.

Figure S1.2.2 Living arrangements among people over 65 by sex, England and Wales, 2002 to 2022
Source: ONS Population Estimates[118]

1. Living in a couple includes people who are married or civil partnered, cohabiting but never married or civil partnered, and cohabiting but previously married or civil partnered.
2. Not living in a couple includes people who were never married or civil partnered, or previously married or civil partnered.

Figure S1.2.3 Number of divorces, England and Wales, 1993 to 2022
Source: ONS[119]

1. Figures represent both divorces and annulments that took place in England and Wales; annulments are where the marriage was not legally valid in the first place. Statistics do not include married couples who separate, but do not divorce. Civil partnership dissolutions are not included in ONS divorce statistics.
2. Same sex and opposite sex divorces are included. Marriages of same-sex couples first took place on 29 March 2014, the first divorces recorded between same-sex couples were in 2015.
3. Rates of change are reported on a one-year basis, and on a three-year (moving average) basis in order smooth the possible impact of procedural issues on divorce data.
4. The ONS notes that the Ministry of Justice has reported family court activities were affected by the COVID pandemic, which many have impacted the number and timeliness of completed divorces in 2020. However, the extent of impact is unknown.
5. It further reports that the decrease in the number of divorces between 2017 and 2018, and the increase between 2018 and 2019 can be partly attributed to a delay in the processing of divorce applications by divorce centres. A backlog of divorce petitions made in 2017 were not processed until 2018, resulting in fewer completed divorces in 2018 and more completed divorces in 2019.

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[118] ONS (2024a)
[119] ONS (2024b)

S1.3 Health and Social Care Spending (State)

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S1: Population and Ageing**	**S1.3 Health and Social Care**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without compromising the ability of others to meet their own needs.	This group of indicators examines factors which impact pension system sustainability on account of changes to the size of the older and the economically active populations, and to the profile of the wider population. It also includes measures relating to longevity and population ageing, family arrangements, population health and the cost of health and social care services. Together, these measures have implications for the current and future costs and funding base of the UK State Pension system, and for the cost of other public services.	State provision for health and social care, in addition to pension provision, are core components of the State's total exposure to supporting people throughout later life. This indicator considers how changes in Government healthcare spending (which includes long-term care) compare to spending on pensioner benefits, in order to understand the potential implications of changes in the allocation of public resources for sustainability in the UK pension system over time. Where services such as social care are means-tested, a reduction in average retirement income across the population could increase the proportion of people requiring State support. Changes in the provision of funded health and social care mean that individuals are required to fund greater costs (such as falling real-term value of the social care financial means-testing threshold), which can, in turn, impact adequacy in later life by lowering financial resilience or the overall value of lifetime pension income. These impacts are considered in Indicator A5.4.

Indicator Measures

Measure & Purpose	Data Source & Update Frequency
Government spending on healthcare and pensioner benefits: value and as a percentage of Gross Domestic Product (GDP), nominal terms Examines extent to which spending moves in line with the underlying economic activity that ultimately finances it via taxation. In cash terms, both spending and GDP will tend to rise over time because of population growth and inflation.	UK Health Accounts[120] Office for Budget Responsibility (OBR)[121]
Government healthcare spending per head Examines the sustainability of public service provision by considering the interaction between economic and demographic changes on spending over time	UK Health Accounts OBR

[120] ONS (2025)
[121] OBR (2024)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L2 Poor support for sustainability

Pensioner benefits represent a very slowly declining proportion of the overall costs to government of supporting people through later life, but the growing need for increased healthcare spending will continue to put pressure on UK public finances and the extent to which resources may be available to support other kinds of spending for people in retirement.

Unprecedented rates of health and social care spending during the COVID-19 pandemic have led to a sharp rise in government expenditure, both in cash terms and as a share of GDP. In the years leading up to 2020 however, growth in public spending on healthcare slowed whilst spending on pensioner benefits fell slightly as a share of GDP. Spending as a share of GDP is considered the most relevant metric when considering the sustainability of public finances.[122]

Overall, UK public spending on healthcare (including long-term care) and pensioner benefits grew from 13.3% of GDP in 2010-11 to 15.5% in 2020-21, though falling back to 13.7% in 2022-23. In 2020-21, just under two thirds was related to healthcare, and more than 2% could be attributed to the government response to the COVID-19 pandemic.

Total UK healthcare expenditure as a share of GDP (which includes out-of-pocket expenditure and other sources of financing) was 9,4% in 2022/23, having fallen back from the peak spending level of 10.1% of GDP in 2020/21.[123] Nominal spending increased 5% to £239 billion in 2022/23. Prior to the pandemic, government healthcare spending had remained relatively stable as a share of GDP at just under 8% of GDP. Ongoing rises in the costs of maintaining and improving health and social care systems can be largely attributed to population growth and ageing, the rising costs of delivering treatments and care, and increasing prevalence of chronic conditions.[124] Over two-fifths of national health spending and around half of spending on Long Term Care (LTC)[125] is estimated to be devoted to people over 65.[126] Government spending on long term care (which includes health and social related long term care services[127]) has continuously accounted for around 15% of healthcare spending over time. In contrast to changes in healthcare spending, spending on pensioner benefits fell slightly from its highest level in 20 years of 5.6% GDP in 2012-13 to 5% in 2019-20, before rising to 5.4% in 2020-21, but has since fallen back to 4.8%.

Figure S1.3.1: Total government spending on healthcare and pensioner benefits, £billion and as a percentage of GDP, nominal terms, United Kingdom, 2000-01 to 2022-23

	Government Spending (£ Billion)			Spending as % of GDP (nominal)		
Year	Pensioner Benefits	Healthcare	Total	Pensioner Benefits	Healthcare	Total
2000-01	48.8	64.3	113.1	4.4	5.6	10.0
2001-02	52.5	71.5	124.1	4.6	6.0	10.6
2002-03	55.3	78.9	134.2	4.6	6.3	10.9
2003-04	57.7	87.8	145.5	4.5	6.6	11.1
2004-05	61.4	94.8	156.2	4.6	6.8	11.4
2005-06	64.5	103.0	167.5	4.6	7.0	11.6
2006-07	67.5	108.3	175.8	4.5	7.0	11.5
2007-08	72.0	116.4	188.4	4.6	7.3	11.9
2008-09	77.6	125.5	203.1	4.9	8.1	13.0
2009-10	83.6	128.5	212.1	5.4	8.0	13.4
2010-11	86.8	132.4	219.2	5.3	8.0	13.3
2011-12	90.6	136.5	227.1	5.4	8.0	13.4
2012-13	95.9	140.4	236.3	5.6	7.9	13.5
2013-14	98.8	146.8	245.7	5.5	7.9	13.4
2014-15	101.8	150.4	252.1	5.4	7.8	13.2
2015-16	104.0	156.2	260.2	5.4	7.8	13.2
2016-17	105.6	159.5	265.1	5.2	7.7	12.9
2017-18	107.3	165.9	273.2	5.1	7.7	12.8
2018-19	109.7	176.2	285.9	5.1	7.9	13.0
2019-20	111.6	212.6	324.2	5.0	10.1	15.1
2020-21	113.6	229.8	343.3	5.4	10.1	15.5
2021-22	116.8	228.5	345.3	4.9	9.0	13.9
2022-23	122.8	242.0	364.8	4.8	8.9	13.7

[122] OBR (2024)
[123] ONS (2025)
[124] The Health Foundation (2019)
[125] NHS Digital (2024)
[126] Appleby, J (2017)
[127] ONS (2025)

Figure S1.3.2: Change in total Government spending on healthcare and pensioner benefits, £billion and as a percentage of GDP, nominal terms, United Kingdom 2001-02 to 2022-23

	Government Spending (% change)			Spending as % of GDP (% change)		
Year	Pensioner Benefits	Healthcare	Total	Pensioner Benefits	Healthcare	Total
2001-02	8%	11%	10%	0.1	0.4	0.5
2002-03	5%	10%	8%	0.0	0.3	0.3
2003-04	4%	11%	8%	-0.1	0.3	0.2
2004-05	6%	8%	7%	0.1	0.2	0.3
2005-06	5%	9%	7%	-0.1	0.2	0.1
2006-07	5%	5%	5%	0.0	0.0	0.0
2007-08	7%	7%	7%	0.1	0.3	0.4
2008-09	8%	8%	8%	0.3	0.8	1.1
2009-10	8%	2%	4%	0.4	-0.1	0.3
2010-11	4%	3%	3%	0.0	0.0	0.0
2011-12	4%	3%	4%	0.1	0.0	0.1
2012-13	6%	3%	4%	0.1	-0.1	0.0
2013-14	3%	5%	4%	-0.1	0.0	-0.1
2014-15	3%	2%	3%	-0.1	-0.1	-0.2
2015-16	2%	4%	3%	0.0	0.0	0.0
2016-17	2%	2%	2%	-0.1	-0.1	-0.2
2017-18	2%	4%	3%	-0.1	0.0	-0.1
2018-19	2%	6%	5%	-0.1	0.2	0.1
2019-20	2%	21%	13%	0.0	2.2	2.2
2020-21	2%	8%	6%	0.4	0.0	0.4
2021-22	3%	-1%	1%	-0.5	-1.1	-1.6
2022-23	5%	6%	6%	-0.1	-0.1	-0.2

Figure S1.3.3: Government spending per head on healthcare, £, in real terms, United Kingdom 2003 to 2023

	Total Current Healthcare Expenditure	Government-financed expenditure	Voluntary health insurance schemes	Non-profit institutions serving households	Enterprise financing schemes	Out-of-pocket expenditure
2003	2,903	2,260	116	40	18	469
2004	3,057	2,438	116	39	16	449
2005	3,140	2,538	124	40	15	422
2006	3,253	2,666	128	43	15	402
2007	3,399	2,720	131	42	16	490
2008	3,469	2,804	138	44	15	468
2009	3,578	2,946	131	43	14	444
2010	3,610	2,946	128	46	14	476
2011	3,624	2,947	128	51	14	484
2012	3,692	2,971	129	54	14	523
2013	3,772	2,976	128	59	14	594
2014	3,858	3,048	130	59	13	607
2015	3,897	3,076	126	64	13	618
2016	3,910	3,106	108	70	12	613
2017	3,921	3,094	116	79	12	621
2018	3,990	3,141	116	76	12	646
2019	4,111	3,249	117	74	12	659
2020	4,452	3,718	105	69	8	552
2021	4,828	4,017	107	68	8	629
2022	4,611	3,759	116	66	7	663
2023	4,540	3,687	118	63	7	664
20-yr change	**+56%**	**+63%**	**+2%**	**+58%**	**-61%**	**+42%**

Technical Notes

Figures S1.3.1, Figure S1.3.2 and Figure S1.3.3: All data
Source: UK Health Accounts, OBR

1. Pensioner benefits include State Pension, Pension Credit, Pensioner Housing Credit and Winter Fuel Allowance.
2. Government spending on healthcare refers to government-financed UK healthcare. It covers healthcare spending by the NHS, local authorities and other government bodies involved in the provision of healthcare. Figures are reported net of client contributions and grants to charities. Excludes health expenditure from voluntary health insurance schemes, non-profit institutions serving households, enterprise financing schemes and out-of-pocket expenditure such as consumer expenditure on healthcare goods and services outside of health insurance schemes. Total healthcare expenditure data, including other sources of financing, are available in UK Health Accounts.[128] Although spending is not a proxy for the amount and quality of care that people receive, it is currently the best overall indicator available.
3. Healthcare expenditure includes spending on long-term care services aimed at managing chronic health conditions related to long-term care dependency (including old-age and disability-related conditions) and reducing suffering where an improvement in health is not expected. It includes health-related long-term care, which relates to services where care ordinarily includes help with activities such as bathing, dressing and walking. Social long-term care, which relates to assistance-based services such as shopping, cooking and managing finances, sits outside the definition of healthcare and so is not included in UK Accounts measure of total current healthcare expenditure.[129] Future editions of the Framework will seek to further refine data related to social care spending.
4. Around half of adult social care spending is attributable to people over 65 compared to those aged 18-64,[130] this proportion has remained constant in recent years.

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The Health Foundation (2019). Health spending as a share of GDP remains at lowest level in a decade. Available at: https://www.health.org.uk

[128] ONS (2025)
[129] ONS (2025)
[130] NHS Digital (2021)

S2.1 Fiscal sustainability

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S2 Financial Sustainability**	**S2.1 Fiscal sustainability**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	Considers a range of risks that can impact financial sustainability in the UK pension system for the State, pensions industry and employers, as well as the effects of policy and industry reforms to address them.	This indicator is designed to measure how State revenues and benefits affect financial sustainability of the UK pension system for the State. The rate of change in the cost of State Pensions and pensioner benefits is compared to changes in the amount received through National Insurance contributions (NICs); the rate of change in the cost of tax relief is compared to changes in the receipt of taxes from individuals over State Pension age (SPa); and the ratio of unfunded public sector pension liabilities to tax revenue is examined to understand **affordability** in the current system. This indicator is intended to examine the **stability** of the system by highlighting changes in the extent to which funding requirements are being met by related sources of revenue, or to the extent to which additional funding may be required from other sources. Funding levels can also impact the **security** of promises of future pensions, benefits and tax relief payments.

Indicator Measures

Measure & Purpose	Data Source & Update Frequency
Change in public spending on pensioner benefits as a % of Gross Domestic Product (GDP) Shows how spending moves in line with the underlying economic activity that ultimately finances it via taxation. In cash terms, both spending and GDP will tend to rise over time because of population growth and inflation.	Spending on pensioner benefits as a % of GDP OBR[131]
Change in cost of State Pensions and pensioner benefits vs change in amount received through NICs Considers the extent to which the cost of the State Pension is changing in line with NIC receipts	State Pension and Pension Credit – DWP NICs – OBR[133]
Change in cost of tax relief vs change in amount received through tax on income for people over SPa Assesses the extent to which tax receipts from pensioner income are commensurate with the value of tax relief on pension saving	Tax received – HM Revenue & Customs (HMRC)[134] Tax benefits - HMRC[135]
Ratio of unfunded public sector pension spending to GDP Examines the extent to which public sector pension spending is changing as a proportion of GDP	Public service pension payments (net) - OBR[136]

[131] DWP (2024a)
[132] DWP (2025)
[133] OBR (2022b)
[134] HMRC (2025a)
[135] HMRC (2025b)
[136] OBR (2024c)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L5 Good support for sustainability

The amount that the government pays towards pensioner benefits has fallen as a proportion of NICs since changes were introduced in 2016 to improve long term affordability of the State Pension, but the cost of tax relief on pensions is rising in the short-term compared to the level of tax paid by pensioners.

Spending on pensioner benefits totalled £138.2 billion in Great Britain in 2023-24. It represents around 5% of GDP. It is the largest item in the social security budget, and welfare spending is the largest source of all annually managed public expenditure. In 2023-24, spending on pensioner benefits accounted for 48% of the social security budget. The State Pension, the largest item, accounted for 42% of the total in 2023-24.[137]

UK public spending on State Pension and other pensioner benefits has risen at a slower rate than the total received in National Insurance Contributions (NICs) since 2015-16, when the termination of contracting out arrangements resulted in a sharp increase in NICs and measures aimed at reducing long-term spending on pensioner benefits began to have an impact on affordability. Measures have included the introduction of the triple lock and the single-tier state pension, the increase in State Pension age, the end of universal entitlement to free TV licenses for the over 75s, and more recently the temporary suspension of the State Pensions triple lock in 2022-23. Throughout the late 2010s, spending on pensioner benefits fell slightly as a share of GDP as the effects of an ageing population were partly offset by an increase in SPa that reduced the overall caseload. Lower caseloads also explain reduced spending on pensioner housing credit and pension credit over the past decade which together reflect higher rates of home ownership among pensioners, and growth in pensioner income.[138] Overall spending as a share of GDP saw a spike from 5.0% to 5.4% of GDP in 2020-21 which can be explained by the sharp reduction in GDP brought about by the pandemic, but has broadly returned to pre-pandemic levels and is at 5.1% in 2023/24. Together, trends in spending in relation to NICs and GDP suggest that measures designed to improve sustainability in the UK pension system are beginning to take effect.

In contrast, the cost of tax relief on pensions to the Treasury is rising faster than the amount received in tax from individuals of State Pension age. Around £24.8 billion of tax relief was provided on registered pension schemes in 2022/23, and around £23.8 billion in tax relief on NICs. These changes are due in part to the increase in the number of savers generated by automatic enrolment, and also to the increase in contributions rates which came into effect in 2019. They are therefore likely to be relatively temporary since the rise in private pension saving is expected to generate an increase in taxable pension income in the future.

Net spending on unfunded public pension schemes as a percentage of GDP has decreased to 0.2% in 2023/24 from a peak of 0.66% on 2014/15. The OBR reports that this change can be partially explained by the increases in contributions that resulted from fiscal easing, higher departmental expenditure limits, and NHS workforce expansion in response to the pandemic and subsequent demands on the health system. Overall, this suggests these schemes have become somewhat more sustainable in recent years.

Figure S2.1.1: Total government spending on pensioner benefits, £billion and as a percentage of GDP, nominal terms, United Kingdom, 2000-01 to 2022-23

	Welfare Spending: Pensioner Benefits		Pensioner Benefits as % of GDP	
Year	**£ Billions**	**12m Change**	**As % GDP**	**12m Change**
2000-01	48.8		4.4	
2001-02	52.5	8%	4.6	0.2
2002-03	55.3	5%	4.6	0.0
2003-04	57.7	4%	4.5	-0.1
2004-05	61.4	6%	4.6	0.1
2005-06	64.5	5%	4.6	0.0
2006-07	67.5	5%	4.5	-0.1
2007-08	72	7%	4.6	0.1
2008-09	77.6	8%	4.9	0.3
2009-10	83.6	8%	5.4	0.5
2010-11	86.8	4%	5.3	-0.1
2011-12	90.6	4%	5.3	0.0
2012-13	95.9	6%	5.6	0.3
2013-14	98.8	3%	5.5	-0.1
2014-15	101.8	3%	5.4	-0.1
2015-16	104	2%	5.4	0.0
2016-17	105.6	2%	5.2	-0.2
2017-18	107.3	2%	5.1	-0.1
2018-19	109.7	2%	5.1	0.0
2019-20	111.6	2%	5.0	-0.1
2020-21	113.6	2%	5.4	0.4
2021-22	116.8	3%	4.9	-0.5
2022-23	122.8	5%	4.8	-0.1

[137] OBR (2024a)
[138] OBR (2024a)

Figure S2.1.2: Spending on State Pension and Pension Credit compared to income from National Insurance Contributions (nominal terms)

	State Pension expenditure (£m)	Pension Credit expenditure (£m)	National Insurance Contributions (£m)	Net Income	SP and PC as a percentage of NIC
2012-13	79,809	7,511	104483	17,163	84%
2013-14	83,110	7,042	107306	17,154	84%
2014-15	86,516	6,576	110260	17,168	84%
2015-16	89,368	6,079	114061	18,614	84%
2016-17	91,580	5,666	125784	28,538	77%
2017-18	93,800	5,368	131547	32,379	75%
2018-19	96,743	5,140	137461	35,578	74%
2019-20	98,807	5,061	143674	39,806	72%
2020-21	101,475	5,071	144213	37,667	74%
2021-22	104,692	4,834	160846	51,320	68%
2022-23	110,533	4,935	179368	63,900	64%

Figure S2.1.3: Spending on tax relief on registered pension schemes and on National Insurance Contributions compared to tax received from individuals over SPa (nominal terms)

	Tax relief on registered pension schemes (£m)	Tax relief on National Insurance Contributions (£m)	Tax from individuals of SPa (£m)	Net Income	Cost of tax relief as a percentage of income
2019-20	22,700	21,400	22,100	-22,000	200%
2020-21	25,200	23,200	22,200	-26,200	218%
2021-22	24,900	22,600	25,200	-22,300	188%
2022-23	24,800	23,800	27,200	-21,400	179%

Figure S2.1.4: Rate of change in National Insurance Contributions and State Pension benefits, and between tax relief on pensions and tax received by population over SPa. Percentage change from previous year and over the available time series

	National Insurance Contributions	State Pension and Pension Credit	Tax received from individuals of SPa	Total tax relief on pensions
2013-14	2.7	3.2		
2014-15	2.8	3.3		
2015-16	3.4	2.5		
2016-17	10.3	1.9		
2017-18	4.6	2.0		
2018-19	4.5	2.7		
2019-20	4.5	1.9		
2020-21	0.4	2.6	0.5%	9.8%
2021-22	11.5	2.8	13.5%	-1.9%
2022-23	11.5	5.4	7.9%	2.3%

Figure S2.1.5: Net unfunded public pension spending as a percentage of GDP

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
0.48	0.59	0.59	0.66	0.57	0.56	0.56	0.60	0.26	0.16	0.14	0.14

Technical Notes

Figure S2.1.1: Total government spending on pensioner benefits, £billion and as a percentage of GDP, nominal terms, United Kingdom, 2000-01 to 2023-24
Source: OBR

1. Pensioner benefits include State Pension, Pension Credit, Pensioner Housing Credit and Winter Fuel Allowance. Disability benefits spending is not included in this definition, but much of it also goes towards pensioners.

Figures S2.1.2 and S2.1.4: Cost of State Pensions and pensioner benefits compared to amount received through NICs
Source: Income and tax for individuals of pension age by gender, region and country. DWP, OBR

Figures S2.1.2 and S2.1.3: Change in cost of tax relief compared to change in amount received through tax on pensioner income
Source: Non-structural tax relief statistics, December 2024[139]

1. Due to gaps in reported data, it is not currently possible to estimate tax paid directly on pension income for people above and below SPa. Instead, pensioner income is used as a proxy measure for tax on pension income and refers to aggregate income received from sources such as pensions, self-employment, employment, property, interest, or dividends by individuals over SPa. This figure should not therefore be used to estimate total tax received on pension income because it includes non-pension income for people over SPa, and does not include tax paid on pensions of individuals who are retired but under SPa.
2. Official Statistics on estimated costs of tax relief where available, with listed tax reliefs where estimates are not available, from outturn years 2019/20, up to 2022/23 and forecasts for the tax year 2024/25. Official Statistics fall outside the scope of National Statistics owing to the inclusion of estimate forecasts, and insufficient data in some cases. Figures should be regarded as broad estimates as the loss of revenue from a tax relief cannot be observed directly, and caution should be exercised when comparing estimates from year to year due to changes to policy, modelling methodologies, data, and assumptions. For further information, please refer to the publication.

Figure S2.1.4: Ratio of unfunded public sector pension spending to GDP
Source: Public service pension payments (net) - OBR

1. Public service pensions spending is measured in net terms, represented as the total payments to each scheme's pensioners less total contributions (both employer and employee) in respect of public sector employees. Corresponding spending on employer contributions is included within OBR departmental spending forecasts). The biggest schemes relate to the NHS, teachers, the armed forces and civil servants.[140]
2. Unfunded public pension schemes are defined benefit occupational pension schemes which are pay-as-you-go. This means that pension payments to current pensioners are offset by the contributions of employees and employers.

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[139] HRMC (2024b)
[140] OBR (2025b)

S2.2 Scheme Sustainability

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S2 Financial Sustainability**	**S2.2 Scheme sustainability**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	Considers a range of risks that can impact financial sustainability in the UK pension system for the State, pensions industry and employers, as well as the effects of policy and industry reforms to address them.	This indicator is designed to measure the financial sustainability of workplace DB and DC pension schemes. There are several different types of workplace schemes. In Master Trusts, the number of active members allows analysis of potential future growth and positive cash flows, whilst the number of deferred members provides am estimate of **affordability** based on the extent to which **compromises** might need to be made in the form of cross-subsidies between active and deferred members. Among trust-based DC schemes, rates of consolidation show the extent to which economies of scale may be achieved by smaller schemes have joined with larger schemes to become more **stable**, **secure** and **affordable**. Measures of liabilities, assets and deficits in public and private sector DB schemes indicate how **affordable** these schemes are and therefore how **stable** and **secure**. The numbers of these schemes also show whether they are a growing or diminishing scheme type. Funding levels of the Pension Protection fund indicates how stable and secure the safety net is for members of private pension DB schemes which need to close.

Indicator Measures

Measure & Purpose	Data Source & Update Frequency
Number of active members in master trusts Indicates extent to which schemes may be achieving economies of scale through membership size	The PPI Future Book[141]
Rates of consolidation among trust-based DC schemes Highlights the rate at which schemes may be using consolidation to improve economies of scale	The Pensions Regulator (TPR) DC Trust Report[142]
Number of active vs. deferred master trust members Estimates the potential administrative burden generated by deferred members on scheme resources	PPI model – available as part of Financial Sustainability NOW Pensions research
Private sector DB deficits, assets and liabilities Estimates levels of financial sustainability by financial burden	The Purple Book[143]
Private sector DB scheme closures Examines the rate of scheme closures as a proxy for sustainability	The Purple Book
PPF Levy Examines changes in the PPF levy to highlight the extent to which past and current rates support sustainable funding levels	The Purple Book

141 Okello, S. Adams, J. Silcock, D, (PPI) (2024)
142 TPR (2022)
143 PPF (2021)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L5 Good support for sustainability

Overall, the increase in members brought about by automatic enrolment has improved the financial sustainability of DC schemes. However, a sharp rise in the number of small, deferred member pots, coupled with restrictions on implementing flat fees for these accounts, is likely to increase cost pressures for providers. Among DB schemes, financial sustainability is significantly improved as the economic landscape has reduced the value of liabilities, improving funding levels.

In the DC landscape, the rapid rates at which consolidation and scheme closure have been observed since 2012 have begun to slow in recent years as the search for greater financial sustainability through economies of scale has reduced the total number of workplace DC schemes by almost three quarters from 3,660 in 2011 to 920 in 2022. Although consolidation to date has been most widespread in schemes with less than 1,000 members, a slow trend towards falls in the number of schemes with 1,000 to 4,999 members has become apparent since 2017. The number of schemes with over 5,000 members has risen substantially, from around 70 at the introduction of automatic enrolment in 2012 up to around 150 in 2019, but has fallen back somewhat to 120 in 2024. As a result, the proportion of members belonging to large schemes (5,000+ members) is increasing and membership of master trusts continues to grow. Without policy change that could mitigate a possible proliferation of deferred pots, or mitigate the need to cross-subsidise administration costs between active and deferred pots, this growth could present significant challenges to DC schemes in the future.

Among DB schemes, rates of closure have begun to plateau, suggesting that the small remaining number may be considered sufficiently sustainable to remain open. Despite falls in the number of DB schemes in operation each year, the combined assets controlled by all DB schemes are growing, as is the ratio of assets to liabilities. In 2024 the numbers of schemes in surplus was at its highest since the inception of the PPF and the number of schemes in deficit is at its lowest. There has been a shift to deficits in 2025, but still better than any time from 2006 to 2023. However, this is progress from a place of very poor funding and funding is still a struggle for many schemes. Each year, the PPF levy has increased, but decreased as a proportion of assets. Decreases in the PPF levy as a proportion of assets are an indication of growing stability in the sector.

Figure S2.2.1: Membership of DC Schemes (millions), United Kingdom 2015-2024

Year	Existing DC	Other automatic enrolment DC	Master trusts	Total Membership
2015	6.6	2.9	3.9	13.4
2016	3.8	3.6	4.8	12.2
2017	3.5	3.5	5.8	12.8
2018	3.3	3.3	6.2	12.8
2019	3.1	2.0	8.1	13.2
2020	2.9	2.0	8.3	13.2
2021	2.8	2.2	8.7	13.7
2022	2.7	2.2	8.9	13.8
2023	2.6	2.3	9.1	14
2024	2.5	2.3	9.2	14

Figure S2.2.2: Occupational DC Schemes by membership size group (including hybrid schemes) (millions), United Kingdom 2011-2024

Year	12 to 99	100 to 999	1,000 to 4,999	5,000+	Total
2011	2,260	1,030	310	80	3,660
2012	1,890	980	300	70	3,240
2013	1,780	920	290	80	3,080
2014	1,670	870	290	100	2,930
2015	1,540	790	290	120	2,740
2016	1,340	710	290	130	2,470
2017	1,130	630	280	140	2,180
2018	1,000	560	270	140	1,980
2019	840	500	250	150	1,740
2020	760	420	240	140	1,560
2021	660	360	210	140	1,370
2022	590	320	180	130	1,220
2023	510	280	160	130	1,080
2024	430	220	140	120	920

Figure S2.2.3: Projected number of active and deferred pots (millions) in Master Trust schemes without policy change, by year, United Kingdom, 2019-2035

Year	Active pots	Deferred pots	Ratio of deferred to active pots
2019	8.00	8.00	1.00
2020	8.11	9.12	0.89
2021	8.15	10.19	0.80
2022	8.17	11.23	0.73
2023	8.18	12.26	0.67
2024	8.17	13.28	0.62
2025	8.84	15.48	0.57
2026	8.89	16.66	0.53
2027	8.98	17.97	0.50
2028	9.06	19.25	0.47
2029	9.07	20.40	0.44
2030	9.08	21.56	0.42
2031	9.08	22.70	0.40
2032	9.08	23.84	0.38
2033	9.08	24.97	0.36
2034	9.08	26.09	0.35
2035	9.06	27.19	0.33

Figure S2.2.4: Distribution of PPF member scheme statuses by year, 2006 to 2024

year	Open (%)	closed to new members (%)	closed to new benefit accrual (%)	winding up (%)
2006	43	44	12	1
2007	36	45	16	2
2008	31	50	17	2
2009	27	52	19	2
2010	18	58	21	2
2011	16	58	24	2
2012	14	57	26	2
2013	14	54	30	2
2014	13	53	32	2
2015	13	51	34	2
2016	13	50	35	2
2017	12	47	39	2
2018	12	46	41	1
2019	11	44	44	1
2020	11	41	46	2
2021	11	39	48	2
2022	10	38	51	2
2023	4	19	74	3
2024	4	21	72	3

Figure S2.2.5: PPF schemes assets and liabilities by year, 2006-2024

			S179 liabilities		
Year (March)	**Number of schemes**	**Total assets (£bn)**	**Liabilities (£bn)**	**Net funding position (£bn)**	**Aggregate funding ratio**
2006	7,751	769.5	792.2	-22.7	97.10%
2007	7,542	837.7	769.9	67.8	108.80%
2008	6,897	837.2	842.3	-5.1	99.40%
2009	6,885	780.4	981	-200.6	79.60%
2010	6,596	926.2	887.9	38.3	104.30%
2011	6,432	968.5	969.7	-1.2	99.90%
2012	6,316	1,026.80	1,231.00	-204.2	83.40%
2013	6,150	1,118.50	1,329.20	-210.8	84.10%
2014	6,057	1,137.50	1,176.80	-39.3	96.70%
2015	5,945	1,298.30	1,542.50	-244.2	84.20%
2016	5,794	1,341.40	1,563.10	-221.7	85.80%
2017	5,588	1,541.10	1,702.90	-161.8	90.50%
2018	5,450	1,573.30	1,643.80	-70.5	95.70%
2019	5,422	1,615.30	1,628.00	-12.7	99.20%
2020	5,318	1,700.60	1,791.30	-90.7	94.90%
2021	5,215	1,720.70	1,673.80	46.9	102.80%
2022	5,131	1,666.90	1,473.90	193	113.10%
2023	5,051	1,238.40	1,031.50	206.9	120.10%
2024	4,969	1,167.10	947.90	219.2	123.10%

Figure S2.2.6: Number of PPF backed schemes in deficit and surplus (2006 to 2025)

Year (March)	Number of deficit schemes	Number of surplus schemes	Deficit of schemes in deficit (£bn)	Surplus of schemes in surplus (£bn)
2006	6,178	1,573	-76.3	53.5
2007	4,690	2,853	-38.5	106.2
2008	5,790	1,621	-67.7	62.6
2009	5,603	1,050	-216.7	16
2010	3,770	2,826	-49.1	87.4
2011	3,607	2,825	-78.3	77.1
2012	5,022	1,294	-231.3	27.1
2013	4,806	1,344	-245.8	35
2014	3,834	2,223	-119	79.7
2015	4,677	1,268	-285.3	41.1
2016	4,499	1,295	-273.5	51.8
2017	3,984	1,604	-246.7	84.9
2018	3,449	2,001	-187.6	117.1
2019	3,066	2,356	-159.8	147.1
2020	3,371	1,947	-229.1	138.4
2021	2,575	2,640	-128.4	175.3
2022	1,752	3,379	-61.1	254.1
2023	1,581	3,470	-34.9	241.8
2024	1,299	3,670	-20.9	240.1
2025	1,408	3,561	-29.8	245.3

Figure S2.2.7: Total PPF Levy

Levy year	Total levy (£M)	Levy as a percentage of assets	Number of capped schemes
2012/13	648	0.08%	427
2013/14	577	0.06%	302
2014/15	579	0.06%	274
2015/16	560	0.05%	211
2016/17	563	0.05%	187
2017/18	541	0.04%	147
2018/19	564	0.04%	184
2019/20	564	0.04%	161
2020/21	630	0.04%	160
2021/22	476	0.03%	173
2022/23	385	0.02%	134
2023/24	173	0.01%	0

Technical Notes

Figure S2.2.1: Membership of DC Schemes (millions), United Kingdom 2015-2024
Source: PPI Future Book[144]

1. DC schemes are broken down into three categories:
    a. Schemes that are master trusts and therefore did not exist before automatic enrolment
    b. Schemes that were created after automatic enrolment but are not master trusts
    c. Schemes that predate automatic enrolment.

Figure S2.2.2: Occupational DC Schemes by membership size group (including hybrid schemes) (millions), United Kingdom 2011-2024
Source: TPR

1. DC scheme consolidation can promote improved governance and economies of scale; and is therefore considered to be beneficial to the sustainability of the UK pension system.[145]
2. Changes in the number of DC schemes by membership size can indicate the proportion of members who belong to large schemes and is used as a proxy for the rate at which consolidation may be taking place. In some cases, changes may arise from other causes such as small scheme closures and should therefore be interpreted as the direction of consolidation, rather than as an exact measure of consolidation.
3. The indicator does not assume a target of full consolidation since some arrangements may not always be advantageous to smaller schemes.
4. Scheme types included in the data include:
    a. Hybrid Schemes: DC sections of hybrid dual-section schemes (schemes with two sections – one offering DC benefits and the other offering DB benefits)
    b. Micro Schemes: Non-hybrid DC schemes with two to eleven members.
    c. Non-micro Schemes: Non-hybrid DC schemes with 12 or more members.[146]

Figure S2.2.3: Projected number of active and deferred pots (millions) in Master Trust schemes without policy change, by year, United Kingdom, 2019-2035
Source: PPI Modelling

1. Active pots are pots into which a saver is currently contributing, while deferred pots are those into which a saver has ceased to pay, and is only accumulating value from investment returns.
2. Projected values are modelled upon the assumption that the number of active pots will grow line with the projected size of the working age population.[147] The working age population is defined as adults aged 22 to State Pension age (Spa) initially, and from age 18 to SPa from 2025 in line with recommendations from the automatic enrolment review.[148] Opt-out rates[149] and the portion of workplace pensions serviced by master trusts are assumed to remain steady and that is steady.
3. Findings suggest that the number of deferred pots could increase to three times the number of active pots by 2035, reflecting the size of the provider market and job churn amongst the workforce.

Figure S2.2.4: Distribution of PPF member scheme statuses by year, 2006 to 2024
Source: The PPF Purple Book

1. PPF data includes information for almost all occupational pension schemes eligible for PPF compensation. The PPF covers DB occupational schemes and DB elements of hybrid schemes, with some exceptions.
2. Exceptions include unfunded public sector schemes; some funded public sector schemes such as those providing pensions to local government employees; schemes to which a Minister of the Crown has given a guarantee; schemes with fewer than two members; and schemes which began to wind up, or were completely wound up, before 6 April 2005.

Figure S2.2.5: PPF schemes assets and liabilities by year, 2006-2024
Source: The PPF Purple Book

1. Scheme funding positions, the aggregate funding ratio, are provided on a s179 basis (assets as a percentage of s179 liabilities).
2. A scheme's s179 liabilities represent, broadly speaking, the premium that would have to be paid to an insurance company to take on the payment of PPF levels of compensation. This compensation may be lower than full scheme benefits.[150]

Figure S2.2.6: Number of PPF backed schemes in deficit and surplus (2006 to 2025)
Source: The PPF 7800 Index Data

1. The deficit of a PPF backed DB scheme is defined as the shortfall between what is assessed as needed to pay a scheme's benefits as they fall due (this is the scheme's 'liabilities') and the actual level of assets held by the scheme.

Figure S2.2.7: Total PPF Levy
Source: The Purple Book

1. The PPF levy is the annual amount that a potentially eligible pension scheme is charged by the PPF. It is composed of a scheme-based levy and a risk-based levy. It is similar to an insurance premium.
2. Section 179 of the Pensions Act 2004 requires every eligible scheme to undertake a Pension Protection Fund valuation to establish the level of the scheme's assets and liabilities in order to set the pension protection levy payable to the Pension Protection Fund. Assumptions must be set in compliance with Regulation 6 of the Pension Protection Fund (Valuation).[151]
3. The assets used to calculate the levy as a percentage of assets are the levy-paying schemes total assets.
4. A capped scheme is a scheme to which the risk-based levy cap is applied.

[144] Okello, S. Adams, J. Silcock, D, (PPI) (2024)
[145] DWP (2021)
[146] TPR (2024)
[147] ONS (2019)
[148] DWP (2020)
[149] Opt-out rates are based upon DWP observations
[150] PPF (2018)
[151] PPF (2018)

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S2.3 Employer sustainability

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S2 Financial Sustainability**	**S2.3 Employer sustainability**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	Considers a range of risks that can impact financial sustainability in the UK pension system for the State, pensions industry and employers, as well as the effects of policy and industry reforms to address them.	This indicator is designed to measure the extent to the provision of access to DB and DC workplace pensions is sustainable for employers. It measures data relating to the costs to employers of paying employer contributions and administering automatic enrolment in order to identify changes in the affordability of providing access to workplace pensions. Data on DB scheme closures are also considered in order to highlight trends in affordability, stability and security. Since 6 April 2019, automatic enrolment rules have required employers to contribute a minimum 3% of employee salary to a workplace pension, along with 5% contributions by employees (reduced to 7% when tax relief is deducted). From 6 April 2015 to 5 April 2019 the rates were 2% and 3% respectively. This followed early automatic enrolment requirements whereby employers and employees each contributed a minimum of 1%. Employer contributions to DB schemes are significantly more generous. Almost 50% of employees in DB pension schemes received employer contributions equal to 20% or more of their salary in 2021, compared to just 2.9% of employees in DC schemes, of whom more than half received 4% or less.[152]

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Costs over time as a result of automatic enrolment Considers the impact of the administrative costs to employers of implementing automatic enrolment	Organisation size	The Pensions Regulator (TPR) – Employer automatic enrolment ongoing duties survey (now discontinued)[153]
Average employer contributions over time Considers how levels of contributions are changing over time in order to understand affordability implications for employers	Organisation size Scheme type	Employers Pension Provision Survey (EPP)[154] TPR – Employer automatic enrolment ongoing duties survey (now discontinued) Willis Tower Watson FTSE 350 Defined Contribution Pension Survey[155]
Private sector DB scheme closures over time Examines the rate of DB scheme closures as a proxy measure for scheme sustainability		Purple Book[156]

[152] ONS (2022)
[153] TPR (2019)
[154] DWP (2022)
[155] WTW (2021)
[156] PPF (2021)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L5 Good support for sustainability

A high proportion of employers are providing access to workplace pension scheme in a manner that has remained beneficial to their sustainability.

The costs of providing workplace DC pensions (in terms of contributions and administrative costs) decreased, or at least become more manageable, for employers implementing automatic enrolment, between 2013 and 2019. Three quarters of micro, small and medium sizes employers reported no additional costs associated with automatic enrolment, and for those that did, costs were generally modest.

Micro, small and medium employers reporting difficulties in affording increasing contribution costs are in the minority. The FTSE 100 companies surveyed report overall levels of employer contributions are relatively sustainable as they are, on average, above the default employer automatic enrolment level. In non-matching schemes, the overall level of pension contributions remains stable, but a greater proportion are being paid by employees. In matching schemes, the overall level is rising and the proportion attributable to employer contributions is stable, but the employer is spending more on core contributions than in 2015, and less on matching. In both types of scheme, this suggests that employer contributions are relatively sustainable, but in fact have somewhat required employers to lower contributions in non-matching schemes.

When absorbing costs, significantly more employers report being able to absorb an increase in the cost of pension contributions without raising prices, lowering wages, or reducing staff compared to 2013. Most commonly, employers report being able to take up costs as part of wider overheads with reduced dependency on other strategies. This suggests that levels of affordability and security remain sustainable under current system. Automatic enrolment appears to be becoming easier for employers to manage over time, and the strategies adopted by employers suggest that the system is not unsustainably expensive.

The number of DB schemes closing to new benefit accrual has risen gradually over the past ten years as private sector pensions continue their transition to DC. However, the rate at which open DB schemes are closing to new members is slowing down and the number of DB schemes remaining open has levelled off in recent years, but the reduction in schemes remaining completely open appears to have levelled off in recent years.

Figure S2.3.1: Median (mean) estimated cost to schemes of meeting ongoing duties due to automatic enrolment per month (£)

	Micro	Small	Median
Winter 2019	15 (64)	50 (82)	100 (154)
Summer 2018	28 (41)	50 (95)	176 (246)
Autumn 2017	18 (45)	76 (98)	150 (255)
Winter 2017	42 (95)	100 (170)	175 (227)

Note: Three quarters of schemes reported no additional costs (micro schemes: 78%, small schemes: 77%, medium schemes 83%.

Figure S2.3.2: Employers agreeing their organisation will find it difficult to afford the minimum employer contributions (%)

	Micro	Small	Median
Winter 2019	29	31	18
Summer 2018	33	34	28
Autumn 2017	37	29	27
Winter 2017	31	22	27

Figure S2.3.3a: Employer and employee contributions to FTSE 100 DC pension schemes as percentage of employee salary – non-matching schemes

	2015	2017	2019	2021
Employer core	9.8	9.0	8.3	8.3
Employee core	1.0	1.6	2.6	2.5
Total	**10.8**	**10.6**	**10.9**	**10.8**

Figure S2.3.3b: Employer and employee contributions to FTSE 100 pension schemes as percentage of employee salary –matching schemes

	2015	2017	2019	2021
Employer core	5.3	5.5	6.5	6.8
Employee core	2.1	2.3	2.9	2.9
Employer match	4.8	4.8	4.7	4.5
Employee match	3.9	3.9	3.3	3.2
Total	**16.1**	**16.5**	**17.4**	**17.4**

Figure S2.3.4: Employers' strategies to absorb increase in total pension contributions (%)

	2013	2015	2017	2019
Absorb as part of other overheads	76	49	71	68
Lower wage increases	52	18	10	7
Reducing or restructuring the workforce	37	9	5	5
Taking a reduction in profits	65	49	47	54
Increased prices	49	13	11	13
Changed existing pension scheme	7	12	5	6
Reduced contribution levels for existing members prior to reforms	5	12	1	1

Note: columns do not sum to 100% as more than one category could be selected

Figure S2.3.5: DB scheme status as a percentage of all DB schemes (%)

Scheme status	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Open	16	14	14	13	13	13	12	12	11	11	11
Closed to new members	58	57	54	53	51	50	47	46	44	41	39
Closed to new benefit accrual	24	26	30	32	34	35	39	41	44	46	48
Winding up	2	2	2	2	2	2	2	1	1	2	2

Technical Notes

Figure S2.3.1 Costs over time as a result of automatic enrolment
Data source: Employer automatic enrolment ongoing duties survey, TPR

1. This measure examines the affordability of implementing automatic enrolment duties to employers. The Pensions Regulator (TPR) commissioned a series of surveys to identify and track micro, small, and medium-sized employers' awareness, understanding, knowledge, attitudes and intended actions in relation to the 2012 automatic enrolment reforms. This research was conducted between 2017 and 2019. The sample was extracted from TPR's employer database.
2. This survey contains a specific measure asking employers about their ongoing costs associated with automatic enrolment. Low or decreasing costs suggests employer sustainability.

Figure S2.3.2 Employers agreeing their organisation will find it difficult to afford the minimum employer contributions (%)
Data source: Employer automatic enrolment ongoing duties survey, TPR

1. This measure is designed to assess the affordability of increasing employer automatic enrolment contributions over time
2. The Employer automatic enrolment ongoing duties survey included a question on how difficult employers would find increasing pension contributions. Decreasing difficulty suggests greater employer sustainability.

Figures S2.3.3a and 2.3.3b Average employer and employee DC pension contributions over time
Data source: Willis Towers Watson FTSE 350 Defined Contribution Pension Survey

1. This survey covers DC pension scheme contribution patterns for 229 of the FTSE 350 companies. Increasing contributions suggests paying into schemes is secure for these companies.

Figure S2.3.4: Employers' strategies to absorb increase in total pension contributions (%)
Data source: Employers' pension provision survey

1. The EPPS is a survey commissioned by DWP, which considers the ongoing effects of workplace reforms as a result of automatic enrolment. The sample surveyed was a representative sample of private sector employers.
2. The EPPS includes an item on strategies that employers use to absorb increases in pension contributions. Reliance on strategies which do not negatively impact employees or existing pension arrangements are considered to imply greater levels of sustainability.

Figure S2.3.5 Private sector DB scheme closures over time
Data Source: The Purple Book

1. This measure charts the reduction in the number of DB schemes over time. Higher rates of scheme closures suggest lower levels of sustainability.
2. DB schemes have continued to decline in number, as they have every year since the transition from DB to DC schemes began.

References:

Department for Work and Pensions (DWP) (2022), Employer's pension provision survey. Available at: https://www.gov.uk

Office for National Statistics (ONS) (2022), Employer contribution bands by age group and pension type: Table P9. Available at: ons.gov.uk

Pension Protection Fund (PPF) (2021), The Purple Book 2021.
Available at: https://www.ppf.co.uk

The Pensions Regulator (TPR) (2019), Employer automatic enrolment ongoing duties survey. Available at: https://webarchive.nationalarchives.gov.uk

Willis Tower Watson (WTW) (2021). FTSE 350 Defined Contribution Pension Survey 2021. Available at: https://www.wtwco.com

S2.4 Environmental Social & Governance (ESG)

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S2 Financial Sustainability**	**S2.4 ESG**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	Considers a range of risks that can impact financial sustainability in the UK pension system for the State, pensions industry and employers, as well as the effects of policy and industry reforms to address them.	This indicator is designed to measure the extent to which pension scheme consideration of the financial implications of ESG factors can support long-term financial sustainability.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Rankings on pension scheme engagement with climate change initiatives – allows for understanding of progress that pension schemes are making towards managing the financial implications of climate change factors	Defined Benefit (DB) and Defined Contribution (DC) schemes	Share action – 2019 survey - Will Employees Benefit? Protecting Corporate Pensions Against Climate Change – https://api.shareaction.org/resources/reports/CorporatePensions2019.pdf (one-off)[157]
Asset manager use of proxy votes for action on environmental and social issues – measures levels of engagement by asset managers of pension schemes on environmental and social issues.	Asset managers	Share action annual report – Voting matters updated annually
2018 self-reported engagement with climate change issues by pension schemes – highlights the proportion of schemes actively considering the impact of climate change on their investments	DB and DC schemes	https://committees.parliament.uk/committee/62/environmental-audit-committee/news/100169/uks-top-25-pension-funds-show-mixed-response-to-climate-change/ (one-off) (2018)[158]

[157] Share Action (2019)
[158] Environmental Audit Committee (2018)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

Unrated

There is insufficient data to assess the ESG indicator

The data sources listed above are the most relevant currently available to assess the extent to which pension schemes are considering the financial implications of ESG as part of their long-term financial sustainability objectives. However, data is not sufficiently recent to draw conclusions on the extent to which scheme behaviours support sustainability in the pension system because:

- The 2018 list of scheme self-reported engagement with climate change issues is a one-off exercise, and covers only a small part of ESG.
- The 2019 Share Action survey report focusses on individual scheme behaviour on climate change, covering part of the "E" in ESG. The Framework is not aware of plans to repeat this survey on a regular basis, or to extend its coverage to social and governance factors.
- The annual Share Action report "Voting Matters" covers asset manager voting behaviour on environmental and social issues, which provides a helpful indication of how pension scheme agents may be voting in respect of these issues but provides no other information about investment behaviour.

Of the three above sources, the Voting Matters report is the most recent. The frequency and recency of data collection will be important if the Framework is to be able to assess changes in scheme behaviours, many of which are likely to adapt as new ESG regulations and requirements are introduced over time. The extent to which data and metrics are able to cover a broad range of environmental, social and governance issues is also important in identifying how equally the schemes focus on each of the three key ESG factors. In the case of social factors, an absence of agreed data, measures and guidelines was highlighted by responses received to the government's call for evidence in 2021. It raised the need for a proactive approach to embedding social factors into pension schemes' investment decisions and stewardship policies, and has led to the proposal for a new taskforce to identify reliable data and metrics that can support trustees with the integration of social factors in the pension investment chain.

As many ESG regulations are relatively new, it is expected that the Government and regulators will develop processes to monitor scheme engagement with ESG issues going forward. Potential upcoming sources of survey data also include Share Action, DWP, TPR, and FCA.

The Framework team will monitor the availability of metrics and evidence on scheme behaviour, and when appropriate and sufficient data is available the ESG indicator will become live.

References

References:

Environmental Audit Committee (2018). UK's top 25 Pension funds show mixed response to climate change. Available at: https://committees.parliament.uk

Share Action (2019), Will Employees Benefit? Protecting Corporate Pensions Against Climate Change. Available at: https://api.shareaction.org

S3.1 System Stability

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S3: System Design**	**S3.1 System Stability**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	The design of the UK pension system and welfare state is based in a traditional social order of the past which favoured secure, long-term jobs and career progression, high levels of employment and stable family units. This group of indicators examines how policy and industry responses to changes in these areas, and to other forms of socioeconomic and demographic change, are developing, and how they are impacting the **stability** and complexity of the system, as well as its flexibility and ability to innovate in response to changes in society. It also considers how long-term developments are supported by the policy-making process, and the extent to which data and metrics support greater understanding of strengths and weaknesses that could impact current or future pensioners.	This indicator is designed to present a qualitative examination of the stability of policy-making processes in the UK pension system by reviewing recent and significant policy changes against five criteria. • Demonstrates flexible and responsive system • Consistent, coordinated, transparent, evidence-based decisions taken in consultation with representative groups • Clear motivations, objectives to improve adequacy, sustainability, fairness and minimise trade-offs • Decisions reflect long-term nature of system, not unduly frequent or complex • Policy changes communicated in clear and timely manner

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L5 Good support for sustainability

Policy making processes in the UK pension system are relatively flexible and respond well to changes in the socioeconomic and policy landscape. Policies and policy changes are generally communicated in a clear and timely manner, and policy decisions typically seek to reflect the long-term nature of the system. However, some policy decisions were found to have been made without a broad evidence base, and without consultation with all relevant or representative groups.

When examining recent policy changes, several significant pension policies meet all five criteria. These include: the State Pension age Review policy; the implementation of Automatic Enrolment; policies and regulations on the consideration of Environmental, Social and Governance (ESG) factors in pension scheme investing; the Value for Money policy process (ongoing); legislation on Collective Defined Contribution schemes; policy-work designed to encourage greater investment in illiquid assets by DC schemes; the introduction of the new State Pension; Changes to Public Sector pensions.

Some policy decisions did not meet all criteria. These include:

2022 changes to triple lock - in which the earnings link was suspended for one year and the basic and new State Pensions were increased in line with the rise in the Consumer price Index. While this policy was a timely response to economic changes and clearly communicated, there was little in the way of consultation; other potential solutions (such as averaging earnings over two years) were not considered; there appeared to be little analysis of how the policy may affect those on low incomes and no safeguards were put in place; and, there was no consideration of how breaking the link with earnings would affect the long term level of the State Pension; and the change created a degree of uncertainty over assurances that the triple lock is designed to offer for the future.

2021 default drawdown investment pathways – the introduction of the requirement to offer default drawdown investment pathways met four of the criteria, but the requirement does not allow for similar safety nets to those who choose to spend their DC savings in other ways, or for whom a combination od annuitisation and drawdown may best help them to meet their needs.

2015 Charge Cap – the introduction of the member charge cap of 0.75% of Assets Under Management in 2015 met four of the criteria, but there was insufficient consideration of trade-offs between price and value. The Government and regulator are now working to readdress the balance by introducing a comprehensive Value for Money framework.

2014 Pension Freedoms (Freedom and Choice) – while the pension freedoms were introduced in a timely manner as a response to perceived failings in the annuity market there was no consultation with affected stakeholders or consumer representatives; the potential negative impact on those who could not longer depend on the security attached to semi-compulsory annuitisation was not considered beyond the commitment to provide free and impartial guidance to those with DC savings; because the decision was taken without consideration of trade-offs or the impact on vulnerable customers there was insufficient analysis of the potential long term impact of the decision; the decision was announced in 2014 for implementation in 2015 which did not allow industry sufficient time to adjust to the new tax, guidance and support needs of consumers arising from the decision.

2010 acceleration of State Pension rises – In 2010, the rise of women's State Pension to age 65 was brough forward from 2020 to 2018 and the rise for everyone's State Pension to age 66 was brought forward to 2020. This policy was flexible and timely response to increases in life expectancy projections; was taken with the aim of balancing costs with fairness (demonstrated when the rise was later delayed by six months in order to minimise the impact on women born in the 1950s); and, was taken with a view to ensuring the long term sustainability of the State Pension. However, there was insufficient consultation with the representatives of affected groups who felt that they had not been heard and their concerns remained unaddressed. There were also problems with the communications campaign which resulted in many women being unaware of the changes to their State Pension age.

S3.2 System Complexity

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S3: System Design**	**S3.2 System Complexity**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	The design of the UK pension system and welfare state is based in a traditional social order of the past which favoured secure, long-term jobs and career progression, high levels of employment and stable family units. This group of indicators examines how policy and industry responses to changes in these areas, and to other forms of socioeconomic and demographic change, are developing and how they are impacting the **stability** and complexity of the system, as well as its flexibility and ability to innovate in response to changes in society. It also considers how long-term developments are supported by the policy-making process, and the extent to which data and metrics support greater understanding of strengths and weaknesses that could impact current or future pensioners.	This indicator presents a qualitative summary of complexity in the UK pension system. It focuses on the extent to which policy complexity may be supporting or undermining sustainable system design by examining how it affects peoples' decision making and ability to navigate or engage with their pensions, and the outcomes they are likely to achieve. In many cases, complexity is the cumulative product of system expansion, reforms and adjustments that have taken place over many years. It can lead to uncertainty among individuals over how much income they will have to retire on, and layers of administration for providers and employers. It can also produce a system with too much choice for individuals, which can in turn increase the risk of poor decisions or the need for mechanisms that regulate options, compromising system stability through frequent change. Legislative and operational complexity are also ingrained in the UK pension system. Although they are not directly examined in this indicator, the extent to which they are accommodated in pension policy and its practical operation are taken into consideration. Simplifying complexity and delivering clarity is not a policy objective in itself, but is a core consideration for policymakers to support people through the design, implementation and administration of policy, and when measuring the success of a policy after implementation.[159] However, day to day life can be complex, with situations leading to multiple choices that the system needs to deal with. This notion, coupled with the prevalence of competing factors or policy objectives such as fairness or flexibility, mean that there are times when simplification cannot be pursued to the fullest extent, and a proportionate degree of complexity may be required to achieve optimal outcomes.[160]

Indicator Measures

Measure & Purpose

Qualitative analysis of complexity in policies and processes that relate to:

- The State Pension system during working life, at retirement, and through retirement
- The private pension system during working life, at retirement, and through retirement

The indicator outcome is determined by the extent to which complexity might positively or negatively impact people's decision making and ability to navigate or engage with their pensions, and the outcomes they are likely to achieve. It considers the proportion of the population affected by complexity, as well as levels of complexity or clarity found in each area of the system. Policies are analysed in the context of objectives underpinning 2013 State Pension reform, which suggest that a sustainable system is one which can:

- Reflect the society in which we live today, whilst keeping pace with social and economic change
- Mitigate the risks of complexities that arise from a piecemeal approach to pension reform
- Provide clarity and help people to understand what they will get when they retire.[161]
- Provide a firm foundation for saving, as well as encouragement for voluntary action by individuals to provide more than that minimum for themselves.[162]

[159] OTS (2022)
[160] OTS (2022)
[161] DWP (2013)
[162] Beveridge, W (1942)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L3 Somewhat fails to support sustainability

Reforms to simplify State Pensions and increase the number of people saving into private pensions have reduced overall complexity in the UK pension system. However, their success is somewhat offset by changes that have created new complexities in the private sector, along with a complicated and expensive system of pension tax. In some cases, complexity remains a barrier to engagement, yet engagement remains an important factor in helping people to achieve good outcomes. The role of organisations which can support engagement and understanding in the UK pension system will continue to be essential.

1. A key driver of complexity in the UK pension system is its interaction with other systems including the labour market, the tax system, the benefits system, and broader wealth and savings structures. Its sustainability is therefore partially dependent upon events, policy initiatives and political tensions that emerge from other areas, the impact of which are difficult to fully account for when reviewing pensions policy and outcomes.
2. For most people, contributing to and benefiting from the State Pension is now a straightforward process that requires minimal decision-making, and relatively low engagement with the system. Tools to help people understand what they could get from their State Pension and when have increased transparency and helped raise awareness of what people will receive from the State in later life.
3. Complexity in the UK State Pension system reduced significantly with the introduction of the flat rate State Pension in 2016. Reforms should enable more people to better predict their level of State Pension income in retirement and provide a clearer delineation between state and private pension entitlement going forward, with only the latter now being earnings-related. The new State Pension (Nsp), introduced in 2016, aimed to simplify the system and reduce reliance on means-tested benefits, but complexities remain for those who retired under the previous rules.
4. Where the State Pension system deviates from simplicity, it is typically for the purpose of maintaining flexibility (a key aspect in responsiveness to social and economic change) or fairness, honouring promises made under legacy policy arrangements (such as SERPs, for example).
5. Structured frameworks are in place to allow the State Pension system to respond with a certain degree of flexibility to social and economic change through annual uprating and the adjustment of other sustainability levers such as the State Pension age. However, long-term uncertainty remains, particularly around future income levels and eligibility, which may add complexity around predicting how much income people will receive. Legacy issues also continue to affect confidence in the system: between January 2021 and March 2025, the DWP identified 130,948 cases of underpayment linked to the old SP system.[163]
6. Many people also remain unaware of the benefits of deferring State Pension claims and claiming NI credits where they are not applied automatically, and in some cases how contracting out during working life may affect final State Pension entitlement.
7. Although helping people predict their State Pension income is intended to encourage voluntary saving, the shift from DB to DC in recent years requires people to make more complex decisions about how much to save and how to access their savings than ever before.
8. In the private pension system, DB pensions remain relatively straightforward for those who continue to receive or accrue benefits although there are, somewhat necessarily, complexities around the regulation of transfers and advice.
9. For DC savers, automatic enrolment introduced an important element of simplicity by removing the need to opt-in to workplace pensions, a decision which in the past presented a significant barrier to participation.[164] It has also provided a platform for the development of products that can help give people more certainty and understanding about their pensions.
10. Much of the success of automatic enrolment can be attributed to harnessing the power of inertia. However, despite rapid growth in participation, good retirement outcomes will still depend on the need for people to engage with the system in order to do more than meet minimal requirements. Relatively low levels of contributions are symptomatic of these expectations. Engagement could include decisions such as making additional contributions and thinking about retirement savings on a household level as well as at an individual level, many of which may be complex in nature.
11. For those saving in DC schemes, knowing how much income they might have at retirement has become significantly more complex, as final pot sizes depend on a combination of contribution levels, length of time contributing, investment returns and charges. Final income levels also depend on the choices people make about accessing savings, which are in many cases dependent on the size and quantity of pots available to each individual. This complexity makes it harder to plan how to support retirement needs.

[163] DWP (2025)
[164] DWP (2013)

L3 Somewhat fails to support sustainability

12. Those who are self-employed or do not qualify for automatic enrolment are still required to make active decisions to save, and many savers may be missing out on employer contributions or tax relief if they are not engaged with the system.

13. The pensions tax system, and the intersection of pensions tax policy with tax policy in other areas, is highly complex. The Office for Tax Simplification (OTS) reports that "Pensions are one of the most complicated subjects for individuals to understand - both because pensions themselves are complicated and additionally the tax issues are not straightforward." It also finds that new policies do not always account for the complexity they add when taking into consideration the existing rules. The interactions between various reliefs, allowances and benefits for example, can make it hard to understand outcomes easily and ultimately to make good choices.[165]

14. Despite being intended to affect behaviour,[166] tax complexity is widely thought to present a barrier to engagement which in turn reduces its effectiveness as an incentive to encourage voluntary saving. This can result in a system that instead rewards rather than incentivises long-term saving, whereby rewards are accessed unequally by those who do and do not engage, and by people with different levels of income.[167] Research suggests that half of people do not know how much tax relief they receive.[168]

15. The OTS further reports that policy complexity can result in unintended incentives or disincentives which mean people get caught out or make choices that can disadvantage them.[169] Although this risk may be mitigated through guidance or professional advice, being in need of help, or being required to recognise that you need help, is itself a complication. This is particularly problematic where it appears that policymakers are steering savers towards a particular choice because its benefits appear high, or tax low.[170]

16. The government has made significant changes to pension tax policy in recent years. The Lifetime Allowance was abolished in April 2024, and the Annual Allowance was raised to £60,000 in 2023/24, reducing the direct tax penalties that previously affected high earners in their later career years.[171] These reforms were partly intended to address concerns raised by the OTS (and others) about the disproportionate outcomes in a variety of sectors.[172] However, complexity remains, especially due to the introduction of new lump sum limits which may still present planning challenges for some savers.

17. In cases where savers have overpaid their taxes, the process of reclaiming can also be cumbersome and complex, affecting tens of thousands of savers a year at a time. In some cases, pensions withdrawals are routinely overtaxed, as levies are based on the amount taken from pension pots in the first month. In total in Q2 2022, over £33 million in overpaid tax was repaid to more than 10,000 people.[173] Although HMRC has implemented faster systems to address overpayments, these issues continue to affect many individuals.

18. Tax complexity can impact outcomes for low earners as well. In order to avoid choices that disadvantage them, people need to understand the interactions between their tax-free lump sum, or other savings vehicles such as Lifetime ISAs, and means-tested benefits. Others may risk missing out on tax-free growth when lump sums are withdrawn and transferred to low interest bank accounts for long periods of time.

19. Legislation to address an anomaly affecting around 1.2 million low earners in net pay arrangements (three quarters of which are women) has been passed, but implementation has been delayed.[174] The reform is intended to benefit affected workers who have lost out on government top-ups to their pension that resulted in comparatively less take-home pay, due to complexity in the tax system. Although the measure was initially set to take effect from the 2024/2025 tax year, HMRC confirmed that payments will now be made in 2026. Eligible individuals will need to provide bank details to HMRC to receive the top-up, meaning the process is not automatic. The reform's complexity and its delayed implementation may limit its effectiveness in the short term. However, reform proposals could be further simplified to protect outcomes, since changes will not be automatic and will instead require eligible workers to provide bank details to HMRC.[175] [176]

20. Government interventions to loosen the rules on accessing pension funds in retirement, Pension Freedoms, have also made pensions more complicated.

21. Where a subject matter such as pension freedoms is particularly complex, OTS recommends that policymakers should "thoroughly engage with stakeholders in the policy design stages to test for both intended and unintended consequences, and ensure all interactions are established in the experience of those impacted by the change. Both in that engagement and in legislation and guidance that follow, the intended objective of the policy should be crystal clear."[177] Further complexity was introduced as the Pension Freedoms were announced without a preceding consultation, and stakeholder engagement took place after the policy and date of implementation was committed to.

22. There is now further complexity for those accessing DC pensions, because the array of options available and the range of financial implications attached to choosing each is so broad, especially for those who do not use guidance or advice. There is complexity regarding how withdrawing private pension savings in specific amounts (through UFPLS, Drawdown, lump sums) could affect tax bills or entitlement to means tested benefits, and it is not clear how well current structures of advice and free guidance supports people making these decisions. However, support structures do exist (e.g., guidance provided through Pension Wise and regulated financial advice) which help make navigating at-retirement decisions less complex for some people.

23. Layers of complexity also mean that individuals are more vulnerable to scams, as fraudsters are aware that people can withdraw their entire pension pots from age 55 (rising to age 57 from April 2028) and so have specifically targeted those with DC savings. Those with low financial capability are more likely to fall victim to fraudsters who might offer the idea of better investment returns from an alternative (fictitious) venture than traditional pension and retirement income products. The Government and regulators are currently working on reducing scams through the use of new and emerging technologies and have implemented rules that govern the way pension schemes handle transfers in order to offset some complexities.

24. Planning how to use pension savings in the decumulation phase of retirement is complex as needs change throughout later life, and many people do not understand the need for inflation and longevity protection. These complexities specifically affect DC savers, who may front-load retirement income and experience a reduction in living standards during later retirement when prices increase and/or if they live for longer than they expect to. Those whose needs change unexpectedly through, for example, losing a partner, developing health problems or need to support other family members may not be prepared to meet these extra expenses and may suffer a significant drop in disposable income as a result. Manging income during retirement becomes particularly complicated for people when and if cognitive decline sets in, which tends to begin around the age of 75. Those with cognitive decline will be particularly vulnerable to scams and financial abuse and may be in greater danger of making poor financial management decisions There is increased recognition that soft defaults and retirement income solutions that evolve with individuals' needs may be necessary to reduce this complexity and protect outcomes.

[165] OTS (2019)
[166] OTS (2022)
[167] Clark, C. (2022)
[168] TPT Retirement Solutions (2023)
[169] OTS (2022)
[170] OTS (2022)
[171] HMRC (2025a)
[172] OTS (2019)
[173] HMRC (2022a)
[174] HMRC (2022b)
[175] OTS (2020)
[176] HMRC (2025)
[177] OTS (2022)

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S3.3 Innovation and Reform

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S3: System Design**	**S3.3 Innovation and Reform**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	The design of the UK pension system and welfare state is based in a traditional social order of the past which favoured secure, long-term jobs and career progression, high levels of employment and stable family units. This group of indicators examines how policy and industry responses to changes in these areas, and to other forms of socioeconomic and demographic change, are developing and how they are impacting the **stability** and complexity of the system, as well as its flexibility and ability to innovate in response to changes in society. It also considers how long-term developments are supported by the policy-making process, and the extent to which data and metrics support greater understanding of strengths and weaknesses that could impact current or future pensioners.	This indicator is designed to present a qualitative examination of the extent to which innovation and reform in the UK pension system is helping to effectively address issues of high importance or significant impact. It also aims to identify where issues of significance may be underserved by existing plans or priorities, and the extent to which policies may be associated with risks or trade-offs elsewhere in the system. It looks at issues impacting the state and private pension system at three distinct stages: during working life, at retirement, and living through retirement.

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L3 Somewhat fails to support sustainability

Overall, policymaking processes that relate to pensions and later life are complicated by the fact that no overall government department or minister is responsible for overseeing or coordinating policy decisions and outcomes, whilst departments involved in delivering public services and spending may have varying or even conflicting objectives. They include DWP, Treasury and DHSC amongst others. In some cases, policy decisions associated with long time horizons, such as those relating to demographic change, can become especially problematic considering that many decisions are taken over the lifetime of one parliament.

For individuals of working age, a number of important concerns would benefit from greater reform and innovation, particularly those relating to private pension saving. Although AE reforms were highly successful in addressing issues associated with low coverage, they have in turn highlighted (or in some cases produced) other issues which require further reforms to mitigate. Issues include reduced access among self-employed and non-standard workers to pension saving, undersaving and low DC contributions under AE legislation, problems associated with multiple and small pension pots, complexity around understanding how much to save or what adequacy outcomes might look like in retirement, and innovation around ESG related issues that can affect pension schemes and their investments. Several consultations, projects and trials are in train to tackle these concerns including the Pensions Dashboard, the Pensions Schemes Bill and trials to provide access to pensions for self-employed workers. However, others such as recommendations made in the 2017 AE review have yet to be implemented and no other policy options have been proposed, meaning that few solutions to address problems associated with saving adequately for retirement, or for each individual, determining what adequacy might mean, are available.

Individuals approaching retirement face different concerns. In the State system, policies aimed at reducing the cost of working age benefits, coupled with increases in SPa designed to reduce the cost of the State Pension, are creating circumstances whereby individuals who leave work before reaching SPa may either become reliant upon benefits which are significantly reduced compared to those available to people over SPa, or draw upon pension and household savings. At present, there are no proposals to address this issue. Individuals in the private system face several problems too. The introduction of pension freedoms has brought with it relatively little innovation so far, and individuals are faced with complicated choices over how to access their retirement savings which, in some cases can put them at risk of scams or poor decisions such as those associated with DB transfers. Although reforms have been introduced which strengthen the role of providers in mitigating some of these problems, many are in early stages and evidence as to their effectiveness will need to be established over time. Other reforms, such as the introduction of default investment pathways and Pension Wise guidance are helping some savers, but have yet to reach a wider proportion of people.

For those living through retirement, rates of poverty among pensioners remain relatively high. Although the level at which the New State Pension is set, coupled with the triple lock, should reduce poverty over time, it has less impact for older pensioners currently on very low incomes. Changes to the triple lock in 2022-23 also highlighted that there is no mechanism built into current legislation that can account for outlying measures of indexation, whilst recent inflation rates have highlighted the absence of a mechanism that can be used to target support beyond leveraging the existing benefits system framework. Finally, many current pensioners have retired with a high proportion of pension income from streams such as State and DB pensions. Income streams typically protect individuals from risks associated with longevity, investments and inflation that could impact the income they have available to them over the course of their lifetime. However, as more people retire with DC pensions, they will also retire bearing greater risks than the generation before them. With the exception of proposals for selective CDC schemes, no changes are proposed to mitigate the impact of these shifts and many people have relatively low levels of awareness over the choices and challenges that lie ahead.

S3.4 Data and Metrics

System Objective & Success Criteria	Sub-Objective Group	Indicator
S: Sustainability	**S3: System Design**	**S3.4 Data and Metrics**
A **stable**, **secure** and **affordable** system which allows the needs of the present to be met without **compromising** the ability of others to meet their own needs.	The design of the UK pension system and welfare state is based in a traditional social order of the past which favoured secure, long-term jobs and career progression, high levels of employment and stable family units. This group of indicators examines how policy and industry responses to changes in these areas, and to other forms of socioeconomic and demographic change, are developing and how they are impacting the **stability** and complexity of the system, as well as its flexibility and ability to innovate in response to changes in society. It also considers how long-term developments are supported by the policy-making process, and the extent to which data and metrics support greater understanding of strengths and weaknesses that could impact current or future pensioners.	Availability of good quality data is critical to understanding the sustainability of UK pension system and its design because accurate and timely information is essential to manage services, inform decisions and insights, mitigate risks, measure outcomes, promote innovation and target support or resources effectively. It can also improve the confidence and understanding that people have and encourage engagement with the system. Amongst other outcomes, low-quality information can lead to poor decision-making which may have costly and harmful consequences. Factors that contribute to data quality including accuracy, completeness, relevancy, validity, timeliness and consistency.[178] This indicator considers three ways in which data is used in the UK Pension System. Data used by providers, departments and agencies to manage and support savers; data for individuals that can help them to understand what they have and what it means; and system-level data that can help policy makers and other analysts to understand how the system is working. Across all three areas, it considers examples relating to the availability, reliability, usability and security of data in order to understand the extent to which data can help to provide transparency on adequacy, sustainability and fairness across the UK pension system, and an insight into its strengths and weaknesses over time.

[178] TPR (2025)

Assessment Classifications – 2025

L6	Strong support for sustainability
L5	Good support for sustainability
L4	Somewhat supports sustainability
L3	Somewhat fails to support sustainability
L2	Poor support for sustainability
L1	Fails to support sustainability

L2 Poor support for sustainability

Despite the wealth of information available across the UK pension system, barriers related to harmonisation, consistency and data sharing mean that it remains difficult for individuals, providers and policymakers to achieve oversight of how the pension system is working to deliver adequacy, sustainability or fairness in later life. The result is reduced transparency of system outcomes and an increase in challenges associated with engagement and informed decision-making around retirement saving.

At a national level, 2020 saw the publication of the National Data Strategy, which outlines the government's ambition to capitalise on the social and economic benefits that improved data quality and access can bring. Amongst other objectives, the strategy aims to promote greater and more innovative use of personal data, reduce compliance burden and empower citizens through the responsible use of data. To do this it set out five missions which included unlocking the value of data held across the economy; securing a pro-growth and trusted data regime; transforming government's use of data to drive efficiency and improve public services; ensuring the security and resilience of the infrastructure on which data relies; and championing the flow of international data. Many of these objectives are particularly pertinent to the UK pension system, where issues around consistency and completeness of data frequently present a barrier to improving decisions and outcomes that support adequacy, sustainability and fairness. If implemented in such a way as to mitigate the exclusion of people for whom digital access may be limited, and ensure that people have the appropriate skills to effectively utilise the information made available to them, this strategy could signal important improvements in the quality of data and metrics across the UK pension system.

Data relating to pension schemes, their members and their savings are the cornerstone of the UK pension system. Pension schemes collect and hold large amounts of data, much of which changes on a regular basis. Data may relate to member information; scheme administration; financial transactions including contributions, payments, and transfers of benefits or assets; funding plans; and reporting obligations such as to the Pensions Dashboard or regulators, which play a core role in the oversight of record-keeping responsibilities. Managing data may require input not only from providers, but also from employers, payroll providers and administrators, with whom a number of dependencies are likely to exist. Perhaps the most significant issue around scheme level data is availability. Despite the large number of accounts held with major providers, a considerable proportion of paper records are still in existence which remain a primary source of member information and preclude both providers and members from accessing the benefits and security that online data management can bring. Where schemes have moved online, there may be a high proportion of members with inactive accounts, meaning that they are unlikely to receive communications from their provider and their data may not be up to date. Schemes are required to keep common data and scheme specific data, where common data is used to uniquely identify or trace a member or their benefits. Although schemes are required to measure the accuracy of their member data, report the outcome to TPR, and act on any shortfalls each year, much of their underlying data is supplied by employers, for whom there is no legal requirement to ensure accuracy or present data in a consistent format. In the case of common data, errors or inconsistencies with details such as spelling and formatting (in the case of DoBs for example) can create harmonisation issues around content and definition of various data fields. Scheme specific data relates to members and their participation in a scheme, and includes information such as scheme structure and type, member status and member events. However, there are no specific requirements around how to format this data and protocols differ across providers. This can make it difficult for employers to verify the accuracy of employee details, and presented a particular challenge to employers setting up records under at source and net pay relief schemes.

Savers require data to be provided in a clear, comprehensive and reliable way in order that they can make informed decisions, have positive member experiences, and build confidence in the security and value of saving for later life. One of the most challenging data issues facing individuals relates to the notion that currently, people have no way of looking across their pension pots on an aggregate basis. Estimates suggest that on average, people will change jobs around eleven times throughout their working life, which can present challenge for people seeking to establish an understanding of how much money they have, how much money they need to save, and when they might be able to stop working. The Pensions Dashboard will address these challenges to some degree, but it will not be available to users this year and will not create a store of information that people can monitor over time. There is also widespread variation and inconsistency in the way in which information and assumptions are formatted and presented between providers. The result is that not only is a level of engagement required from individuals if they are to benefit from the opportunities that high quality data can bring, but also a level of understanding which should be prioritised when communications are designed.

At a system level, data is essential to understand strengths and weaknesses in the system, and to isolate the impacts of policy or socioeconomic change over time. Information relating to state benefits are now comprehensively and readily accessible and will be included in the dashboard. However, the majority of information used to describe overall later life outcomes in the context of both public and private pensions, along with other factors associated with wider socioeconomic or personal circumstances, is collected through self-reported data and surveys such as WAS, FRS and the Financial Lives survey. The cost and effort required to collect, clean and produce this data can be prohibitive, meaning that collection may be infrequent or one time only. Surveys have been reducing their respondent base and reducing the interview time to reduce cost and increase completion rates. In particular this has resulted in the Wealth and Assets Survey Round 8 to exclude a number of question blocks ending timeseries on topics including saving behaviours and inheritance. Despite the wealth of information that exists across the UK pension system, much of it is unusable beyond scheme level due to issues associated with harmonisation and re-use, along with reporting barriers such as GDPR which means that data cannot be shared between organisations without permission.

Reference

References:

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Fairness reflects the notion that a compromise between adequacy and sustainability, which necessarily involves distributing costs and benefits unevenly among different groups, can only be achieved if the outcomes are deemed to be fair.

FAIRNESS

Impartial and just treatment or behaviour without favouritism or discrimination

An inclusive system which engenders trust, provides fair benefits for all, protects people equally from risk in retirement and upholds the commitments that are made within and between generations.

Inclusion

Making access to pension incentives, products and services available to everyone, along with the support people need to understand them

Trust

A system wich gives people belief in its purpose, along with the confidence and motivation to work towards individual and common goals

Outcomes

Ensuring that people are protected equally from the risk that their standard of living might fall in retirement

Protection

Safeguarding people against risks inside and outside the pension system, whilst supporting them to make good choices from working life into retirement

Promises

Upholding commitments that underpin the integrity of the pension system within and between generations

F1.1 Inclusion

System Objective & Success Criteria	Sub-Objective Group	Indicator
F: Fairness	**F1 Process Fairness**	**F1.1 Inclusion**
An **inclusive** system which engenders trust, provides **fair benefits** for all, **protects** people equally from risk in retirement and upholds the **commitments** that are made within and between generations.	Process fairness is a driver of fair outcomes. When processes are deemed to be fair, people are more likely to interact positively with the system and changes which are brought about within it. It can also build and maintain confidence and legitimacy, as well as secure commitment to rules and objectives.	This indicator is designed to measure the extent to which individuals have levels of understanding and access to pension incentives, arrangements and services that meet their needs, and the support they need to understand them. Issues around inclusion frequently arise when considering process fairness. In this analysis, inclusion refers to differences in levels of access, eligibility and capability people have that could impact their retirement outcomes. Minimising the differences in the extent to which people can access and understand pensions is essential to building an inclusive system which engenders trust and helps to tackle savings gaps that emerge as the product of circumstances and choices over time. The indicator looks at several different measures of capability including levels of financial literacy, knowledge of the pension system and ability to keep track of pensions, understanding of pension statements. It also considers differences in access that people have to retirement benefits, including the way in which NI credits are made available to eligible groups, the proportion of workers eligible for workplace pensions, and those who are in net pay versus relief at source arrangements.

Indicator Measures

Measure & Purpose	Breakdown	Data Source & Update Frequency
Financial Literacy in the UK Examines levels of financial literacy in the population to identify groups at potential risk of poor retirement outcomes	Age, employment status, income	DWP Planning and Preparing for Later Life[179]
Self-rated Knowledge of the Pension System Examines how levels of awareness vary across the population		DWP Planning and Preparing for Later Life
Proportion of people who find it difficult to keep track of pensions Estimates proportion of people potentially excluded from pension engagement on account of difficulty navigating the system		DWP Planning and Preparing for Later Life
Proportion of people who read and understood their pension statements Indicates extent to which pension statements may be helping people to prepare for retirement		FCA Financial Lives Survey[180]
Whether National Insurance credits are applied automatically or whether they must be claimed by the individual Highlights where differences occur in how to access NI credits that could put some groups at greater risk than others in later life		www.gov.uk[181]
Proportion of all UK workers not eligible for AE or workplace pensions Highlights how differences in access to workplace pensions that could impact retirement outcomes is changing over time		PPI analysis of LFS[182] and ONS Dataset A01
Net pay vs. relief at source arrangements Assesses the proportion of people with access to system benefits.		HMRC Table 3.8, Reliefs and Deductions[183]

[179] DWP (2022)
[180] FCA (2023)
[181] Gov.UK (2025)
[182] LFS (2022)
[183] HMRC (2022)

Assessment Classifications – 2025

L6	Strong support for fairness
L5	Good support for fairness
L4	Somewhat supports fairness
L3	Somewhat fails to support fairness
L2	Poor support for fairness
L1	Fails to support fairness

L4 Somewhat supports fairness

A high proportion of people are able to access good quality pensions and pension services but although coverage gaps are narrowing, groups including women and those on low income are most likely to be missing out on opportunities to improve their retirement outcomes. Less than one third of people report good financial literacy and understanding of pensions, but a high proportion of people reporting some understanding masks considerable variation when population groups are broken down. Where savings incentives and safety nets are available, they are not always accessible equally to different groups.

Financial literacy and capability can be a significant driver of differences in retirement outcomes, as those with high levels of financial literacy tend to start saving earlier for retirement than those on low incomes, are more likely to have consulted information sources to help them plan, and are more likely to have trust in pensions and the pension system. In contrast, low financial literacy may be less engaged with information and aspects of planning that relate to retirement saving, in part because low capability can negatively impact how people feel about dealing with financial matters. This can have a direct impact on financial wellbeing, as people may be less able to assess the suitability or value of decisions and products, and in some cases may be more likely to fall into avoidable debt.[184] Although a majority of people in the UK reported at least a medium level of financial literacy in the DWP Planning and Preparing for Later Life survey, people over 60 were more likely to report lower levels of financial literacy than those aged 40-60, and only one in three people said that their financial literacy was high. Men and those earning over £27,000 had considerably higher financial literacy than women and those on lower incomes, but good financial literacy was more evident among the self-employed (46%) than among any other population group except people on high incomes.

The significant variation observed in levels of financial capability across the population, and the extent to which it is associated with those most at risk of poor retirement outcomes, highlights the importance of having appropriate safety nets and defaults in the pension system which can protect people from poor outcomes associated either with inertia or poor decisions. When it comes to pensions, similar patterns of capability are observed, but the proportion of people who felt that their understand of the State and overall pension systems was good was much lower (17%), even though a majority of people reported having at least a basic level of knowledge (60%). The extent to which people find it easy to keep track of pensions also correlates with levels of understanding. One in five people, rising to one in three of those aged 40-49, find their pension fairly or very difficult to keep track of, whilst around 4 in five people found it easy or fairly easy. Of those who found it difficult, the main reasons were that they found the information confusing, it takes a lot of time to keep track of pensions, information is kept in different places and presented in different formats.[185] However, less than half of people with DC pensions in accumulation in 2020 read their pension statements when they received them, and reported understanding them fairly or very well. In contrast, two in ten people reported either not receiving their pension statement or not reading it, whilst one in ten people read it but found it difficult to understand. Among women, the proportion of people who had difficulty understanding their pension statement when they read it (16%) was double that of men (8%), and only 38% understood it fairly or very well compared to 54% of men, suggesting once again that women may be at greater risk of poor retirement outcomes than men on account of differences in their level of understanding. Digital literacy is also becoming an increasingly important way for people to source information and engage with retirement planning, but a survey of people over 50 in the UK from 2009/10 to 2017/18 found that cohort age is the strongest predictor of internet use and digital skills. Current data shows that far fewer older people use the internet regularly, 48% of people aged 75 to 85 in 2018 compared to 88% of people aged 50-64, meaning that the oldest people in society are likely to have the least opportunity to benefit from online sources of information and guidance. However, rates are rising quickly among younger pensioners and are expected to persist as these people reach later life. Rates of digital inclusion were comparable among men and women.

Differences in the levels of access that people have to savings incentives associated with a workplace pension is also a significant factor when considering inclusion in the UK pension system. In 2021, almost a quarter (23%) of all workers were not eligible for Automatic Enrolment into workplace pensions, 13% of whom were self-employed and 9% of whom were employees either under 22 or earning below the earnings threshold in a single job. The proportion of ineligible employees is falling slowly as the earnings threshold of £10,000 has remained unchanged for several years whilst earnings have risen slowly, bringing more people into scope for Automatic Enrolment.

A key benefit of workplace pension saving is the tax relief applied to contributions. There are two main ways of providing tax relief, but levels of take-home pay can differ for low earners with taxable incomes below the Personal Allowance depending on how their pension scheme is administered. People in relief-at-source schemes receive a 20% top-up on their pension saving (even if no income tax is paid), but those in schemes with net pay arrangements receive tax relief at their marginal rate, for example 0%. This means that low earners in net pay schemes will have less take home pay than they would if they were saving into a relief-at-source scheme. Legislation has been be implemented under which HMRC will make top up payments directly to individuals, coming into force for the tax year 2024-25 but with payments only starting to be made in 2026.

Finally, there is considerable variation in the way in NI credits are accessed for people who depend upon credits to increase the number of qualifying years they have towards their State Pension. People can access NI credits under a range of circumstances which mean that they are unable to work. However, whilst credits are applied automatically with qualifying benefits such as Carer's Allowance or Universal Credit, in other cases people are required to apply for them. Some, such as carers who do not qualify for Carer's Allowance or parents of young children who are not working but who do not qualify for Child Benefit, may be unaware that they are eligible and may see their retirement outcomes impacted as a result.

[184] DWP (2022)
[185] DWP (2022)

Figure F1.1.1: Financial Literacy in the UK, 2020

Subject	Low	Medium	High
Age: 40-49	16	48	35
Age: 50-54	15	53	32
Age: 55-59	17	47	36
Age: 60-65	20	44	36
Age: 66-70	21	43	36
Age: 71+	25	44	31
Men	15	44	41
Women	22	49	29
Employee	14	52	35
Self-employed	15	40	46
Not in paid work	26	47	27
Fully retired	23	41	37
Not retired	18	49	33
Semi-retired	13	44	43
Fully retired	23	41	37
Annual income < £10,500	29	49	22
Annual income £10,500 - £26,999	18	50	33
Annual income £27,000 - £43,999	10	46	44
Annual income £44,000 or more	3	40	57
Total	**19**	**47**	**35**

Figure F1.1.2: Self-rated knowledge of the State and overall pension system among people aged 40-75, United Kingdom, 2020

	Overall Pensions	State Pension
Good	17%	17%
Basic	42%	44%
Very patchy	27%	25%
Little or nothing	14%	14%

Figure F1.1.3: Proportion of people who find it difficult to keep track of pensions

	2020
Very easy	35%
Fairly easy	43%
Very/fairly diff	20%

Figure F1.1.4: Proportion of people with DC pensions in accumulation who received and read their pension statements, and who understood them, United Kingdom, 2017, 2020 and 2022

All	2017	2020	2022
Not received or received and not read	44%	43%	43%
Received and read but understood not at all or not very well	11%	12%	9%
Received and understood fairly or very well	45%	46%	48%
Men			
Not received or received and not read		39%	38%
Received and read but understood not at all or not very well		8%	6%
Received and understood fairly or very well		54%	56%
Women			
Not received or received and not read		47%	48%
Received and read but understood not at all or not very well		16%	14%
Received and understood fairly or very well		38%	38%

Figure F1.1.5: Whether National Insurance credits are applied automatically or whether they must be claimed by the individual, United Kingdom, 2025

Your situation	How to get credits
Looking for Work	
You're on Jobseeker's Allowance and not in education or working 16 hours or more a week	You get Class 1 credits automatically
You're unemployed and looking for work, but not on Jobseeker's Allowance	Contact your local Jobcentre to claim Class 1 credits
Ill, disabled or on sick pay	
You're on Employment and Support Allowance (ESA), or Unemployability Supplement or Allowance	You get Class 1 credits automatically
You're not on Employment and Support Allowance but you satisfy the conditions for it	Apply for 'new style' ESA to get Class 1 credits
You're on Statutory Sick Pay and you do not earn enough to make a qualifying year	Apply for Class 1 credits. Write to: PT Operations North East England, HM Revenue and Customs, BX9 1AN, United Kingdom. Include your National Insurance number and say when the credits are for and why you're eligible
On maternity, paternity or adoption pay	
You're on Maternity Allowance	You get Class 1 credits automatically
You're on Statutory Maternity, Paternity or Adoption Pay, or Additional Statutory Paternity Pay, and you do not earn enough to make a qualifying year	Apply for Class 1 credits. Write to: PT Operations North East England, HM Revenue and Customs, BX9 1AN, United Kingdom. Include your National Insurance number and say when the credits are for and why you're eligible
Parents and Foster Carers (on or after April 2010)	
You're a parent registered for Child Benefit for a child under 12 (even if you do not receive it)	You must register for Child Benefit. When registered you get Class 3 credits automatically.
You want to transfer credits from a spouse or partner who got Child Benefit for a child under 12	Apply to transfer Class 3 credits between parents
You're a foster carer, or a kinship carer in Scotland	Apply for Class 3 credits
Parents and Foster Carers (before April 2010)	
You're a parent who got Child Benefit for a child under 16 between 6 April 1978 and 5 April 2010, but you did not get Home Responsibilities Protection (HRP) automatically	Claim HRP to get Class 3 credits
You want to transfer credits from a spouse or partner who got Child Benefit for a child under 16	Apply to transfer HRP between parents to get Class 3 credits
You were a foster carer, or a kinship carer in Scotland, between 6 April 2003 and 5 April 2010	Claim HRP to get Class 3 credits
Carers	
You're on Carer's Allowance	You get Class 1 credits automatically
You're on Income Support and providing regular and substantial care	You get Class 3 credits automatically
You're caring for one or more sick or disabled person for at least 20 hours a week	Apply for Class 3 carer's credits if you're not on Carer's Allowance or Income Support
Family members who care for a child	
You're a family member over 16 but under State Pension age and you're caring for a child under 12 (usually while the parent or main carer is working). This includes care that you're providing from a distance because of coronavirus (COVID-19) - for example, by telephone or video call while you're self-isolating	Apply for Specified Adult Childcare Class 3 credits
On working tax credit	
You get Working Tax Credit with a disability premium and you are an employed earner with earnings below the Lower Earnings Limit (currently £6,396 per a tax year) or have profits of less than £6,725 if you're self-employed	You may get Class 1 credits automatically. Check your National Insurance record to see if you've been given credits
You get Working Tax Credit without a disability premium and you are an employed earner with earnings below the Lower Earnings Limit (currently £6,396 per a tax year) or have profits of less than £6,725 if you're self-employed	You may get Class 3 credits automatically. Check your National Insurance record to see if you've been given credits
You and your partner get Working Tax Credit - only one of you will get Class 3 credits	You may get Class 3 credits automatically. Check your National Insurance record to see if you've been given credits
On Universal Credit	
You're getting Universal Credit	You get Class 3 credits automatically
On a Training Course	
You're over 18 and Jobcentre Plus sent you on a government-approved training course that lasts no longer than 1 year	You get Class 1 credits automatically
You're over 18 and on a government-approved training course that lasts no longer than 1 year but you were not sent by Jobcentre Plus	Apply for Class 1 credits. Write to: PT Operations North East England, HM Revenue and Customs, BX9 1AN, United Kingdom. Include your National Insurance number and say when the credits are for and why you're eligible
On Jury Service	
You've attended court and you're not self-employed	Apply for Class 1 credits. Write to: PT Operations North East England, HM Revenue and Customs, BX9 1AN, United Kingdom. Include your National Insurance number and say when the credits are for and why you're eligible
Partners of People in the Armed Forces	
You're married to or a civil partner of a member of the armed forces, went with your partner on an overseas posting after 6 April 2010, and are returning to the UK	Apply for Class 1 credits
You're married to or a civil partner of a member of the armed forces, went with your partner on an overseas posting after 6 April 1975, reach state pension age on or after 6 April 2016, and are not getting Class 1 credits	Apply for Class 3 credits
Wrongly Imprisoned	
Your conviction was quashed by the Court of Appeal (or the Court of Criminal Appeal in Scotland)	Apply for Class 1 credits. Write to: PT Operations North East England, HM Revenue and Customs, BX9 1AN, United Kingdom. Include your National Insurance number and say when the credits are for and why you're eligible

Figure F1.1.6: Proportion of all UK workers not eligible for Automatic Enrolment or workplace pensions

All	Who are employees	Who are Self-Employed	Total
2013	14%	14%	28%
2014	12%	15%	27%
2015	12%	15%	27%
2016	12%	15%	27%
2017	11%	15%	26%
2018	11%	15%	26%
2019	10%	15%	25%
2020	10%	14%	24%
2021	9%	13%	23%

Figure F1.1.7: Number of people with contributions to net pay and number of people with contributions to relief at source (thousands)

	Individuals in net pay schemes	Individuals in relief at source schemes
2012 - 2013	7,040	3,330
2013 – 2014	6,950	4,320
2014 - 2015	8,430	5,470
2015 - 2016	8,940	6,050
2016 - 2017	10,900	6,450
2017 - 2018	8,050	7,040
2018 - 2019	8,160	7,530
2019 - 2020	7,800	7,370
2020 - 2021	7,800	7,050
2021 - 2022	8,320	9,600
2022 - 2023	8,590	10,000

Technical Notes

Figure F1.1.1: Financial Literacy
Source: DWP Planning and Preparing for Later Life

1. Financial Literacy was measured using a shortened version of the financial literacy index originally employed in the Healthy Ageing in Scotland (HAGIS) study. The original 13-item scale was reduced to six items which have been used to measure financial literacy on other surveys including the British Election Study.
2. Revised data has not been released covering more recent years

Figure F1.1.2: Self-rated knowledge of the State and overall pension system among people aged 40-75, United Kingdom, 2020
Source: DWP Planning and Preparing for Later Life

1. Includes all survey respondents

Figure F1.1.3: Proportion of people who find it difficult to keep track of pensions
Source: DWP Planning and Preparing for Later Life

1. Includes all survey respondents

Figure F1.1.4: Proportion of people with DC pensions in accumulation who received and read their pension statements, and who understood them, United Kingdom, 2017, 2020 and 2022
Source: FCA Financial Lives

1. Includes all UK adults with a DC pension in accumulation who answered the questions:
2. Do you recall receiving an annual statement from your defined contribution pension provider(s) in the last 12 months? And for those who read the statements they received:
3. Generally, how well do you understand the information in your pension statement(s)?

Figure F1.1.6: Proportion of all UK workers not eligible for Automatic Enrolment or workplace pensions
Source: PPI analysis of LFS and ONS data

1. Employees not eligible for Automatic Enrolment include those aged under 22 and / or earning below the Lower Earnings Limit (LEL)

References:

Department of Work and Pensions (DWP) (2022). Planning and Preparing for Later Life. Available at: www.gov.uk

Financial Conduct Authority (FCA) (2023). Financial Lives Survey 2022. Available at: www.fca.org.uk

GOV.UK (2025). National Insurance Credits. Available at: www.gov.uk

HM Revenue & Customs (HMRC) (2025), Deductions and reliefs. Available at: https://www.gov.uk

Office for National Statistics (ONS). (2025). Quarterly Labour Force Survey. [data collection]. UK Data Service. SN: 8989, DOI: 10.5255/UKDA-SN-8989-1

The Pensions Regulator (TPR) (2025), Automatic enrolment earnings threshold. Available at: https://www.thepensionsregulator.gov.uk

F1.2 Engagement

System Objective & Success Criteria	Sub-Objective Group	Indicator
F: Fairness	**F1 Process Fairness**	**F1.2 Engagement**
An **inclusive** system which engenders trust, provides **fair benefits** for all, **protects** people equally from risk in retirement and upholds the **commitments** that are made within and between generations.	Process fairness is a driver of fair outcomes. When processes are deemed to be fair, people are more likely to interact positively with the system and changes which are brought about within it. It can also build and maintain confidence and legitimacy, as well as secure commitment to rules and objectives.	This indicator provides an overview of the interactions that individuals have with their pensions and retirement saving decisions through communications or technology provided by employers, schemes, professional organisations and public bodies, and the outcomes they produce. Engagement is a key component of fairness because it can help to promote inclusion, build trust, manage expectations, improve outcomes and protect people from harm. It can also give people a stronger sense of ownership over their pensions and retirement saving and can be a powerful way to influence long-term change. The Automatic Enrolment review, conducted in 2017, reported that although engagement alone will not solve challenges around pension participation and savings rates, improving awareness and understanding by delivering the right support in a simple way complements the role of automatic enrolment, provides a better platform for voluntary saving and helps to build trust and confidence in the system.

Indicator Measures

Measure & Purpose	Breakdown	Data Source & Update Frequency
Proportion of people who have checked their projected State Pension income Highlights extent to which individuals are engaged with SP income	Age	DWP Planning and Preparing for Later Life Survey[186]
Proportion of people who have used sources of pensions information and guidance Estimates uptake of available support for retirement planning	Income Group	DWP Planning and Preparing for Later Life Survey
Proportion of people who know how much income they will need in retirement Indicates the extent to which people have taken account of the likely duration of their retirement or income they would need	Age	DWP Planning and Preparing for Later Life Survey
Pension Engagement among active DC pension members Uses a combination of nine engagement indicators to estimate the extent to which DC savers engage with issues relating to pension pot value, contribution levels, charges and investments.	Age, Gender	FCA Financial Lives Survey[187]
Proportion of DC savers who have thought about their DC pension Highlights the extent to which active DC savers are engaged with decisions around how much to save for retirement	Gender	FCA Financial Lives Survey
Awareness of DC contribution levels Indicates the proportion of savers who know how much they and their employer are contributing to their DC pension		FCA Financial Lives Survey

[186] DWP (2022)
[187] FCA (2021)

Assessment Classifications – 2025

L6	Strong support for fairness
L5	Good support for fairness
L4	Somewhat supports fairness
L3	Somewhat fails to support fairness
L2	Poor support for fairness
L1	Fails to support fairness

L2 Poor support for fairness

Overall engagement with pensions and retirement planning is relatively poor, inertia is not uncommon, more than a third of people under 60 do not know how much income they will need to live on in retirement, and two in five people do not know how much they or their employers contribute to their DC pensions. However, there is considerable variation in the extent to which people engage with retirement planning which in can in turn, produce considerable variation in outcomes in a system where outcomes are increasingly dependent upon choices people make. Women, those on low incomes and those with low financial literacy are most at risk.

The requirement for people to engage with their pensions in order to achieve good retirement outcomes is heavily dependent upon system and policy design. The shift from DB to DC has brought with it greater risk and responsibility for the individual. It also brough a commensurate shift from the low levels of engagement needed to achieve good outcomes with DB pensions, to the need for improved awareness, understanding and engagement to complement Automatic Enrolment and voluntary saving in the DC system. Automatic Enrolment successfully harnessed the power of inertia to increase the number of people saving into workplace pensions. However, people approaching and living through retirement face far greater and more complex decisions than in the past which, in stark contrast to policy design in working life, are necessitating greater levels of engagement and understanding of pensions than at any other point in their lifetime, or than generations before.

Despite the high proportion of people who will depend on the State Pension for more than half of their retirement income, only around half of UK adults who responded to the DWP Planning and Preparing for Late Life survey (PPLL) had checked their State Pension age, whilst only two in five had checked how much they were likely to receive from the State Pension in later life. Just a quarter of people in their forties had checked their State Pension income, compared to almost two thirds of people in their sixties. The DWP reports that people who were most likely to be reliant on the State Pension as their only source of income in retirement were among the least knowledgeable

When looking for information, advice or guidance to help plan for retirement, around three quarters of people aged 40 to 75 who were not retired had used at least one source, and a quarter had not consulted any information at all. Women, those on low income and people with low financial literacy were less likely to have engaged with sources of information, advice or guidance or started saving for retirement, increasing the risk that their income is unlikely to match their expectations and living standards in later life or that they can be put in a difficult situation if they have to give up work. The proportion of people who had not sought any information rose to 40% of people earning under £10,000 but fell to 5% of people earning over £44,000. Generally, people made use of multiple sources of information, but where they only used one source it was typically related to a government website or their employer. Government websites such as the DWP and Check Your State Pension were the most widely used services, used by two in five people earning over £10,500 a year and one in three people with incomes below this level. Employers and providers were also common sources of information, with those on higher incomes reporting higher levels of engagement with both. The survey also reported that around 10% of people in each income bracket had taken up their free Pension Wise appointment, suggesting that there is scope to improve take up of information, guidance and advice through a number of different channels.

Low levels of understanding and engagement with retirement planning are also evident in reported levels of awareness of income needs in retirement. Two fifths of people aged 40-49, and around a quarter of people aged 60-65 had no idea how much income they would need to maintain living standards in later life, whilst just 14% and 29% reported having a very good idea in the same groups.

Looking more closely at people with DC pensions, there is again considerable variation in the extent to which people are planning for retirement. The FCA Financial Lives survey found that overall, 20% of people have high levels of engagement with their DC pension yet 28% have very low levels of engagement. These differences are exacerbated by a significant gender gap which suggests that 26% of men have very high levels of engagement compared to just 12% of women, which suggests worrying consequences if poor levels of engagement result in poorer retirement outcomes. Although engagement levels increase with age, only one quarter of active members over 55 have high levels of engagement, whilst two in five people have low or very low levels.

Similar patterns are found in the extent to which people with pensions in accumulation had thought about how much they should be contributing to maintain a reasonable standard of living in later life. Just one in five people had thought about it a lot, whilst two in five people hadn't thought about it at all. Again, outcomes were better among men than women and improved as people approached retirement. A key component of decisions around contributions is awareness of how much members and their employers are paying into their pensions, but 38% of all active DC members were unaware of this information, with higher rates of awareness once again evident among men. In 2020, almost two in five people did not know how much they and their employers contributed to their DC pension.

Further this indicator has been unable to be updated in 2025 as a result of no new data produced. While we are confident that the data would not show a marked improvement in the indicator should data be available, this lack of data hinders the ability of policy development.

Figure F1.2.1: Whether checked details of State Pension by age

Age	Checked State Pension age	Checked State Pension amount
40-49	37%	26%
50-54	42%	33%
55-59	57%	43%
60-65	73%	60%

Figure F1.2.2: Proportion of people using different sources of information, advice or guidance when planning for retirement, split by income groups

	Under £10,000	£10,500-£27,000	£27,000-£44,000	Over £44,000
Government website	31%	42%	43%	42%
Pension Provider	20%	37%	45%	57%
Employer	19%	32%	43%	56%
Professional Advisor	19%	27%	36%	46%
Friends/Family	18%	23%	26%	35%
Pensions Wise	9%	11%	11%	8%
Other	5%	5%	8%	12%
None	**40%**	**25%**	**18%**	**5%**

Figure F1.2.3: Proportion of people who know how much income they will need in retirement

Income amount idea	40-49	50-54	55-59	60-65	66-70	71+
Very good idea	14%	19%	31%	29%	42%	68%
Some idea	48%	45%	41%	48%	42%	20%
No idea	37%	36%	28%	23%	16%	12%

Figure F1.2.4: The level of engagement of active DC pension members using nine engagement indicators from the Financial Lives 2020 survey

	Very Low	Low	Moderate	High
All active DC pension members	28%	27%	25%	20%
Male	24%	24%	26%	26%
Female	35%	30%	23%	12%
18-24	42%	28%	24%	6%
25-34	30%	29%	23%	18%
35-44	28%	26%	22%	24%
55+	18%	23%	32%	26%

Figure F1.2.5: Proportion of DC savers who have thought about how much they should be contributing to their DC pension

	2017	2020
Yes a lot	18%	20%
Yes a little	42%	39%
Haven't considered	39%	41%

Figure F1.2.6: Proportion of DC savers who know how much in total they / their employers contributed to DC Pensions

	2017	2020
Yes for all of them	53%	59%
Yes for some of them	3%	3%
No	43%	38%

Technical Notes

Figure F1.2.1: Whether checked details of State Pension by age
Source: DWP Planning and Preparing for Later Life

1. Includes all survey respondents under State Pension age. Minimum n=1,640.

Figure F1.2.2: Proportion of people using difference sources of information, advice or guidance when planning for retirement, split by income groups
Source: DWP Planning and Preparing for Later Life

1. Includes all respondents, both retired and non-retired.
2. Respondents could select more than one answer so percentages may sum to more than 100%.

Figure F1.2.3: Proportion of people who know how much income they will need in retirement
Source: DWP Planning and Preparing for Later Life

1. Includes all respondents not yet fully retired (n=1,629).

Figure F1.2.4: The level of engagement of active DC pension members using nine engagement indicators from the Financial Lives 2020 survey
Source: FCA Financial Lives Survey

1. Includes all adults who currently contribute to a DC pension in accumulation (n=2,112).
2. The FCA calculates the pensions engagement score by assigning a score to each adult by reviewing 9 underlying indicators of engagement.

Figure F1.2.5: Proportion of DC savers who have thought about how much they should be contributing to their DC pension
Source: FCA Financial Lives Survey

1. Includes all UK adults with a DC pension in accumulation.
2. Question asked: Have you ever thought about how much you should be paying into your defined contribution pension(s) each year to maintain a reasonable standard of living when you come to retire?

Figure F1.2.6: Proportion of DC savers who know how much in total they / their employers contributed to DC Pensions
Source: FCA Financial Lives Survey

1. Includes all UK adults with a DC pension in accumulation.

References:

Department for Work and Pensions (DWP) (2022). Planning and Preparing for Later Life. Available at: www.gov.uk

Financial Conduct Authority (FCA) (2021). Financial Lives 2020 Survey, the impact of coronavirus. Available at: www.fca.org.uk

F1.3 Choices and Defaults

System Objective & Success Criteria	Sub-Objective Group	Indicator
F: Fairness	**F1 Process Fairness**	**F1.3 Choice and Defaults**
An **inclusive** system which engenders trust, provides **fair benefits** for all, **protects** people equally from risk in retirement and upholds the **commitments** that are made within and between generations.	Process fairness is a driver of fair outcomes. When processes are deemed to be fair, people are more likely to interact positively with the system and changes which are brought about within it. It can also build and maintain confidence and legitimacy, as well as secure commitment to rules and objectives.	This indicator is designed to measure the fairness of the choice and defaults system of pension saving. This indicator uses an assessment of whether those saving in the relevant pensions scheme can access defaults, safeguards and additional options of how much to save, how to invest and how to access pensions. This indicator is based on an evaluation of coverage across the entire workforce of who can access defaults, safeguards and additional options of how much to save, how to invest and how to access pensions in order to determine the total proportion of people who might benefit from these who have access. This indicator uses an assessment of how regulated defaults, safeguards and additional options of how much to save, how to invest and how to access pensions are, in order to determine the degree of consumer protection people have when using the available options. This indicator assesses the fairness of the pension saving system by evaluating whether savers have access to regulated defaults, safeguards, and flexible options across three key areas: how much to save, how to invest, and how to access their pensions. It considers both the extent of coverage across the workforce and the level of regulatory protection in place, in order to determine how many individuals are supported by these features and the degree of protection they receive when making pension-related decisions.

Indicator Measures

Measure & Purpose	Population	Data Source & Update Frequency
Accessibility This measure evaluates whether savers (particularly those saving in the pension scheme for whom certain features are most relevant – such as default contributions for members of DC schemes) can access regulated defaults, safeguards and additional options across the key stages of saving: how much to save, how to invest, and how to access pensions. It examines whether the individuals most in need of these features are able to benefit from them, and how well they are protected when doing so.	Those in workplace schemes (both DB and DC schemes)	ONS data – regularly updated[188] DWP Data Desk research
Coverage This dimension considers the extent to which the workforce as a whole has access to defaults, safeguards, and flexible options related to how much to save, how to invest, and how to access pensions. It aims to identify the proportion of individuals who could benefit from these features and whether they are currently able to access them.	Entire workforce	ONS data – regularly updated[189] DWP Data Desk research
Regulation This aspect evaluates the degree of regulatory oversight applied to defaults, safeguards, and options around saving, investing, and accessing pensions. It is intended to assess the level of consumer protection in place for savers using available options.	Regulatory landscape	Desk research

[188] ONS (2021), ONS (2022a), ONS (2022b), Wilkinson, L. Adams, J. Silcock, D., Okello, S. (PPI) (2024), DWP (2023).
[189] ONS (2021), ONS (2022a), ONS (2022b), Wilkinson, L. Adams, J. Silcock, D., Okello, S. (PPI) (2024), DWP (2023).

Assessment Classifications – 2025

L6	Strong support for fairness
L5	Good support for fairness
L4	Somewhat supports fairness
L3	Somewhat fails to support fairness
L2	Poor support for fairness
L1	Fails to support fairness

L4 Somewhat supports fairness

Choices, defaults and additional options are available to many savers. However, access is not consistent across all schemes and overall coverage across the working-age population remains lower. Regulation covers some aspects of saving for and in retirement, but not all.

While choices, defaults and additional options regarding how much to save, how to invest and how to access one's pension are available to many savers, they are primarily accessible to those in certain types of schemes, such as workplace DC pensions. However, coverage across the wider working-age population is more limited, particularly for individuals with personal pensions or those saving outside of a pension vehicle, who may lack equivalent support. While stronger protections exist around saving and investment decisions, there is less regulation covering how to access savings in retirement, which can leave consumers more exposed to risks at that stage.

Accessibility

The extent to which people are, where relevant, able to access default options, safeguards and additional options when saving, investing or accessing their pensions.

Defaults - How to access income	DB savers typically receive income via scheme-determined processes. For DC savers, no formal default decumulation route exists. Proposals under review (CDC Decumulation, DWP retirement defaults) may shift this landscape in the future.
Defaults - How to invest	All workplace DC schemes provide a default investment strategy (typically lifecycle or target date funds). DB schemes use a single pooled investment strategy for all members.
Defaults - How much to save	Accessible to all members of AE workplace schemes, where default contributions are set (8% combined). However, AE minimum thresholds (age 22+, £10k earnings) mean young individuals and lower earners are excluded.
Safeguards - How to access income	Investment pathways are required only for contract-based DC schemes (regulated by the FCA), and not for trust-based schemes, which cover the majority of workplace pension savers. As a result, most people in workplace DC pensions do not currently have access to these safeguards when accessing their income in retirement. DB members receive income automatically – no safeguards are required or provided unless transferring out.
Safeguards - How to invest	All DC workplace schemes have default investment strategies that act as a safeguard for savers not making active investment choices. Safeguards are less relevant in DB schemes, where individual investment control does not apply.
Safeguards - How much to save	AE provides an accessible safeguard through mandatory minimum contributions in qualifying workplace schemes. However, there are no automatic mechanisms to increase contributions over time. The extent to which the levels at which safeguards support adequate levels of saving is examined in the contributions indicator.
Additional options - How to invest	Those in workplace DC schemes can choose alternative investment strategies. Those in master trusts (MTs) face more restricted fund choice. DB members do not have individual investment options.
Additional options - How much to save	Most members of workplace schemes, including most DB and DC, have the option to make additional voluntary contributions (or top-ups). Affordability and awareness remain barriers.

Coverage

The proportion of the working age population in workplace schemes covered by defaults, safeguards and additional options when saving, investing or accessing their pensions.

Defaults - How to access income	Among the working-age population, only members of DB schemes have default mechanisms for accessing retirement income. Those in DC schemes generally must make an active decision. Defaults are not yet available for income access in trust-based DC schemes.
Defaults - How to invest	Default investment strategies are accessible to the majority of workplace pension scheme members (80% of all employees in Great Britain were participating in a workplace pension in 2023). Working-age individuals outside of workplace schemes (including the self-employed and those earning below the AE threshold) do not have access to default investment protections.
Defaults - How much to save	All members of workplace pension schemes under AE have default contribution levels. Given AE thresholds, a significant share of workers are excluded from this default (part-time workers, under 22s, low earners).
Safeguards - How to access income	Investment pathways are only available to members of contract-based DC schemes, covering a minority of DC savers. Trust-based schemes are not required to offer decumulation safeguards. Free guidance is available to all, but take-up remains low.
Safeguards - How to invest	Only those in workplace schemes have access to default strategies, which serve as safeguards for non-engaged savers.
Safeguards - How much to save	Default contributions under AE act as safeguards for those in qualifying workplace pensions. These safeguards do not exist for non-eligible or non-enrolled workers, who must opt in voluntarily.
Additional options - How to invest	Those in workplace DC schemes can choose alternative investment strategies, those in master trusts have limited choice, those in DB schemes cannot choose additional strategies.
Additional options - How much to save	Most members of workplace schemes can make additional voluntary contributions.

Regulation

The extent to which people are protected when using defaults, safeguards and additional options when saving, investing or accessing their pensions.

Defaults - How to access income	DB schemes are highly regulated through trustees' fiduciary duties. There is no equivalent regulation prescribing default decumulation pathways in DC schemes. Most DC savers must actively choose how to access their pension at retirement.
Defaults - How to invest	Default strategies are not prescribed, but existing regulation is in place (ex. Charge caps, liquidity, ESG requirements). Trustees or providers have discretion over asset allocation, glide paths and risk. Upcoming VfM framework aims to improve scrutiny of outcomes.
Defaults - How much to save	Workplace pension schemes contribution levels are fully regulated. Levels remain unchanged since 2019.
Safeguards - How to access income	Investment pathways are mandated by the FCA for non-advised consumers in contract-based DC schemes. Structures and risk profiles are not standarised. Trust-based schemes are not yet required to offer safeguards.
Safeguards -How to invest	Default strategies are not prescribed, butsafeguards for non-engaged members are ensured via charge caps and governance standards.
Safeguards - How much to save	Workplace pension schemes contribution levels are fully regulated.
Additional options - How to invest	Beyond basic regulation (e.g., treating customers fairly), these are fairly flexible – those investing in self-select funds are not protected by charge caps or limits on volatility in the same way those in default funds are.
Additional options - How much to save	Further contributions are entirely voluntary and are not covered by regulation.

Technical Notes

Data was taken from the following sources and the following figures were used:

- Trends in Workplace Participation - In 2023, 88% of eligible employees (20.8 million) and 80% of all employees (22.3 million) in Great Britain participated in a workplace pension - https://www.gov.uk/government/statistics/workplace-pension-participation-and-savings-trends-2009-to-2023/workplace-pension-participation-and-savings-trends-of-eligible-employees-2009-to-2023#:~:text=of%20AE%20eligibility-,1.,million)%20participating%20the%20year%20previous.
- Workplace Pensions survey data - 22.6m people were enrolled a workplace pension as of 2021 -https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions
- Wealth in Great Britain, Table 6.3: Individuals with active occupational defined contribution pensions, summary statistics by age and sex and Table 6.4: Individuals with active personal pensions, summary statistics by age and sex

Categorisation was based on:

Accessibility	Coverage	Regulation levels
Accessible to all relevant people	Covers entire working age population	Fully prescribed
Some coverage	Some coverage	Significant regulation
No coverage	No coverage	Some regulation
		Minimal regulation

References:

Department for Work & Pensions (DWP) (2023). Workplace Pension participation and savings trends of eligible employees: 2009 to 2022. Retrieved from: https://www.gov.uk/government/statistics/workplace-pension-participation-and-savings-trends-2009-to-2022/workplace-pension-participation-and-savings-trends-of-eligible-employees-2009-to-2022

Office for National Statistics (ONS) (2021). Workplace Pensions: Data and Analysis from Census 2021. Retrieved from: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions

Office for National Statistics (ONS) (2022a). Employee workplace pensions in the UK: 2021 provisional and 2020 final results. Retrieved from: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2021provisionaland2020finalresults

Office for National Statistics (ONS) (2022b). Pension Wealth: Wealth in Great Britain. Retrieved from: https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/pensionwealthwealthingreatbritain

Wilkinson, L., Silcock, D., Adams, J. and Okello, S. (2024). The DC Future Book 2024. Pensions Policy Institute. Retrieved from: https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2024/the-dc-future-book-2024-in-association-with-columbia-threadneedle-investments/

F2.1 Differences between groups

System Objective & Success Criteria	Sub-Objective Group	Indicator
F: Fairness	**F2 Outcome Fairness**	**F2.1 Differences between groups**
An **inclusive** system which engenders trust, provides **fair benefits** for all, **protects** people equally from risk in retirement and upholds the **commitments** that are made within and between generations.	Examines how differences in the way in which pension participation rates and retirement incomes differ among population groups, and the extent to which they put some people at greater financial risk in later life than others	This indicator is designed to examine how differences between population groups in retirement saving and retirement income are changing over time. Gaps in pension participation are assessed by examining how pension coverage among groups who have been historically less likely to participate in retirement saving compares to levels among those who are more likely to be saving. It also analyses the distribution of retirement income by population group in order to understand how changes in retirement income for richer households compare to those in poorer households, and whether the gaps between them are narrowing or widening over time.

Indicator Measures

Measure & Purpose	Breakdown	Data Source & Update Frequency
Rates of pension participation Indicates the extent to which levels of pension participation are changing within and between groups over time.	Economic Status, sector, gender, age, income, full/part-time, disability, ethnicity	DWP analysis of ASHE[190]
Net income after housing costs using quintiles of the AHC income distribution Highlights how changes in income are affecting pensioner households differently across the income distribution, and how the distribution of income is changing within and between groups over time.	Family Type, Age, Gender	PPI analysis of Pensioner Income series from DWP Stat-Xplore

[190] DWP (2024)

Assessment Classifications – 2025

L6	Strong support for fairness
L5	Good support for fairness
L4	Somewhat supports fairness
L3	Somewhat fails to support fairness
L2	Poor support for fairness
L1	Fails to support fairness

L3 Somewhat fails to support fairness

Rates of pension participation are rising among all groups of employees and fastest among those who may have been less likely to save in the past, but a small decline is observed among the self-employed. Overall, pensioners in the top income quintile consistently receive around four times the income of those in the lowest income households, but high-income single pensioner households receive considerably more compared to middle-and-low income households than they did ten years ago.

Almost ten years on from the introduction of Automatic Enrolment, rates of participation among eligible employees were 85% in 2020, up from 59% in 2010. The gap between coverage with the public sector, where 91% of workers participate in a pension scheme, has narrowed from 48% in 2010 to 15% in 2023. Although outcomes and contribution rates differ, this is a significant achievement. It is also one which was replicated among younger people, where rates of saving among people under 40 rose by more than 30% and are now comparable with those of people over 50. Similar patterns are seen among low income workers who were historically less likely to save into pensions than those on higher incomes. However, relatively substantive gaps remain among people from different ethnic backgrounds, for whom rates of participation are between 5 and 15% below the population average. The proportion of self-employed workers saving into any kind of pension fell from 21% in 2010 to 16% in 2020, over a period in which the proportion of people in self-employment grew considerably, however it has recovered to 18% of the self-employed saving into a pension.

Among those in retirement, the rate at which income is likely to have changed is dependent upon the level of income and composition of a household. After housing costs, income rose faster both over a ten-year period and a twelve-month period for couples in the middle and lower quintiles of the income distribution. These couples are likely to have a mix of income comprising a majority of State benefits. For single pensioners however, those on higher incomes, (for whom private pensions are likely to have generated an even higher proportion of household income) saw increases of around 20% over ten years compared to around 5% for low-income households. There was no significant difference among older and youngers pensioners couples or between single male and single female pensioners.

The impact of these changes is that on average, households in the top income quintile receive around four times the income of those in the lowest income groups and for pensioner couples, this rate has remained relatively stable over time. Among single pensioners however, those in the highest income quintile received 4.1 times the income of someone in the lowest quintile in 2020 compared to 3.9 times ten years ago, with even wider gaps opening up among younger pensioners which are explained by the higher increases in income among those in higher income groups. Overall, these trends mean that those in the lowest income group receive, on average, around half of the average income of the overall population (single or couple) and those in the top quintile receive twice as much. Although changes do not generally have the effect of widening differences between groups by income, these differences remain considerable and further mask individual differences which can be much more pronounced.

Figure F2.1.1: Rates of pension participation of eligible and non-eligible employees by breakdown, 2010-2023

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Economic Status														
Employees - not eligible	19%	19%	17%	16%	19%	24%	25%	27%	30%	32%	34%	38%	35%	32%
Employees - eligible	59%	58%	56%	56%	62%	69%	72%	75%	80%	83%	83%	87%	86%	85%
Self-employed	21%	21%	20%	18%	17%	14%	16%	14%	15%	14%	16%	18%	17%	18%
Unemployed	2%	2%	2%	2%	2%	2%	4%	3%	3%	2%	2%	3%	1%	5%
Inactive	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Employees														
Overall	**50%**	**48%**	**47%**	**50%**	**59%**	**64%**	**67%**	**73%**	**76%**	**78%**	**78%**	80%	79%	80%
Public	84%	83%	83%	85%	87%	87%	87%	89%	90%	89%	90%	91%	90%	91%
Private	36%	34%	34%	38%	51%	56%	61%	68%	72%	74%	74%	76%	76%	76%
Male	55%	53%	52%	56%	68%	73%	76%	83%	86%	87%	87%	87%	87%	87%
Female	61%	60%	59%	63%	74%	78%	79%	84%	88%	88%	89%	89%	88%	89%
22 to 29	39%	36%	35%	42%	60%	68%	71%	79%	85%	86%	85%	86%	85%	86%
30 to 39	57%	55%	54%	58%	71%	75%	77%	83%	87%	87%	88%	88%	88%	88%
40 to 49	65%	63%	62%	65%	74%	78%	80%	86%	88%	89%	89%	90%	90%	90%
50 to SPa	65%	63%	62%	66%	74%	77%	79%	85%	87%	88%	88%	88%	88%	88%
£10,000 - under £20,000	35%	32%	31%	38%	56%	61%	64%	73%	79%	80%	80%	81%	79%	78%
£20,000 - under £30,000	44%	43%	42%	46%	62%	69%	73%	80%	85%	86%	86%	87%	87%	87%
£30,000 - under £40,000	59%	56%	56%	59%	70%	74%	77%	84%	88%	89%	89%	89%	89%	89%
£40,000 - under £50,000	70%	69%	68%	70%	78%	81%	83%	88%	90%	90%	92%	91%	92%	92%
£50,000 - under £60,000	77%	75%	75%	77%	82%	85%	86%	91%	92%	91%	92%	92%	92%	92%
£60,000+	81%	81%	80%	82%	86%	88%	88%	92%	92%	92%	93%	93%	93%	94%
Full-time	58%	56%	55%	58%	70%	76%	78%	85%	88%	89%	89%	89%	89%	89%
Part-time	55%	54%	52%	61%	71%	72%	73%	78%	82%	83%	83%	83%	82%	81%

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Disabled	62%	61%	62%	53%	61%	71%	74%	78%	83%	85%	88%	88%	85%	87%
Non-disabled	58%	58%	55%	56%	62%	69%	72%	75%	80%	83%	82%	87%	86%	84%

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 - 2022/23
White	59%	58%	59%	63%	68%	73%	77%	81%	83%	86%	86%	87%	87%
Mixed	48%	49%	54%	60%	62%	67%	70%	77%	80%	82%	83%	83%	83%
Indian	46%	48%	49%	54%	59%	62%	67%	70%	72%	71%	75%	74%	74%
Pakistani & Bangladeshi	36%	35%	36%	42%	50%	58%	61%	61%	63%	66%	74%	73%	73%
Black	50%	49%	51%	56%	64%	67%	70%	73%	77%	80%	81%	80%	80%
Other	46%	44%	44%	48%	55%	59%	64%	68%	70%	72%	74%	78%	78%

Figure F2.1.2: Net weekly income after housing costs for single pensioners and pensioner couples, using income quintiles of the AHC income distribution, 2013-14 to 2023-24

	2013-14						2022-23						2023-24					
	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Total	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Total	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Total
All Pensioner Couples																		
Median Income	£297	£432	£567	£753	£1,178	£567	£316	£455	£593	£781	£1,202	£593	£302	£456	£595	£797	£1,204	£595
Mean Income	£274	£431	£568	£759	£1,480	£702	£293	£454	£596	£787	£1,525	£731	£275	£455	£595	£800	£1,546	£734
Pensioner Couple Under 75																		
Median Income	£291	£435	£569	£754	£1,183	£605	£314	£458	£599	£781	£1,214	£627	£300	£458	£590	£796	£1,205	£615
Mean Income	£266	£433	£569	£759	£1,472	£742	£291	£457	£598	£786	£1,560	£777	£264	£458	£593	£801	£1,606	£782
Pensioner Couple 75 and over																		
Median	£302	£423	£563	£749	£1,157	£501	£319	£450	£586	£781	£1,158	£552	£309	£452	£599	£797	£1,204	£566
Mean	£289	£427	£565	£758	£1,513	£613	£297	£451	£593	£788	£1,451	£667	£288	£452	£598	£798	£1,424	£667
All Single Pensioners																		
Median	£138	£206	£352	£265	£533	£265	£144	£220	£375	£284	£555	£284	£140	£216	£377	£282	£570	£282
Mean	£119	£207	£353	£267	£670	£323	£119	£220	£379	£284	£687	£338	£112	£216	£377	£283	£709	£339
Single Pensioner Under 75																		
Median	£141	£205	£352	£266	£553	£267	£143	£218	£376	£282	£555	£285	£143	£212	£377	£288	£588	£282
Mean	£119	£206	£354	£267	£671	£334	£113	£219	£381	£283	£704	£346	£110	£214	£376	£284	£760	£354
Single Pensioner 75 and Over																		
Median	£119	£206	£354	£267	£671	£334	£113	£219	£381	£283	£704	£346	£110	£214	£376	£284	£760	£354
Mean	£120	£208	£353	£266	£670	£315	£123	£220	£377	£285	£673	£332	£114	£218	£378	£282	£668	£329
Single Pensioner Male																		
Median	£136	£207	£352	£263	£584	£280	£141	£217	£376	£285	£592	£304	£132	£215	£379	£283	£564	£292
Mean	£119	£208	£353	£265	£763	£360	£113	£219	£380	£285	£786	£384	£102	£216	£378	£284	£713	£361
Single Pensioner Female																		
Median	£139	£206	£352	£266	£520	£260	£144	£221	£374	£283	£534	£276	£142	£217	£377	£281	£576	£278
Mean	£120	£207	£354	£267	£627	£309	£121	£220	£378	£284	£617	£314	£117	£216	£377	£282	£705	£329

Figure F2.1.3: Change in net weekly income after housing costs for single pensioners and pensioner couples, using income quintiles of the AHC income distribution, %, 2013-14 to 2023-24

	10Y Change						12M Change					
	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Total	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Total
All Pensioner Couples												
Median Income	2%	6%	5%	6%	2%	5%	-4%	0%	0%	2%	0%	0%
Mean Income	0%	6%	5%	5%	4%	5%	-6%	0%	0%	2%	1%	0%
Pensioner Couple Under 75												
Median Income	3%	5%	4%	6%	2%	2%	-4%	0%	-2%	2%	-1%	-2%
Mean Income	-1%	6%	4%	6%	9%	5%	-9%	0%	-1%	2%	3%	1%
Pensioner Couple 75 and over												
Median	2%	7%	6%	6%	4%	13%	-3%	0%	2%	2%	4%	3%
Mean	0%	6%	6%	5%	-6%	9%	-3%	0%	1%	1%	-2%	0%
All Single Pensioners												
Median	1%	5%	7%	6%	7%	6%	-3%	-2%	1%	-1%	3%	-1%
Mean	-6%	4%	7%	6%	6%	5%	-6%	-2%	-1%	0%	3%	0%
Single Pensioner Under 75												
Median	1%	3%	7%	8%	6%	6%	0%	-3%	0%	2%	6%	-1%
Mean	-8%	4%	6%	6%	13%	6%	-3%	-2%	-1%	0%	8%	2%
Single Pensioner 75 and Over												
Median	-8%	4%	6%	6%	13%	6%	-3%	-2%	-1%	0%	8%	2%
Mean	-5%	5%	7%	6%	0%	4%	-7%	-1%	0%	-1%	-1%	-1%
Single Pensioner Male												
Median	-3%	4%	8%	8%	-3%	4%	-6%	-1%	1%	-1%	-5%	-4%
Mean	-14%	4%	7%	7%	-7%	0%	-10%	-1%	-1%	0%	-9%	-6%
Single Pensioner Female												
Median	2%	5%	7%	6%	11%	7%	-1%	-2%	1%	-1%	8%	1%
Mean	-3%	4%	6%	6%	12%	6%	-3%	-2%	0%	-1%	14%	5%

Figure F2.1.4: Differences within groups – net weekly income AHC as a multiple of bottom quintile, using income quintiles of the AHC income distribution, 2013-14 to 2023-24

	2013-14					2022-23					2023-24				
	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile
All Pensioner Couples															
Median Income	1.0	1.5	1.9	2.5	4.0	1.0	1.4	1.9	2.5	3.8	1.0	1.5	2.0	2.6	4.0
Mean Income	1.0	1.6	2.1	2.8	5.4	1.0	1.5	2.0	2.7	5.2	1.0	1.7	2.2	2.9	5.6
Pensioner Couple Under 75															
Median Income	1.0	1.5	2.0	2.6	4.1	1.0	1.5	1.9	2.5	3.9	1.0	1.5	2.0	2.7	4.0
Mean Income	1.0	1.6	2.1	2.9	5.5	1.0	1.6	2.1	2.7	5.4	1.0	1.7	2.2	3.0	6.1
Pensioner Couple 75 and over															
Median	1.0	1.4	1.9	2.5	3.8	1.0	1.4	1.8	2.4	3.6	1.0	1.5	1.9	2.6	3.9
Mean	1.0	1.5	2.0	2.6	5.2	1.0	1.5	2.0	2.7	4.9	1.0	1.6	2.1	2.8	4.9
Single Pensioners All															
Median	1.0	1.5	2.6	1.9	3.9	1.0	1.5	2.6	2.0	3.9	1.0	1.5	2.7	2.0	4.1
Mean	1.0	1.7	3.0	2.2	5.6	1.0	1.8	3.2	2.4	5.8	1.0	1.9	3.4	2.5	6.3
Single Pensioner Under 75															
Median	1.0	1.5	2.5	1.9	3.9	1.0	1.5	2.6	2.0	3.9	1.0	1.5	2.6	2.0	4.1
Mean	1.0	1.7	3.0	2.2	5.6	1.0	1.9	3.4	2.5	6.2	1.0	1.9	3.4	2.6	6.9
Single Pensioner 75 and Over															
Median	1.0	1.7	3.0	2.2	5.6	1.0	1.9	3.4	2.5	6.2	1.0	1.9	3.4	2.6	6.9
Mean	1.0	1.7	2.9	2.2	5.6	1.0	1.8	3.1	2.3	5.5	1.0	1.9	3.3	2.5	5.9
Single Pensioner Male															
Median	1.0	1.5	2.6	1.9	4.3	1.0	1.5	2.7	2.0	4.2	1.0	1.6	2.9	2.1	4.3
Mean	1.0	1.7	3.0	2.2	6.4	1.0	1.9	3.4	2.5	7.0	1.0	2.1	3.7	2.8	7.0
Single Pensioner Female															
Median	1.0	1.5	2.5	1.9	3.7	1.0	1.5	2.6	2.0	3.7	1.0	1.5	2.7	2.0	4.1
Mean	1.0	1.7	3.0	2.2	5.2	1.0	1.8	3.1	2.3	5.1	1.0	1.8	3.2	2.4	6.0

Figure F2.1.5: Differences between groups – net weekly income AHC as a multiple of population average, using income quintiles of the AHC income distribution, 2013-14 to 2023-24

	2013-14					2022-23					2023-24				
	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile	Bottom quintile	Second quintile	Third quintile	Fourth quintile	Top quintile
All Pensioner Couples															
Median Income	0.5	0.8	1.0	1.3	2.1	0.5	0.8	1.0	1.3	2.0	0.5	0.8	1.0	1.3	2.0
Mean Income	0.4	0.6	0.8	1.1	2.1	0.4	0.6	0.8	1.1	2.1	0.4	0.6	0.8	1.1	2.1
Pensioner Couple Under 75															
Median Income	0.5	0.8	1.0	1.3	2.1	0.5	0.8	1.0	1.3	2.0	0.5	0.8	1.0	1.3	2.0
Mean Income	0.4	0.6	0.8	1.1	2.1	0.4	0.6	0.8	1.1	2.1	0.4	0.6	0.8	1.1	2.2
Pensioner Couple 75 and over															
Median	0.5	0.7	1.0	1.3	2.0	0.5	0.8	1.0	1.3	2.0	0.5	0.8	1.0	1.3	2.0
Mean	0.4	0.6	0.8	1.1	2.2	0.4	0.6	0.8	1.1	2.0	0.4	0.6	0.8	1.1	1.9
Single Pensioners All															
Median	0.5	0.8	1.3	1.0	2.0	0.5	0.8	1.3	1.0	2.0	0.5	0.8	1.3	1.0	2.0
Mean	0.4	0.6	1.1	0.8	2.1	0.4	0.7	1.1	0.8	2.0	0.3	0.6	1.1	0.8	2.1
Single Pensioner Under 75															
Median	0.5	0.8	1.3	1.0	2.1	0.5	0.8	1.3	1.0	2.0	0.5	0.8	1.3	1.0	2.1
Mean	0.4	0.6	1.1	0.8	2.1	0.3	0.6	1.1	0.8	2.1	0.3	0.6	1.1	0.8	2.2
Single Pensioner 75 and Over															
Median	0.4	0.8	1.3	1.0	2.5	0.4	0.8	1.3	1.0	2.5	0.4	0.8	1.3	1.0	2.7
Mean	0.4	0.6	1.1	0.8	2.1	0.4	0.7	1.1	0.8	2.0	0.3	0.6	1.1	0.8	2.0
Single Pensioner Male															
Median	0.5	0.8	1.3	1.0	2.2	0.5	0.8	1.3	1.0	2.1	0.5	0.8	1.3	1.0	2.0
Mean	0.4	0.6	1.1	0.8	2.4	0.3	0.6	1.1	0.8	2.3	0.3	0.6	1.1	0.8	2.1
Single Pensioner Female															
Median	0.5	0.8	1.3	1.0	2.0	0.5	0.8	1.3	1.0	1.9	0.5	0.8	1.3	1.0	2.0
Mean	0.4	0.6	1.1	0.8	1.9	0.4	0.7	1.1	0.8	1.8	0.3	0.6	1.1	0.8	2.1

Technical Notes

Figure F2.1.1: Rates of pension participation of eligible and non-eligible employees by breakdown, 2013-2023
Source: DWP

1. Analysis includes members of all workplace pension schemes: occupational pension schemes, group personal pensions (GPPs) and group stakeholder pensions (GSHPs).
2. To define an eligible employee the data is restricted to capture employees who meet the automatic enrolment age and earnings criteria in each year, see below, including employees who were already a member of a workplace pension scheme before automatic enrolment commenced. The corresponding earnings thresholds have been used from 2012 onwards and deflated using ONS AWE between 2008 and 2011 to determine automatic enrolment eligibility.
3. State Pension age (SPa) began to increase during 2010. The age tables take account of this change and therefore SPa varies from 2011, these changes have also been applied when selecting employees between 22 and SPa.

Figure F2.1.2: Net weekly income after housing costs for single pensioners and pensioner couples, using income quintiles of the AHC income distribution, 2013-15 to 2023-24
Source: PPI analysis of Pensioner Income series data from DWP Stat-Xplore

1. Net weekly pensioner income after housing costs are analysed by income quintiles of the AHC income distribution. Pensioner couples and single pensioners are analysed against quintiles of the pensioner couple distribution and single pensioner respectively.

References:

Department for Work and Pensions (DWP) (2024) Workplace Pension Participation for Eligible Employees, 2009-2023. Available at: www.gov.uk

F3.1 Value for Money (VfM)

System Objective & Success Criteria	Sub-Objective Group	Indicator
F: Fairness	**F3 Protecting Consumers**	**F3.1 Value for Money**
An **inclusive** system which engenders **trust**, provides **fair benefits** for all, **protects** people equally from risk in retirement and upholds the **commitments** that are made within and between generations.	Despite the shifts towards increased personal responsibility for pension outcomes, the complexity of pensions is such that people "need protection from others who deliberately exploit their weaknesses" as well as from the risks associated with poor decision making. Protecting consumers is an important component of Fairness because it reflects the notion that policy has a role to play in the security of retirement income by moderating the relationship between pension outcomes and financial markets, in order to uphold commitments to pension adequacy. This set of indicators examines some of the trends and risks that savers face to their retirement savings and actions taken by schemes and policymakers and regulatory bodies to manage them.	This indicator is designed to measure the degree to which workplace pension schemes provide value for money to members. Key areas of delivery which impact value for money include investments, administration (and associated fees) and engagement. Consistently positive real investment returns, within appropriate volatility parameters – both upper and lower – are the most significant driver of VFM in terms of net returns. But outcomes for savers in terms of meeting target income levels are most influenced ultimately by the level of contributions. This indicator uses current policies on Value for Money to assess the clarity and coverage of measures which will allow people to **trust** their scheme and feel that regulation is **protecting** their pension management. Data on returns and charges shows in monetary terms how value for money is changing over time for members. Levels of scheme consolidation help to illustrate growth in average scheme size, which brings cost benefits from pooled administration and investment benefits from greater opportunities.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Clarity and coverage of value for money measures regulation	All DC scheme types and decumulation	Desk research – current legislation
DC pension investment returns net of charges Tracks role of investment returns to overall value for money	DC schemes	CAPA data[192]
Member charges Highlights differences in member charges between scheme types that could affect VfM	All DC scheme types	DWP pension Charges survey[193]
Rates of consolidation Indicates the extent to which schemes may be more able to deliver VfM through administration and investment strategies that benefit from economies of scale	All DC scheme types	The Pensions Regulator[194]
Proportion of people not aware of any charges incurred on their DC pension, and proportion not aware their pensions are invested Highlights extent to which consumers require a degree of protection around costs and returns on account of awareness	Age, gender	FCA Financial Lives Survey[195]

[191] Kahneman, D. (2013)
[192] CAPA (2025)
[193] DWP (2021)
[194] TPR (2025)
[195] FCA (2025)

Assessment Classifications – 2025

L6	Strong support for fairness
L5	Good support for fairness
L4	Somewhat supports fairness
L3	Somewhat fails to support fairness
L2	Poor support for fairness
L1	Fails to support fairness

L4 Somewhat supports fairness

Regulation on VFM is under development and covering increasingly more scheme members, a concerning proportion of whom report that they are not aware of any charges incurred on their DC pension, or that their DC pension is invested. In addition, investment returns are growing and member charges are falling. The number of schemes has reduced, suggesting that smaller schemes are consolidating.

The need to provide a level of protection to the value for money that consumers achieve from their pensions is becoming increasingly important as the level of savers and savings in DC pensions continues to grow. The FCA Financial Lives Survey reported in that in 2022, over half of UK adults with a DC pension in accumulation were not aware that any charges were incurred, however this is a decrease from the two in three who were reported as unaware in the 2020 survey continuing the downward trend observed from the 2017 survey results. Furthermore, three in ten people had not realised that their pension was invested, and that the value of their money could go up or down accordingly. In both measures, awareness was lower among women than men by around ten percentage points, but generally increased with age. To protect consumers from harmful outcomes that may be associated with low levels of awareness, the Pensions Regulator (TPR) is developing a holistic framework and related metrics to assess Value for Money in all FCA and TPR regulated defined contribution (DC) pension schemes (workplace and non-workplace). Measures have focused on value for money in accumulation rather than at and in retirement, however this is becoming an increasing area of analysis. From October 2021, Contract-based DC scheme Independent Governance Committees have been required to measure their firms value for money according to set out measures provided by the FCA.

Investment returns have been generally better than stock market returns in recent years, however performance over the later pandemic period from 2021 to 2023 showed investment performance below returns from the FTSE 100.

In automatic enrolment, qualifying schemes charges have fallen slightly since 2016. Charges have been reducing in general, particularly in non-qualifying schemes. In earlier years, higher charges among non-qualifying schemes were typically attributed to their age and likelihood of being sold in a less regulated and less competitive environment. All members in qualifying schemes covered by recent DWP research are now below the charge cap, and the average charge across this group is 0.48%, significantly below the cap. Driving factors associated with the level of ongoing charges paid by members included the scheme's qualifying status (ie whether it was used for automatic enrolment and subject to the charge cap measures, members of non-qualifying schemes paid more), the number of members in the scheme (smaller schemes had higher charges), and the scheme type (on average, charges were lower among trust based schemes than contract based schemes).[196]

The number of schemes has reduced significantly, since 2014 while total memberships has grown significantly since 2014. This suggests a trend of scheme consolidation (over and above the impact of automatic enrolment). Achieving scale may have a positive impact on costs, but diminishing returns may set in. Although large may be able to access new opportunities to achieve diversity in assets through unlisted or direct investments that could increase returns, the main barrier to investing in these assets relates to the associated increase unit investment costs and unpredictability of charges.[197]

[196] DWP (2021)
[197] Hurman N, Jethwa C, Silcock D and T Pike (PPI) (2021)

Figure F3.1.1: Pension fund investment returns compared to FTSE 100 total returns, per cent

Fund	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24	Q3/24	Q4/24
30 years to retirement	6.1	32.0	21.0	20.8	16.5	10.1	-5.3	-7.9	-9.0	-3.8	8.3	9.3	13.2	16.2	16.6	18.3	15.2
5 years to retirement	5.1	19.7	12.9	12.3	9.1	5.3	-6.2	-10.5	-9.7	-4.8	3.7	6.7	10.3	11.5	12.6	15.1	10.3
FTSE 100	-11.5	21.9	18.0	25.4	18.4	16.1	5.8	0.9	4.7	5.4	9.1	14.7	7.9	8.4	12.8	12.4	9.7

Figure F3.1.2: Average ongoing charge (as a percentage of funds under management) paid by members of each DC scheme type, by scheme type, UK 2015 to 2020

	Qualifying bundled schemes (mean ongoing charge)	Non-qualifying bundled schemes (mean ongoing charge)
2015	0.49%	0.79%
2016	0.50%	0.84%
2020	0.48%	0.53%

Figure F3.1.3: Change in number of schemes and scheme membership 2012 to 2025

Date	Total Number of memberships	Total number of schemes	Distribution of memberships by scheme size			
			12 to 99	100 to 999	1,000 to 4,999	5,000+
01/01/2015	4,668,000	2,930	1%	7%	14%	79%
01/01/2016	6,931,000	2,740	1%	4%	9%	86%
01/01/2017	9,820,000	2,470	0%	3%	7%	90%
01/01/2018	12,622,000	2,180	0%	2%	5%	93%
01/01/2019	16,769,000	1,970	0%	1%	4%	95%
01/01/2020	19,616,000	1,740	0%	1%	3%	96%
01/01/2021	21,722,000	1,560	0%	1%	2%	97%
01/01/2022	23,412,000	1,370	0%	1%	2%	97%
01/01/2023	26,006,000	1,220	0%	0%	2%	98%
01/01/2024	28,776,000	1,080	0%	0%	1%	98%
01/01/2025	30,625,000	910	0%	0%	1%	99%

Figure F3.1.4: Proportion of people not aware of any charges incurred on their DC pension

	2017	2020	2022
All with a DC pension in accumulation	71%	67%	55%
Male	63%	61%	45%
Female	80%	75%	65%
18-24	86%	85%	72%
25-34	86%	76%	68%
35-44	75%	67%	61%
45-54	63%	61%	46%
55+	59%	57%	43%

Figure F3.1.5: Proportion of people not aware their DC pension is invested

	2020	2022
All with a DC pension in accumulation	29%	29%
Male	25%	21%
Female	34%	36%
18-24	45%	51%
25-34	38%	40%
35-44	29%	34%
45-54	27%	18%
55+	15%	16%

Technical Notes

Figure F3.1.1 Pension fund investment returns compared to FTSE 100 total returns
Sources: Corporate Adviser- Corporate Adviser Pension Average (CAPA), FTSE Russell FTSE100

1. The Corporate Adviser Pensions Average (CAPA) is the average (mean) return delivered by defaults for which data is available, over set time frames. It covers the performance of the strategies of more than 95 per cent of the entire master trust market, as well as those of key life insurers active in the provision of workplace pensions. It covers investments made by more than 10 million UK pensions savers.
2. Performance is calculated gross, ie before charges have been deducted, as this focuses on the investment skill of the default strategy. This is also necessary because some providers levy different charges from different employers, or do not charge all members in exactly the same way. Charges should be deducted from the performance figures shown to show the actual return to the saver.
3. The FTSE 100 is a market-capitalisation weighted index of UK-listed blue chip companies. The index is part of the FTSE UK Series and is designed to measure the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. FTSE 100 constituents are all traded on the London Stock Exchange's SETS trading system.
4. The index is designed for use in the creation of index tracking funds, derivatives and as a performance benchmark. A total return index allows for cash distributions as well as capital gains. It assumes that dividends are reinvested.

Figure F3.1.2 Average ongoing charges 2015 to 2020
Source: Department for Work and Pensions

1. DWP reports that: "To protect employees, workplace pensions are subject to a variety of rules, notably the government's charges measures introduced in 2015 and 2016. One of these measures caps ongoing charges for pension schemes used for automatic enrolment (known as qualifying schemes) at 0.75%. Other rules prevent providers from levying charges that could be particularly inappropriate for people automatically enrolled into their employer's scheme."
2. In 2020, these factors have continued to drive differences in ongoing charge levels between members. However, the relative impact of each has changed notably, and the impact of qualifying status in particular has declined.

Figure F3.1.3 Change in number of schemes and scheme membership 2012 to 2024
Source: The Pensions Regulator DC trust: Scheme return data 2021 to 2024

1. A reduction in the number of pension schemes coupled with increases in both average scheme size and the number of members indicates scheme consolidation.

Figure F3.1.4: Proportion of people not aware of any charges incurred on their DC pension
Source: FCA Financial Lives Survey

1. Includes all adults with DC pensions in accumulation who were asked:
2. Are you aware of any charges incurred on your defined contribution pension(s)?

Figure F3.1.5: Proportion of people not aware their DC pension is invested
Source: FCA Financial Lives Survey

1. Includes all adults with DC pensions in accumulation who were asked:
2. The money in your only falls to 64%. defined contribution pension(s) is invested. In some years, these investments may perform well and go up in value. In other years they may go down in value. Before today, were you aware that There is no notable difference in these your defined contribution pension(s) are invested?

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Hurman N, Jethwa C, Silcock D and T Pike (PPI) (2021), What can other countries teach the UK about measuring Value for Money in pension schemes? Available at: https://www.pensionspolicyinstitute.org.uk

Kahneman, D. (2013). Thinking Fast and Slow. New York, Farrar, Straus & Giroux p.413

The Pensions Regulator (TPR) (2025). Occupational defined contribution landscape 2024 annex. Available at: www. thepensionsregulator.gov.uk

F3.2 System Security and Safety Nets

System Objective & Success Criteria	Sub-Objective Group	Indicator
F: Fairness	**F3 Protecting Consumers**	**F3.2 System Security and Safety Nets**
An **inclusive** system which engenders **trust**, provides **fair benefits** for all, **protects** people equally from risk in retirement and upholds the **commitments** that are made within and between generations.	Despite the shifts towards increased personal responsibility for pension outcomes, the complexity of pensions is such that people "need protection from others who deliberately exploit their weaknesses" as well as from the risks associated with poor decision making. Protecting consumers is an important component of Fairness because it reflects the notion that policy has a role to play in the security of retirement income by moderating the relationship between pension outcomes and financial markets, in order to uphold commitments to pension adequacy. This set of indicators examines some of the trends and risks that savers face to their retirement savings and actions taken by schemes and policymakers and regulatory bodies to manage them.	This indicator considers the extent to which savers are **protected** from **risks** that result from any action of a financial institution or individual that leads to saver detriment, and actions taken by schemes and regulatory bodies to manage them.[199] It also considers the extent to which embedded safety nets and processes may help protect retirement outcomes from risks associated with poor decision-making and unintended consequences of policy and system design or choices available. Overall, these mechanisms can support the long-term security of the UK pension system and **commitments** made within it. Looking at how the system responds when challenges arise, and the extent to which processes can prevent these from occurring, can also provide an insight into the level of security that savers can expect around their standard of living in retirement. As a result, there is a level of **trust** that they are likely to develop in the system over time.

Indicator Measures

Measure & Purpose	Strata	Data Source & Update Frequency
Qualitative analysis of security in policies and processes that relate to: • The State Pension system during working life, at retirement, and through retirement • The private pension system during working life, at retirement and through retirement And data that relates to:		
Triple Lock Uprating Measures Indicates the extent to which current and future pensioners are protected from impact of economic change on the value of their State Pensions	-	ONS Consumer Price Inflation Tables[200], ONS Monthly Wages and Salaries Survey[201], House of Commons Library Benefits Uprating 2022/23[202]
Pension Scams These scams undermine security by deceiving individuals into losing their retirement savings, leaving them vulnerable and financially exposed.		FCA Financial Lives Survey[203]
DB Transfers DB transfers allow individuals to move their guaranteed retirement income into alternative plans, potentially undermining their long-term stability and retirement security.		FCA Data on Defined Benefits Pension Transfer Activities, FCA Retirement Income Market Data 2022/23
PPF[204] and FSCS[205] etc. PPF ensure that DB scheme members are looked after if the employer funding their scheme becomes insolvent. The government-established FSCS offers trusted compensation for customers when financial firms fail. They provide protection for savings, investments, and insurance.		PPF Annual Report 2023/24, FSCS Annual Report 2023/24
FSCS Levy		House of Commons Work & Pensions Select Committee Analysis of FSCS data (2021)[206], FCA Financial Services Compensation Scheme Levy Calculation Notes 2024/2025 Final Rates

[198] Kahneman, D. (2013)
[199] FCA (2013)
[200] ONS
[201] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/previousreleases
[202] Kirk-Wade. E, and Harker. R (2023).
[203] Financial Conduct Authority (FCA) (2022). Financial Lives Survey 2022. Retrieved from: https://www.fca.org.uk/financial-lives/financial-lives-2022-survey
[204] Pension protection Fund (PPF).
[205] Financial Services Compensation Scheme (FSCS).
[206] House of Commons Work and Pensions Committee (2021).

Assessment Classifications – 2025

L6	Strong support for fairness
L5	Good support for fairness
L4	Somewhat supports fairness
L3	Somewhat fails to support fairness
L2	Poor support for fairness
L1	Fails to support fairness

L3 Somewhat fails to support fairness

Wide-ranging safety nets exist to help people accrue entitlements to the State Pension throughout working life, and to meet or maintain a minimum level of income in retirement. However, some gaps do exist. There is significant variation in the private sector where those with DC pensions face considerably greater risks to the long-term security of their savings than those with DB, and effective safety nets can be more complex to implement.

State Pension[207]

Qualifying years

1. Approximately 98% of individuals aged 70 and over are in receipt of State Pension income, equating to around 12.9 million individuals. Among these recipients, 81% receive income at or above the level of the Basic State Pension (BSP) or higher (see indicator A2.1). For the financial year 2024, the full BSP rate was £156.20 per week, while the full New State Pension (nSP) rate was £203.85 per week.[208] Among individuals retiring under the new State Pension system, almost 90% have income equal to or exceeding the full nSP amount, including a significantly higher proportion of females than in the past.
2. These outcomes can be attributed to policy changes over the years which have sought to increase the number of qualifying years that individuals accrue towards their State Pension in working life by extending NI credits to people who are unable to work due to illness, disability or caring responsibilities (for family members, young children etc.). Such measures have been instrumental in safeguarding the retirement income of individuals, particularly women, who take time out of the labour market for caregiving.
3. Groups such as caregivers and individuals with lower lifetime earnings face significant risks to pension adequacy. NI credits therefore offer an important safety net, ensuring that periods spent out of paid employment due to caregiving or other responsibilities, do not adversely affect individuals' State Pension entitlement.
4. NI credits are not, however, universally applied on an automatic basis, with some groups being required to actively backdate claim credits and others receiving them by default when relevant benefits are taken up. The requirement to apply for credits in some circumstances can pose a significant barrier to uptake since it requires people to understand their entitlements sufficiently to act on them, meaning that this important safety net does not operate equally among groups. These groups currently include, amongst others, carers who provide support to someone for 20+ hours a week but are not in receipt of Income Support or Carer's Allowance; or parents who take time out of work to care for young children but do not qualify for Child Benefit.
5. Individuals not engaged in paid work and not in receipt of a qualifying benefit do not automatically receive credits towards their National Insurance record, reducing the amount of State Pension they receive upon retirement.

Triple lock

6. The Triple Lock mechanism ensures that the State Pension increases annually by the highest of three measures: average earnings growth, Consumer Prices Index (CPI) inflation, or 2.5%. For those in retirement, the Triple Lock provides a safeguard against inflation and earnings fluctuations. Its temporary suspension in 2022 (during which it was replaced by a "Double Lock", excluding the earnings component) raised concerns that this mechanism may not be as robust against economic change and short-term policy interventions as had been hoped.
7. Although the Triple Lock provides valuable income protection for pensioners, its long-term affordability has been questioned as the retired population grows. The application of the policy (especially during periods of economic volatility) has also raised concerns about intergenerational fairness, as young cohorts may face different pension prospects and contribute to funding through taxation.
8. Means-tested benefits provide a dependable, although relatively low, level of income to people with low incomes in later life, ensuring a minimum standard of living. Further support is available for those on low incomes over the age of 80. Under the current system however, the same safety nets are not extended to people who leave the labour market before reaching State Pension age.

[207] Mirza Davies et al. (2025). Pensions in the UK: Research Briefing. House of Commons Library.
[208] DWP. Pensioners' Incomes: Financial Years Ending 1995 to 2024. Retrieved from: https://www.gov.uk/government/statistics/pensioners-incomes-financial-years-ending-1995-to-2024/pensioners-incomes-financial-years-ending-1995-to-2024?utm_source=chatgpt.com

9. Before reaching State Pension age, the only safety nets available in place of earnings to people who leave the labour market are either those which are provided for privately in the form of occupational and personal pensions and household savings or working-age benefits. Working age benefits are substantially lower than those afforded to people over SPa, signalling a potentially growing problem for low-income households as State Pension ages continue to rise.

10. Between January 2021 and March 2025, the Department for Work & Pensions (DWP) identified 130,948 cases of State Pension underpayments, totalling £804.7 million in arrears.[209] The majority of those affected have been women. Although the vast majority of millions of State Pensioners will receive accurate entitlements, these underpayments highlight administrative shortcomings within the pension system, and accentuate the importance of having administrative safety nets in place. While the DWP has made substantial progress in rectifying these errors, the correction exercise is ongoing. Additionally, the repayments do not include interest to compensate for the time value of money lost, meaning affected individuals may not receive the full value owed.

Availability of Data

11. DWP publishes high-level data on State Pension and benefit income income, but detailed, disaggregated data (e.g., outcomes by ethnicity, region, disability status) is limited. Collecting and publishing more granular information would improve system oversight and help identify where certain groups may be at risk of lower pension outcomes. This would support earlier and more targeted policy responses to address potential inequalities.

Private Pensions

1. There is considerably greater variation in protection against retirement risk in private pensions, due in part to the complex interactions that exist between public policy and the private sector. In the UK pension system, government, regulators and trustees are some of the organisations responsible for maintaining complex rules around protecting individual rights and fairness, and for enforcing them equally, but the fragmentation of responsibility has been recognised as a significant barrier to progress.[210] Even though one of the FCA's three statutory objectives is to secure an appropriate degree of protection for consumers, in many circumstances, very little power currently lies with anyone except the individual.[211] [212]

2. Where safety nets exist, their objective is typically to help provide people with the appropriate level of protection from risks associated with poor decision-making, deceptive or unfair practises by financial services firms, frauds or scams, and in some cases the unintended consequences of policy design. However, the effectiveness of these protections varies, and gaps remain, particularly in the context of evolving financial products and services. A series of policy initiatives and reforms are being discussed with the intention of strengthening existing safety nets that operate in the pensions system.

3. For those saving for retirement, Automatic Enrolment has proved to be one of the most successful pensions policy interventions in recent times. It has brought over 11 million individuals into workplace pension schemes. Since its introduction in 2012, employers are required to provide both access to a workplace pension and associated employer contributions. Default investment pathways also help to ensure that savings belonging to those who do not make active investment decisions are invested appropriately, and charges are capped to protect members from being overcharged.

4. However, Automatic Enrolment has also brought about other risks for which safety nets have yet to be fully developed. Broadly speaking, the these include lack of access to workplace pensions and associated benefits for people under 22, those earning below £10,000 annually, and the self-employed. These groups, often comprising women, people from ethnic minority backgrounds, carers and people with disabilities are at higher risk of inadequate retirement savings. In addition to this, the default contribution rate of 8% (combined employer and employee contributions) is generally insufficient for most people to replicate working life living standards in retirement. Without active decisions by savers or employers to increase contributions, default levels only provide a partial security against a fall in living standards in later life, yet many savers remain unaware of these risks. Recent discussions have focused on expanding AE to include younger workers and lower earners, but as of 2025, thresholds remain unchanged.

5. The greatest risks for people around retirement age are typically those which relate to decision making. These risks are particularly difficult to manage since they often require people to engage with choices that they may not fully understand. For those with DB pensions, increasingly robust processes are in place which require the provider to assess the extent to which a DB transfer may be in the customers best interest. However, the overall decision remains with the customer, meaning it can be impossible to fully mitigate or compensate for the impact of poor decisions. As those with DB live through retirement, the Pension Protection Fund (PPF) provides a crucial safety net to members of qualifying schemes where an employer may become insolvent. In these cases, the PPF (which is funded by an industry levy) provides compensation when the employer doesn't have enough funds to pay the pension. Members generally receive around 90% of what their pension was worth at the time the employer became insolvent, and this amount increases in line with inflation each year, up to a limit set out in legislation.

6. For those with DC pensions, decisions around when and how to access savings can be complex, particularly since Pension Freedoms were introduced. Default investment pathways for those in drawdown (available for savers in contract-based, FCA-regulated schemes) are beginning to address some of these decisions, and discussions surrounding the establishment of similar default decumulation solutions for the trust-based market are emerging. Those who can not or do not yet benefit from default decumulation solutions are required to manage longevity and inflation risk themselves, meaning that the benefit of uprating in State and DB pensions becomes an increasingly important safety net.

7. Although free guidance is available to people approaching retirement through Pension Wise and MoneyHelper, take up remains relatively low and heavy regulation around the provision of advice can become a barrier to making it more widely accessible. Guidance is intended to provide information that can help consumers narrow down choices without making explicit recommendations, whilst advice is defined as a service which takes into account consumer's individual circumstances and goals to recommend a specific course of action.[213] The distinction between guidance and advice can be confusing, and regulatory constraints limit the provision of affordable, tailored advice. The FCA and HM Treasury are currently reviewing this issue through the Advice Guidance Boundary Review (AGBR), with proposals such as "targeted support" being explored to help bridge the gap between free guidance and regulated advice.

8. As people approach and live through retirement, pension fraud and scams become an increasingly worrying concern. The harm that they can cause to the value of retirement savings, which in some cases may be wiped out, is significant and in many cases be almost impossible to compensate for. Risks to DC savers are rising fast as scammers increasingly exploit the opportunities which have opened up to savers through Pension Freedoms. Complexities, gaps and changes in the system which people may not fully understand can also leave savers vulnerable to scams and risk.

[209] DWP (2025). State Pension Underpayments: Progress on cases reviewed to 31 March 2025. Retrieved from: https://www.gov.uk/government/publications/state-pension-underpayments-progress-on-cases-reviewed-to-31-march-2025/state-pension-underpayments-progress-on-cases-reviewed-to-31-march-2025
[210] Peters, B. (2015)
[211] FCA (2013)
[212] House of Commons Work and Pensions Committee (2021)
[213] FCA (2017)

L3 Somewhat fails to support fairness

9. Scams are defined as "The marketing of products and arrangements and successful or unsuccessful attempts by a party (the "scammer") to:

   a. Release funds from an HMRC-registered pension scheme, often resulting in a tax charge that is not anticipated by the member;

   b. persuade individuals over the normal minimum pension age to flexibly access their pension savings in order to invest in inappropriate investments;

   c. persuade individuals to transfer their pension savings in order to invest in inappropriate investments where the scammer has misled the individual about the nature of, or risks attached to, the purported investment(s), or their appropriateness for that individual investor."[214]

   - Specific kinds of pension scams include investment fraud, pension liberation, scam pension schemes and providers, clone firms, claims management companies, employer related investment, and high fees.

10. Despite initiatives to increase regulation around consumer protection in recent years, there is still significant uncertainty about the true prevalence of harm that is brought about by pension scams and fraud. Reasons for poor data quality include underreporting (particularly as many savers may be unaware that they have been scammed for several years); no clear distinction between pension scams and other types of investment or financial fraud; and no requirement for the industry to report suspected scams.

11. The Pensions Regulator has reaffirmed its commitment to safeguarding savers' retirement funds by enhancing its strategy to combat pension scams. This strategy emphasizes three core objectives: educating savers about scam risks, encouraging higher industry standards to prevent practices leading to saver harm, and intensifying efforts to disrupt and prosecute fraudulent activities. A significant development in this initiative is the creation of the Pension Scams Action Group (PSAG) (formerly Project Bloom). PSAG is a multi-agency taskforce comprising entities such as the DWP, FCA, HM Treasury, MaPS, etc., who, together, coordinate efforts to tackle pension fraud through education, prevention and enforcement. In addition to efforts directed at intelligence gathering and enforcement capabilities, PSAG have developed an artificial intelligence tool designed to detect potentially suspicious pension websites.[215] In 2023, reported losses due to pension fraud totalled £17.7 million, with an average loss of nearly £47,000 per victim.[216] However, the FCA estimates that less than one in five instances of scams are reported.[217]

12. The harms it is seeking to prevent include people losing some, or all of their pension savings to scammers due to not being enabled to make good decisions, practises by schemes, advisers and providers that lead to fear, and pension fraud or other criminality. TPR reports that "we must all do more to combat pension scams" and emphasises the need for schemes to adopt higher standards of protection for savers' pots, for individuals to be more aware of the risk of scams, and for agencies to secure the intelligence needed to pursue and punish criminals.[218] Although advances in this field a welcome development, it clearly highlights the risk to pension savers, and the lack of effective safety nets and practises currently in place for pensions to be kept secure.

Figure F3.2.1: State Pension uprating history, 2011-2025

Year	Earnings	CPI	Minimum	Change	Index Used
Apr-11	+1.30%	+3.10%	2.50%	+4.60%	RPI (pre triple lock
Apr-12	+2.80%	+5.20%	2.50%	+5.20%	CPI
Apr-13	+1.60%	+2.20%	2.50%	+2.50%	Min
Apr-14	+1.20%	+2.70%	2.50%	+2.70%	CPI
Apr-15	+0.60%	+1.20%	2.50%	+2.50%	Min
Apr-16	+2.90%	-0.10%	2.50%	+2.90%	Earnings
Apr-17	+2.40%	+1.00%	2.50%	+2.50%	Min
Apr-18	+2.30%	+3.00%	2.50%	+3.00%	CPI
Apr-19	+2.60%	+2.40%	2.50%	+2.60%	Earnings
Apr-20	+3.90%	+1.70%	2.50%	+3.90%	Earnings
Apr-21	-1.00%	+0.50%	2.50%	+2.50%	Min
Apr-22	+8.30%	+3.10%	2.50%	+3.10%	CPI (Earnings ignored)
Apr-23	+5.50%	+10.10%	2.50%	+10.10%	CPI
Apr-24	+8.50%	+6.70%	2.50%	+8.50%	Earnings
Apr-25	+4.10%	+1.70%	2.50%	+4.10%	Earnings

[214] FCA (2022) and MaPS (2023). Pension Scams in the United Kingdom: Evidence Review.
[215] https://www.nortonrosefulbright.com/en-us/knowledge/publications/ba2b4dbd/pensions-regulator-develops-ai-tool-to-detect-potentially-suspicious-pension-websites
[216] TPR Blog: https://blog.thepensionsregulator.gov.uk/2025/02/06/working-together-to-strengthen-our-defences-against-scams/
[217] MaPS (2023). Pension Scams in the United Kingdom: Evidence Review.
[218] TPR (2022)

Figure F3.2.2: Unsolicited approaches related to investments, pensions or retirement planning experienced in the previous 12 months that could be scams, 2017, 2020 and 2022

	2017	2020	2022
Calls, emails or text messages) claiming to be from the government offering retirement planning advice	14%	10%	3%
The offer to access or 'unlock' your pension early / access your personal or company pension before you're 55	6%	5%	2%
Someone offering / the chance to make an investment with a guaranteed high return	5%	4%	3%
An offer to buy shares in a company you had not heard of	2%	2%	1%
An opportunity to pay a fee in order to obtain a loan or to unlock access to money	3%	/	/
Being encouraged to speed up a pension transfer, including the 'provider' using an express courier to send documents	1%	1%	/
An opportunity to get a loan or credit, that requires you to pay a fee in advance		3%	
An opportunity to transfer a pension to a new scheme with a guaranteed high return			1%
Other unsolicited approach related to your pension or investments that you strongly suspected was a scam			1%
Any ('other')	23%	19%	9%

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Technical Notes

Figure F.3.2.1: State Pension uprating history, 2011-2022
Source: ONS Consumer Price Inflation Tables, ONS Monthly Wages and Salaries Survey, House of Commons Library Benefits Uprating 2024/25

1. Consumer price index (CPI) data is shown for the month of September, as the triple lock uprating measure is based on the annual rate of inflation up to September
2. Average earnings growth is shown for the period May to July, as the triple lock uprating measure is based on annual growth in earnings from the three months to July

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