PhD Student Research Output | PPI Research Internship

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Retirement Poverty: Who Bears the Cost？

Understanding Coping Strategies and Hidden Inequalities Among Older Adults on Low Incomes in the UK

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Introduction

This research was undertaken by Yifan Ge during her Research Internship at the Pensions Policy Institute (PPI), which ran from June 2026 to August 2026.

The research explores issues relating to retirement poverty, building on Yifan's wider academic work in this area.

Yifan is a PhD researcher in the Department of Gerontology at the University of Southampton, the Centre for Research on Ageing and the ESRC Centre for Population Change.

Her PhD examines retirement poverty and the impacts of State Pension age reforms on women born in the 1950s, drawing on large-scale survey and administrative datasets. Her wider research interests include pensions, ageing, inequalities in later life and evidence-based social policy.

The research presented in this report contributes to the wider evidence base on retirement poverty and reflects Yifan's ongoing interest in understanding the experiences and inequalities that shape financial security in later life.

Her PhD has been funded by:

CPC Centre for Population Change

ADR UK Data-driven change

UKRI Economic and Social Research Council

SC.DTP South Coast Doctoral Training Partnership

Overview

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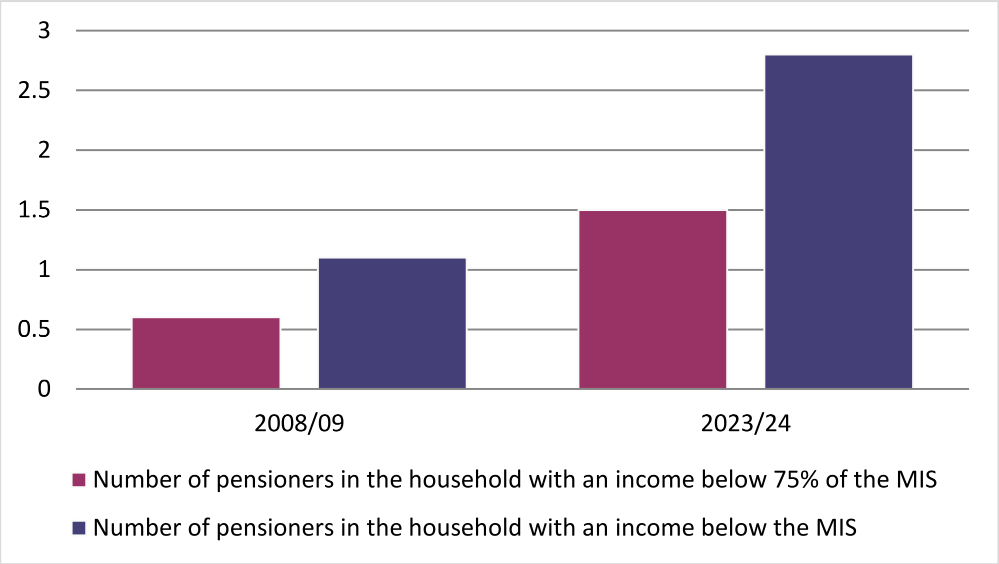
Background

- Pensioner poverty has become an increasingly pressing issue in the UK. The relative poverty rate among older adults fell substantially from the late 1990s from around **29%** to **13%** in the 2010s. They have since begun to increase again, reaching **16%** by the end of 2022/2023[1]. Figure 1 shows the situation regarding the Minimum Income Standard (MIS).

Figure 1 Pensioners in the household below MIS(2)



- Pensioner poverty can have wide-ranging impacts on quality of life, affecting people's **ability to meet every day needs** as well as their **physical and mental wellbeing**[3].

- Pensioner poverty can be **quiet, unrecognised** and **shaped by circumstances across the life course**[4,5]. Older people may not fully recognise their financial difficulties, may be reluctant to seek support, or may not know what support they are entitled to[5]. This highlights the importance of considering the longer-term implications of pensioner poverty.

+150% increase in pensioners below MIS between 2008/9 and 2023/4

+155% increase in pensioners below 75% MIS between 2008/9 and 2023/4

Methodology & Data sources

Approach

This research draws on a mixed-methods approach to assess the circumstances faced by older adults at risk of poverty, combining desk research, quantitative data analysis and semi-structured interviews with stakeholders.

The data sources of this research

- **Evidence review**: UK-focused reports and academic literature published between 2019 and 2025. Academic sources were identified through Google Scholar, while policy-facing literature was drawn from leading think tanks and charities working on pensions and later-life poverty. Search terms included "pensioner poverty", "unmet needs", "low pension income", "poverty", "State Pension", "means-tested benefits", "informal support" and related terms.
- **Semi-structured interviews**[1]: Four stakeholders were consulted through individual and group interviews to gather qualitative evidence and further insights.
- **Quantitative data analysis**: Analysis based on data from the Minimum Income Standard (MIS), Living Costs and Food Survey (LCF), and Stat-Xplore.

Footnote: [1] It should be noted that the report's conclusions reflect the researcher's own analysis and interpretation and may not necessarily represent the views of those consulted.

Research Questions & Key findings

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Research Questions

- How do older adults navigate poverty in retirement?
- What factors shape differences in coping strategies among older people on lower incomes?
- What are the hidden social and economic implications associated with retirement poverty in the UK, and how are these reflected in inequalities within the welfare system?

Key findings

- Older people may **rely on a combination of formal income, formal and informal practical support**, and **changes in spending** to manage low retirement incomes.
- Even where **income levels are similar**, older people's **living circumstances can differ substantially** depending on factors such as family circumstances, health and housing.
- Where **welfare support does not fully cover essential costs and needs**, with families and public services stepping in only when they have the capacity to do so, the unmet costs **fall mainly on older people themselves.**

1. How do older adults navigate poverty in retirement?

This section provides insights into the formal income of older people living in poverty, the coping strategies they adopt to manage limited resources, and the formal and informal support on which they rely.

What are their main formal income sources?

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- **State Pension**: The main formal income source for pensioners living in poverty is the State Pension, with **13.2 million** people receiving it in August 2025, representing the highest number of claimants as per DWP records[4].

- **Pension Credit**: In August 2025, **1.39 million** people were receiving Pension Credit, which is targeted at pensioners with lower incomes. However, there remains a gap between the number of people eligible for Pension Credit and claimants[4,5].

- **Housing Benefit and Attendance Allowance** are also important formal income sources, but each shows a different structural pattern:
  - Housing Benefit, a means-tested social security benefit administered by local authorities to help eligible tenants with their housing costs, reached **1.13 million recipients** aged 65 and over in August 2025[6].
  - Attendance Allowance, a non-means-tested benefit for pensioners with physical or mental care needs, reached **1.74 million recipients** in August 2025[4].

The State Pension reforms

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Figure 1: UK State Pension claimants by age band and pension type, from 2020-2025[9]

The State Pension reforms

- **State Pension** income is the **main source of income** for pensioners living in poverty, with some people potentially relying on it as their sole source of income[5,10]. 13% of people above State Pension age (SPA) have no income apart from the State Pension and benefits. This proportion rises to 20% among single pensioners[11].
- **Non-take-up of means-tested benefits remains high**: **35%** of entitled pensioners do not claim them, equivalent to **22%** of potential expenditure[12], making the **State Pension** an **even more important source** of income for **some pensioners**.

- The UK State Pension system was reformed in 2016, which abolished the basic State Pension and additional State Pension for new claimants and introduced the higher-value new State Pension; those already receiving the old pension continued to do so unaffected[13]. Around **8.6 million people**, nearly two-thirds of all State Pension recipients in the UK, receive their State **Pension under the basic State Pension system**[14]. Over time, fewer pensioners will receive the old State Pension as more reach SPA under the new system. Interview findings suggest that **some pensioners, particularly those from older cohorts who rely on the basic State Pension rather than the new State Pension**, may find it more **difficult to meet their basic living needs** on their **State Pension income alone**[4].

Lower benefit take up rate among pensioners in poverty (I)

- Recent data show that the take-up rate for Pension Credit is only 62%, while 15% of eligible pensioners do not claim Housing Benefit[7]. Therefore, **a significant minority of people who are entitled to support do not receive it**.

- Access to additional benefits can make a substantial difference to the financial circumstances of people on low incomes in retirement. Successful claims for Pension Credit and other benefits, such as Attendance Allowance, could **help people meet essential costs**: e.g. heating their homes, replacing household items, paying for cleaning or accessing care. There can also be wider benefits for wellbeing, including reduced financial stress, improved sleep and better mood[5].

- However, there may be several reasons **why people do not claim these benefits**.

Figure 2. Possible reasons for non-take-up of welfare benefits[15,16]

- Lack of information and awareness
- Lack of support
- Complex application processes
- Concerns about whether claiming is worthwhile
- Fear of rejection or scrutiny
- Language barriers
- Difficulties using online services
- Distrust and fear, stigma and embarrassment

Lower benefit take up rate among pensioners in poverty (II)

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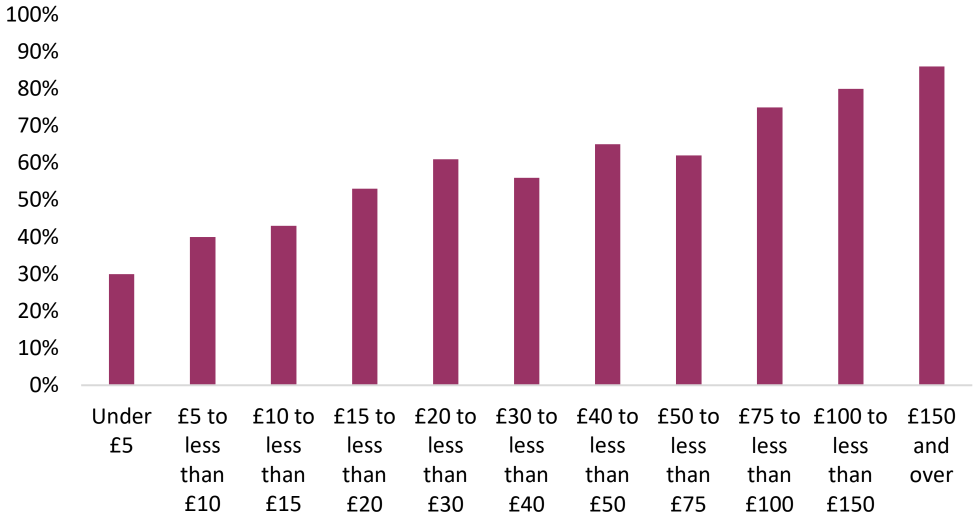
- Stigma **form only part of the explanation** for benefit non-take-up. A critical barrier to benefit non-take up could be the complexity of the system itself, which can leave people unable to complete the online application process without support [4] .
- The reasons for non-take-up are also evolving. **In the past, a lack of awareness of benefits** was considered an important factor, but this may be **less relevant now**, particularly following extensive media coverage of changes to Winter Fuel Payment in recent years. Many people are **now aware of Pension Credit but may still believe that it is "not for people like them" or misunderstand the eligibility criteria and how different benefits interact**. For example, Attendance Allowance and Carer's Allowance can affect the Pension Credit eligibility threshold, but some people may incorrectly assume that their income is too high to qualify, when their eligibility threshold may in fact be higher because of disability or caring needs[5].

Figure 3. Pension Credit take-up rate by weekly band of eligible Pension Credit amount[17]



- DWP research has shown that **Pension Credit take-up rates are strongly associated with the size of their entitlement**, with those entitled to smaller amounts less likely to claim[17].

What other support channels are important?

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Formal support

- Beyond cash-based provision (e.g. State Pension and Pension Credit), the formal support system also includes other forms of support, such as **local authority-funded social care**[14].
- **Social care** provision is a particularly important source of support for many pensioners, combining formal and informal care. **Hospital-at-home services**, **housing associations** and **transport services** can also play an important role[4], but access to these services can be difficult and may be constrained by local authority rationing.
- Formal support also extends into wider public services, such as the free **"Safe and Well" home safety visits offered by Fire and Rescue Services** to older and vulnerable residents[19].

Informal support

- Informal support mainly comes from **financial** or **in-kind assistance from family** (especially adult children), **unpaid informal care**, and **mutual aid from neighbours and community networks** [20,21].
- Older people's main sources of informal support are family members, neighbours and friends. Support can take three main forms: practical help, financial support and emotional support[4]. **Practical assistance with administration** may be particularly important, as it can make it easier for people to access social security benefits[10]. Informal care is also often provided between older people themselves, particularly through mutual support between spouses[5].

What other support do people rely on?

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Support from third sector organisations

- Third sector organisations, including **charities and voluntary organisations** such as Age UK, Independent Age and Alzheimer's Society, also play a key role in providing services such as **food banks** and **welfare advice**[4,22]. Formal welfare advice services are particularly valuable. Advice helplines can help older people check their eligibility, complete application forms and, where necessary, pursue appeals through tribunals. Even where individuals are not eligible, these services can still signpost them to other forms of support, including housing and social care[23].

How do older people in lower income adjust their consumption and behaviour (I)

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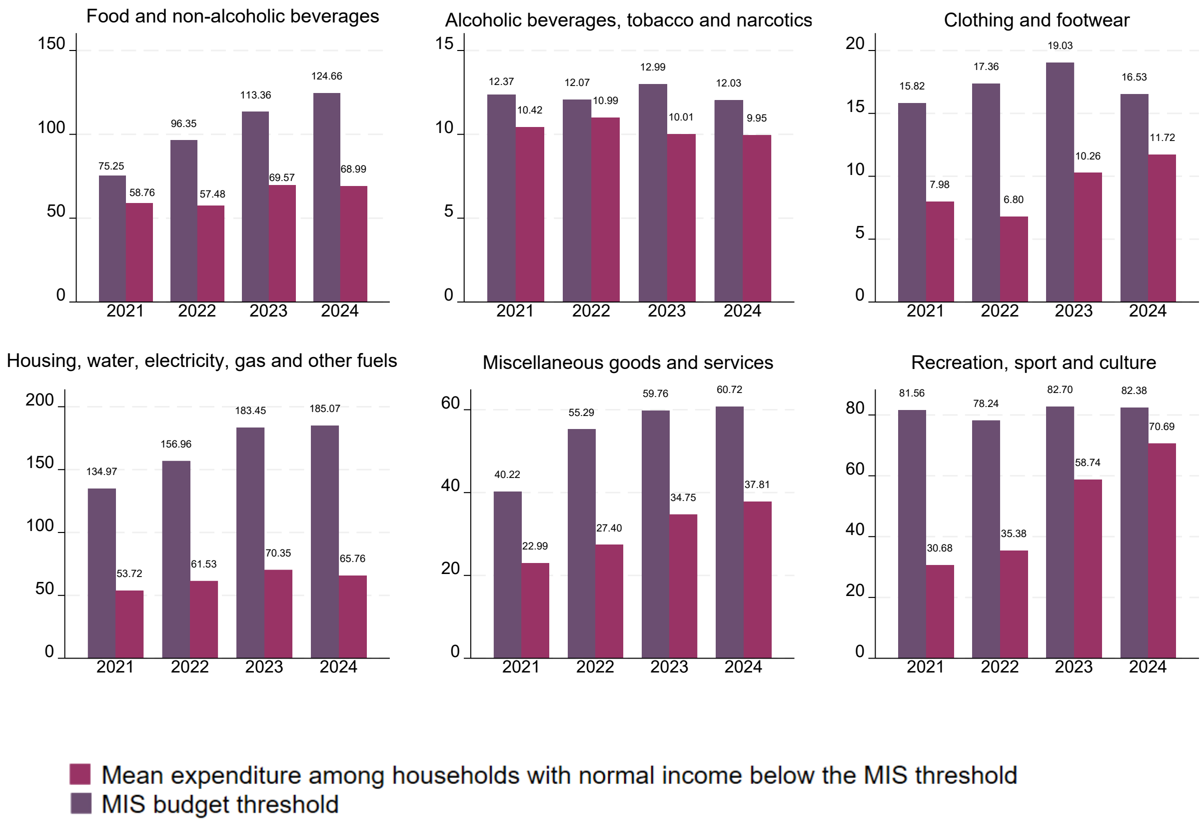
Figure 4. MIS Budget Compared to Mean Expenditure, Households Below MIS Income Threshold, 2021–2024



Source: PPI's analysis of MIS and LCF data

- Based on the MIS[24–27] and Living Costs and Food Survey (LCF)[28–31]data, this analysis examines how low-income pensioners might adjust their spending patterns across categories such as food, alcohol, clothing, housing, miscellaneous goods and services, and entertainment (see Figure 4).

- Pensioner couples below the MIS threshold make the greatest compromises in **housing, water, electricity, gas and other fuels, and recreation, sport and culture.**

Footnotes :
(1) Mean expenditure in some categories increased substantially between 2022 and 2023, which may partly reflect the increase in the State Pension following the triple lock uprating in April 2023[32].
(2) Assumptions made to calculate these figures are set out in the appendix.

How do older people on lower incomes adjust their consumption and behaviour (II)

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- The findings in Figure 4 are consistent with the coping strategies described in the interviews. When budgets are limited, **older people may restrict heating to a single room, go to bed earlier to reduce energy use, reduce the number of hot meals they have, cut back on social activities, cancel non-essential subscriptions, and give up holidays and other travel**. They may also **avoid dental care and delay the purchase of household items**[4,5,23]. Among the areas where spending is reduced, heating and food appear to be particularly common and significant areas of adjustment[5].
- **Social spending** can also be **difficult to maintain**. Occasions such as Christmas and birthdays can be particularly important to older people, for example when they want to buy presents for their grandchildren, but this type of spending may either create financial pressure or require further budget adjustments[23].

- Among pensioners experiencing financial hardship in the current generation, there may be a preference for **managing financial pressures by reducing their own spending rather than relying on debt**[4,5]. These spending reductions appear to follow a pattern of prioritisation. Fixed and urgent bills, such as Council Tax and rent, are prioritised because falling behind on these payments can directly threaten housing security[4,10]. By contrast, while reducing spending on heating and social activities can also affect quality of life, the immediate risks may be perceived as lower, making these areas more likely to be cut back. In some cases, these reductions can result in very difficult living circumstances, with affected pensioners **simply "maintaining", rather than enjoying their later years**[10].

How do older people on lower incomes adjust their consumption and behaviour (III)

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The qualitative evidence is consistent with the quantitative evidence on significant reductions in spending on heating and social activities in Figure 4, while Figures 5 provide further quantitative insights into the coping behaviours of pensioners on low incomes.

Figure 5. Pensioners on low incomes[3]

78% reduced spending on at least one non-essential category since retiring	81% changed shopping habits since retiring	24% can rarely or never afford the non-essential things they would like to spend money on	59% reduced spending on clothing and shoes since retiring	52% reduced spending on eating out or takeaways since retiring
48% reduced spending on entertainment and hobbies since retiring	45% reduced spending on leisure travel or holidays since retiring	43% reduced spending on gifts for others or donations to charitable causes since retiring	39% reduced spending on non-essential food and drink shopping since retiring	38% reduced spending on home improvements since retiring
50% started using loyalty schemes to get lower prices since retiring	48% switched to buying own brand or value products since retiring	44% started buying promotional or discounted items since retiring	38% switched to a cheaper brand since retiring	28% started buying second-hand items since retiring

Section Summary

- Overall, the experience of surviving in retirement reflects three interconnected factors: **limitations in formal support, unequal access to informal support, and adjustments to spending behaviour**.

- **Formal benefits** are a **major source of income**, but the level of support **may be insufficient to meet basic living costs**, while low take-up means that some eligible people may not receive the support available to them. **Informal support** from family, neighbours and friends, including practical, financial and emotional help, can **partly compensate** for these gaps, but **access depends** to some extent on individuals' family circumstances and social networks and is therefore **not equally available to everyone**. Where both formal and informal sources of support are limited, adjusting spending, including **cutting back on heating, socialising and non-essential goods and services**, may become an important way of **managing financial pressures**. However, these adjustments may reflect constrained choices rather than discretionary changes in spending.

2. What factors shape differences in survival strategies among people on lower incomes?

Older people on low incomes do not have uniform experiences in terms of the challenges they face and the support they are able to draw upon, and their living standards cannot be explained by income alone. Evidence suggests that a broader poverty measure may be needed for this group — one that goes beyond income alone[33]. The next section focuses on how older people in poverty's experiences are shaped by:

- Family structure and intergenerational relationships
- Economic resources
- Health status
- Other relevant factors

Family structure and intergenerational ties shape access to support (I)

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- **Families** remain the **primary source of informal support**, but access to this support **is not equally available to everyone**. It is shaped by **family structure, living arrangements, gender and caring responsibilities**, among other factors. Patterns of intergenerational support exchange are also influenced by **family structure, health needs and geographical distance**[34]. As people live longer, female labour force participation increases and family structures become more diverse, families' capacity to provide support may become more constrained as demand for support increases[35].

- Families can provide **practical and financial support**, but this cannot be considered an equally available or reliable alternative to formal support, given variation in family circumstances[4]. People differ in **whether they have family members who can provide support, where those family members live, and their capacity to provide financial or non-financial assistance**[4,5,10]. The reliability of family support may also be affected by the **two-way nature of these relationships**. Family support is rarely one-directional, and older family members may also provide support to younger generations, making it difficult to define simply who is dependent on whom[4].

- Many older people **may not disclose their financial circumstances to their children**, either because they feel embarrassed or because they do not want to place an additional burden on adult children. This reflects a strong emphasis on **self-reliance**[10]. Limited information about their financial circumstances may make it more difficult to assess how far family networks can provide a reliable source of support.

Family structure and intergenerational ties shape access to support (II)

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- Living arrangements are an important factor shaping access to informal support from family members[36]. Interview evidence highlighted that **without family members living nearby or providing day-to-day assistance**, **having children** does **not guarantee** that **older people can access support**[4,5,10]. People living alone may have **only one income**, but **household costs** like heating **can remain largely unchanged**[10]. The financial vulnerability of people living alone is also reflected in the data[3].

Living alone	Living with a partner
40% in debt	**25%** in debt
34% can't afford £200 expense	**14%** can't afford £200 expense

- **Single older people** are more likely to live alone and may also be more likely to **experience unmet care needs**[37]. **Relationship breakdowns around SPa** including **divorce and bereavement**, may be associated with **significant changes in household finances**. For someone who had relied on two incomes to meet household costs over many years, a change in relationship status may mean entering retirement while renting for the first time and meeting household expenses on a single income.

- There are also potential **concerns** about the **share of a former partner's pension** that women may **receive following divorce**, particularly in relation to pension sharing arrangements[23]. This may leave some women with fewer pension resources and greater financial pressure. **Bereavement** can also be a point of financial change. A household may **lose one source of State Pension income** and potentially **other sources of income or entitlement to benefits**, while some **household costs may not fall proportionately**. These financial changes occur alongside the emotional impact of loss and the practical challenges of managing a household alone[5].

Family structure and intergenerational ties shape access to support (III)

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- More people are reaching **later life without children** to rely on for support[5,34]. In 2019, around 23,000 women aged 80 and over in England and Wales had no children. As cohorts born in the 1960s, among whom rates of lifelong childlessness are relatively high, increasingly reach their 80s, this figure is projected to **more than double** in absolute numbers to 66,000 by 2045. This increase reflects both the **large size** of the 1960s birth cohort and its **relatively high childlessness rate**. Childlessness fell from around one in five women in the post-World War I birth peak to around one in ten among women born after the Second World War, before rising again to around one in five among the large cohort born in the mid-1960s, returning to a level similar to that seen among the earlier post-World War I cohort[38].

Economic resources shape coping capacity among pensioners on low incomes(I)

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- The **same income** can result in **different financial circumstances** due to variations in expenditure. Moreover, even a modest level of **savings** or **homeownership** may provide a buffer against financial pressures and support financial resilience[4].

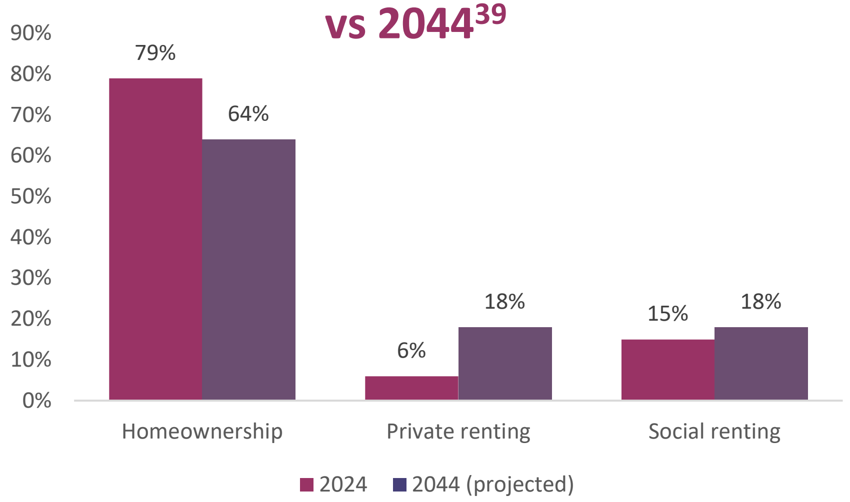
- Housing tenure is a key factor shaping older people's living standards. **Outright homeownership can provide a sense of security and financial stability**, as homeowners do not have to worry about rising rents or the risk of eviction[5]. The **cost of renting in retirement** can be **substantial**, while housing tenure is changing among future generations of pensioners[39].

The cost of renting in retirement 20 years from now:

£200k–£400k

Depending on location

Figure 6 Pensioner household tenure: 2024 vs 2044[39]



Pensioner poverty by **2040**

23% (3.9m)

Up from 17% (2.1m) in 2022

Growing numbers of older private renters are associated with this trend[40]

Economic resources shape coping capacity among pensioners on low incomes(II)

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- However, **Homeownership** does not **necessarily provide financial security**, as **ongoing housing and maintenance costs** may remain unaffordable[5]. There are also older people who are "**asset-rich but cash-poor" (ARCP)** - they own their homes and may not qualify for means-tested benefits despite having relatively low incomes. This group may face **particular financial pressures** because they may have **limited access to some forms of state support** while having insufficient income to maintain a decent standard of living[39,41].

- **Savings** are also associated with the ability to cope with financial hardship.

- Among low-income households overall[42]...

Savings below £1,500

Went without essentials: **80%**

Fell into arrears: **56%**

Savings above £1,500

Went without essentials: **40%**

Fell into arrears: **13%**

- Among older people experiencing deep poverty(defined as household income after housing costs below 50% of the national median), those who had managed to **save some money over the previous year** were around **half as likely to have fallen into arrears as those who had not saved**. However, older people on low incomes who are already at risk of deep or very deep poverty may have less capacity to save in the first place[43].

Economic resources shape coping capacity among pensioners on low incomes (III)

- Another view is that some **people** on low incomes **who have small to moderate levels of savings may prefer to retain these funds for emergencies**, such as funeral costs or urgent home repairs. This may reflect a reasonable psychological need for financial security, with people becoming increasingly reluctant to draw on their savings once they have reached a certain level[5].

- As **AE** was introduced in the UK in **2012**, some people currently approaching or in retirement may **have accumulated only limited private pension savings**[44]. A small **private pension** may provide only **modest support to people receiving means-tested benefits** such as Housing Benefit. This is because additional private pension income may be accompanied by a similar reduction in their Housing Benefit entitlement. For some, particularly renters, a small private pension may have limited impact on overall financial resources[23].

Health conditions, income disruption and additional costs (I)

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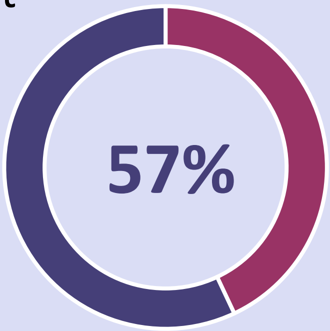
- There is a **complex, circular** relationship between **health and low income**: health problems can contribute to low income, while low income can also have implications for both physical and mental health[4] . These relationships can be understood from a **life-course perspective**. Some older people may never have worked, or may have worked for only a short period, because health problems limited their ability to work, potentially resulting in lower private pension accumulation and poorer financial circumstances in retirement[23]. For others, a health shock, accident or illness towards the end of their working lives may substantially affect their financial circumstances in retirement[45].

- Data show that



of people were no longer in paid work in the year before reaching SPA[46].

- **People** who **leave the labour market before SPA** because they are no longer able to work, or because their existing jobs are no longer suitable for their age or health, **may need further consideration**[23].

- Higher SPA may force people with health limitations to rely on working-age benefits longer and use savings intended for retirement. Some may also **access private pensions earlier** than planned. **Early or large withdrawals can affect means-tested benefit eligibility**, while excessive or insufficient drawdown may **leave inadequate resources for future** living costs[10].

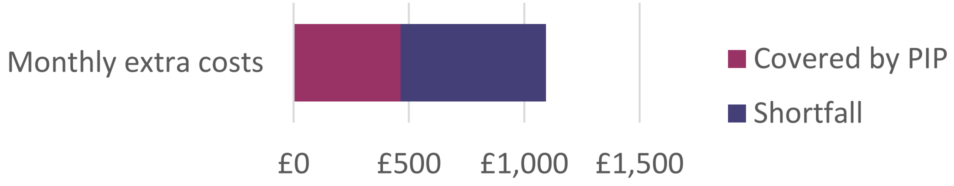
Health conditions, income disruption and additional costs (II)

- Beyond interruptions to income, health conditions may also involve **additional costs**, reducing the financial resources available to older people to manage financial pressures. The additional costs associated with disability have historically received limited compensation in the UK, and **disability benefits may not fully cover the costs faced by some disabled people**[4]. Therefore, Health conditions may be associated with both lower income and higher expenditure, leaving less financial capacity to manage unexpected costs.

Monthly personal Independence Payment(PIP) average
£465

Monthly extra costs associated with disability
£1,095[47]

Monthly shortfall
£630



- Financial difficulties may make it harder for older people with frailty or long-term health conditions to maintain adequate heating and nutrition[4]. One potential way of understanding what **low-income older people may be missing is to examine their additional expenditure**.

Example as..

- Replacing a mattress to improve sleep
- Purchasing a mobility scooter to support independence
- Paying for dental treatment
- Arranging for carer support

- These examples highlight the types of essential goods, services and support that additional income may enable people to access[5].

Access to benefits and differences in living costs (I)

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- Differences in **financial confidence** may affect later-life financial circumstances among people with similar incomes. The **way** people manage and **access their pension savings** may **affect their income and eligibility for means-tested benefits**, while specialist advice that considers both pensions and their interaction with the wider benefits system remains limited.
- Accessing advice is a challenge: people who **have less confidence in making pension decisions may be less likely to seek advice**. They may feel uncomfortable discussing financial matters or may be unsure about the options available to them. In addition, for some people the cost of certain types of financial advice can be prohibitive . Therefore, those who could potentially benefit most from advice may be less likely to access it. Improved financial education and simpler terminology could be part of a wider solution to reduce barriers to seeking advice[23].

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- Existing evidence suggests that **information campaigns** can have some effect, but their impact is **relatively limited**. Policymakers may therefore risk placing too much emphasis on "information and education" as a single solution, while other structural barriers to low benefit take-up may receive less attention[4] .

Access to benefits and differences in living costs (II)

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- **Digital access** is a common barrier for older people as "everything has to be done online". However, DWP offers **offline application routes** for benefits including Pension Credit and Attendance Allowance. The gap between perceptions and available routes may reflect **information provision**. Although telephone applications are available, people may need to search online for the number, while online and paper versions may differ.
- For example, the online Attendance Allowance application is shorter and clearer than the outdated paper version, making offline applications seem more difficult. Stakeholders contrasted this with local authority services such as Council Tax Reduction and Housing Benefit, where offline routes may be less consistent and accessible[10].

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- **Improvements in digital skills** alone may **not fully address these barriers, given the pace of technological change**. Solutions should also focus on system design, ensuring people with lower digital ability can use services effectively. Our stakeholder stressed that **cognitive decline could affect anyone** and should therefore be considered in system and service design[4].

Access to benefits and differences in living costs (III)

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- The actual cost of living for older people can vary substantially depending on **home energy efficiency and energy tariffs**[4].Even among people with similar incomes, financial pressures may differ across two main dimensions[4,5]:

  Energy use: older people living in poorly insulated homes can use **more energy to maintain the same indoor temperature**, even when paying the same tariff.

  Tariff structures: even with the **same energy use**, tariffs such as prepayment or more **expensive rates can lead to different bills**.

- As a result, older people with the **same income** may face significantly **different living costs.**

Section Summary

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- Even among older people with similar income levels, the financial pressures they face can differ considerably.
- These differences span **interrelated dimensions**: family structure and access to informal support, housing tenure and living arrangements, individual financial resources and savings, health, and access to benefits and differences in living costs.
- These factors are interdependent of one another. Health may affect income, the rate at which savings are used, and housing choices, while living arrangements are linked to access to informal support.

- These interrelated dimensions also raise several practical considerations:
    - **Assessment of support**: Whether factors beyond income are adequately considered, including health or disability costs, savings and assets, and differences in living costs such as heating.
    - **Access to support**: Whether older people can effectively access available support, including whether eligibility assessments reflect different family and living arrangements.
    - **Access to advice**: Whether people can obtain advice covering both pensions and benefit applications.
    - **Accessible systems**: Whether application systems accommodate people with lower digital ability or cognitive decline.

3. What are the hidden social and economic implications associated with retirement poverty in the UK, and how are these reflected in inequalities within the welfare system?

Evidence suggests that the real costs of retirement poverty do not disappear, but are systematically shifted from the state onto individuals, families, and local government. This raises three underlying sub-questions:

- **RQ3a**. Who bears the costs when the welfare system does not meet the needs of older people, and to what extent have the costs of addressing retirement poverty been shifted elsewhere?
- **RQ3b**. How do local authorities address the resulting unmet needs from the welfare system?
- **RQ3c**. How does reliance on formal and informal support systems generate unequal outcomes among older people in poverty?

Who bears the costs when the welfare system does not meet the needs of older people? To what extent have the costs of addressing retirement poverty been shifted elsewhere?

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- **Older people themselves** often bear much of the cost when support does not fully meet their need[4,5,10], in two main ways.

  - **Quantifiable financial costs** include unclaimed benefits, care and home repair costs that individuals have to meet themselves. Some of these costs could be covered by local authorities, housing associations, social care services or family support, but **eligibility requirements and resource constraints** may limit the extent to which these costs can be shared[4,5,10].
  - A less easily quantifiable but potentially more substantive cost is **the impact on living standards**. Where **needs remain unmet**, older people may **adapt by accepting lower living standards**: living in colder homes, reducing social activities, or delaying necessary healthcare or care. Therefore, unmet needs do not disappear but may instead result in costs being borne by individuals. Older people on low incomes or with unmet needs may experience prolonged financial pressure and poorer wellbeing, with some experiencing deterioration in physical health and reduced social activity. Additional income through benefits can relieve this pressure[4,5].

Where the benefits system does not fully meet older people's needs, remaining costs may fall on families and wider public services, as well as older people themselves [4,5,10].

How do local authorities address unmet needs from the welfare system?

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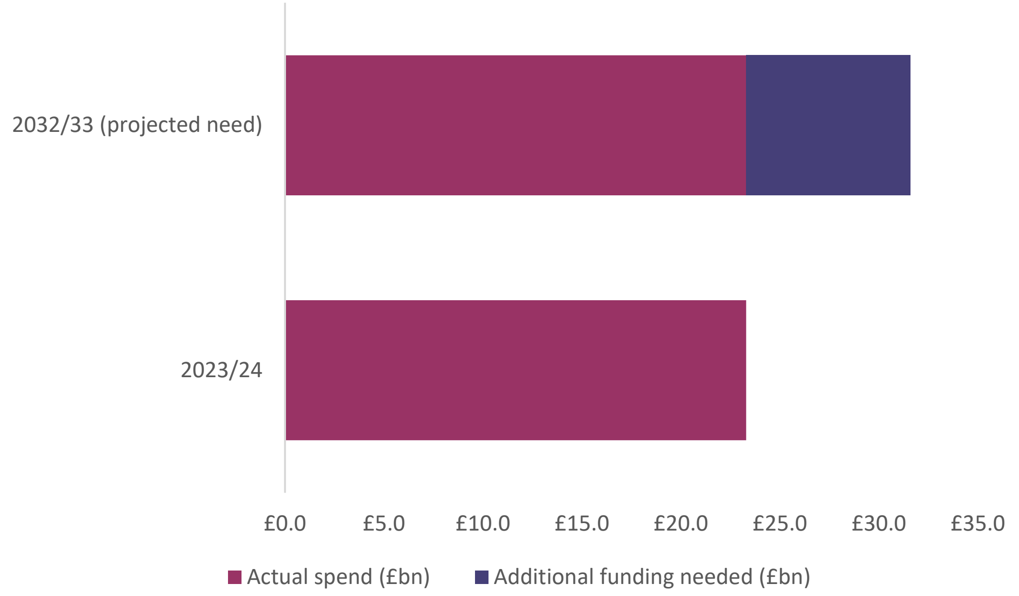
- **Local authorities**, as one of the bodies that may provide support where needs are not fully met through the benefits system particularly through **social care** perspective. However, **responsibilities can be fragmented and unclear**, with disputes sometimes arising between local authorities and the NHS over responsibility for particular services. For example, social care staff may be asked to manage medication, although this would ordinarily fall within the remit of healthcare services[4].

- Beyond this dispersal of costs, local authorities also face a broader structural **funding gap** that directly **shapes what support is available**.

Figure 7. Adult social care: current spend vs projected funding gap [48]



An additional **£8.3 billion** *in funding is needed by 2032/33 to meet adult social care needs.*

How do local authorities address unmet needs from the welfare system? (I)

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- Local authorities play an important role in delivering **Council Tax Reduction** (CTR)[10] . However, an estimated **1.65 million** people of SPA are missing out on CTR nationally, including around **920,000** people who may be eligible through the "standard route", where eligibility is not automatically passported through Pension Credit Guarantee Credit (PCGC). Low awareness and unclear applications contribute to low take-up[49].

- CTR had no dedicated ring-fenced funding and local authorities had considerable discretion over whether to allocate resources to improving take-up. Some local authorities took a more **reactive** approach, **providing support only when people sought help**, while others took more **proactive** approaches, for example by **appointing outreach officers, working with external organisations such as GPs, or identifying people who may be eligible through standard routes**[49]. By comparison, Crisis and Resilience Fund (CRF) has been considered as a potential opportunity to strengthen local support[4,10]. The fund, provided by the DWP to local authorities, builds on the previous Household Support Fund. It aims to provide **emergency support, including cash and fuel assistance, while funding measures such as financial advice and benefits take-up support**[50].

How do local authorities address unmet needs from the welfare system? (II)

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Therefore, the **flexibility** available to local authorities in how they provide support may also contribute to **differences between areas**.

- **Differences in resources and capacity**: **Some** local authorities **use local data, often with specialist organisations**, to identify eligible residents and improve take-up, while **others** face **resource constraints**. Pension Credit take-up varies significantly between local authorities and is generally higher in urban than rural areas[7]. This may partly reflect more limited access to advice services and community organisations in rural areas.
- **Differences in financial incentives** : For benefits such as CTR, which are funded through local authority budgets, the **direct financial implications** for local authorities may affect the **incentives to promote take-up**. This may contribute to differences in how actively CTR is promoted and delivered across areas[10].
- **Differences in the types of support available**: Beyond funding and financial incentives, local authorities also vary with support provision. Some have dedicated welfare advice services that assist residents with benefit applications, while others fund local charities to provide support. As **local authorities are not required to provide these services uniformly**, the level of support varies across areas[5].

How do local authorities address unmet needs from the welfare system? (III)

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- These differences arising from local discretion **are not exclusive to CTR or social security**. Similar variation has been identified in **social care**. Although the Care Act 2014 established national eligibility criteria, local authorities retain considerable discretion over how these are implemented, with differences in access to and provision of care observed across England.

1 in 3 care requests

submitted to local authorities currently result in no support being provided[51].

- Similar differences can also arise outside local authority services, creating the potential for a "**postcode lottery**". For example, social tariffs for water vary between water companies, meaning that the support available can depend on where someone lives[23].

Where formal support from the state or local authorities is limited by funding constraints, older people experiencing poverty may rely more heavily on informal support to meet unmet needs. However, access to informal support also varies between individuals.

How does reliance on formal and informal support systems generate unequal outcomes among older people in poverty? (I)

- In addition to the family structure, economic resources and health discussed in Section 2, the following factors also shape older people's access to formal and informal support[4].

Ethnicity	Living arrangements	Marital status	LGBTQ+ identity

- Overall, access to and the reliability of both formal welfare support and informal support networks vary among older people experiencing poverty, with these forms of support interacting in ways that may contribute to **unequal outcomes.**

- Access to **formal support** also varies according to socio-economic circumstances, while the process of applying for support can involve multiple barriers.
- Compared with older women with a university degree, those with **lower levels of education were more likely to receive informal care and less likely to receive formal care**. Women living in the most deprived areas were also more likely to receive informal care than those living in the least deprived areas[52]. **Access to formal care may therefore** depend on educational attainment and area of residence, **not just care needs**.

How does reliance on formal and informal support systems generate unequal outcomes among older people in poverty? (II)

- Although the benefits system provides targeted intervention for groups facing higher risks of poverty (e.g. renters, disabled people, carers), access to this support may be **constrained by practical barriers.** Some groups may face greater difficulties in accessing the support they are entitled to[10], involving those

People whose first language is not English → Neurodivergent people → People with mental health conditions or learning disabilities

- **Digital exclusion** may further make it **harder** for some people to find out about the **support available to them**[10].
- From the perspective of **how the welfare system operates**, the system can work better for "standardised" applicants who can clearly fit within eligibility categories and assessment criteria. Its application processes and mechanisms for linking benefits may be less flexible when dealing with **complex or non-standard circumstances**. For people facing multiple disadvantage, these administrative requirements may be more difficult to navigate, **meaning that they may rely more heavily on professional advocates to communicate, negotiate and appeal on their behalf**. **Older people who are frail or experiencing mental health problems or cognitive decline** may be particularly likely to **need this type of support**, while also facing greater difficulties in navigating the administrative system independently[4].

How does reliance on formal and informal support systems generate unequal outcomes among older people in poverty? (III)

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- **Historical and cultural** factors may also make some groups less likely to seek state support[10]. Research with older Black Caribbean people suggests that several factors may contribute to lower take-up of social benefit. These include **distrust of government**; limited awareness of benefits such as Pension Credit and Attendance Allowance, with some people perceiving the State Pension as the main or only form of state support available to them; and cultural expectations around **self-reliance**[53]. Similar patterns have been reported among Chinese communities in the UK, including some distrust of government and the pension system, alongside greater reliance on personal savings, self-reliance and family support to maintain financial security in later life[54].

- Even where people can rely on informal support, its availability and reliability may vary. As discussed previously, the extent to which informal support can complement or substitute for formal support is related to the **availability of family or wider social networks**, which itself varies by socio-economic circumstances[55].
- Carers are more likely to be in poverty than non-carers (23% compared with 20%)[56]. Unpaid carers are not a uniform group. A higher proportion are female, and they are more likely than the non-caring population to be LGBTQ+ or disabled. While most carers are aged 55 to 59, those aged 75 and over provide the most hours of care. These demographic differences correspond to differences in outcomes. For example, a higher proportion of female carers report being disadvantaged in their health than male carers (64% compared with 52%). This suggests that inequalities carers face in their finances, health and employment may be further compounded by factors such as age, gender, sexual orientation or disability[57,58]. As a result, some of the older people who are most vulnerable may, in some cases, rely on support networks that are themselves vulnerable, potentially further exacerbating inequalities.

Section Summary

- **Unmet costs**: Costs not covered by the welfare system ultimately fall on individuals, families, local authorities, other organisations and public services.
- **Local authority constraints**: Funding, responsibilities and local discretion create differences in support between areas.
- **Unequal access**: Access to formal and informal support varies by factors such as ethnicity, living arrangements and marital status.
- **Vulnerable groups**: Older people in disadvantaged circumstances may rely on less secure support networks.
- **Wider inequality**: The hidden costs of retirement poverty are distributed across society and may reinforce inequalities within the welfare system.

Conclusion (I)

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- **Pensioner poverty** is **not** a matter of **income adequacy alone**. It emerges from the interaction of income, spending patterns, household and health circumstances, and how the welfare system is implemented.
- Coping goes well beyond managing income: reliance on informal support and selective spending cuts shows that **"compromised living standards" and "insufficient income" are not necessarily the same thing.**
- Even at **similar income levels**, household structure, housing, health, and access to welfare support can create **sharply different pressures**. These factors often **intersect rather than operate in isolation**.
- When the **welfare system does not fully meet people's needs**, the associated costs do not disappear. They may instead **shift onto older people, families, and local authorities**. Differences in local implementation can also contribute to uneven outcomes across areas.

Conclusion (II)

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- All three strands point to the same conclusion: **income-focused policy tools may not fully capture the different ways in which retirement poverty affects living standards**.
- Policy may therefore need to move beyond "**income top-ups**" towards "**accounting for differences**". Eligibility assessments that account for housing, health, and household structure, alongside clearer central–local funding responsibilities, may help to protect living standards more effectively than uniform income supplements.

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Appendix (I)

The data analysis is mainly based on data from the LCF dataset and the MIS report. As the MIS report only provides budget expenditure estimates for pensioner couples, we restricted our sample to pensioner couples to ensure consistency in the comparison.
From the LCF data perspective, the analysis uses data from 2020/21 to 2023/24, which is the latest available version and covers calendar years 2021 to 2024. In contrast, the MIS data are calculated each April for the corresponding year. The mapping between the relevant COICOP categories in the LCF and the MIS budget categories is shown as a supplementary table (Table S1) on the next slide.

While the analysis does have some limitations, the LCF dataset is collected based on financial years, running from April to March of the following year. Therefore, the sample for 2024 is smaller than for the other years, as it only includes data from three months.
Moreover, because the correspondence between the COICOP (LCF) and MIS budget categories is not exact, some comparisons may show that the mean expenditure of pensioner couples below the MIS is higher than the corresponding MIS budget (shown as a Supplementary Figure (Figure S1). These expenditure categories may therefore require further exploration and investigation.

Appendix (II)

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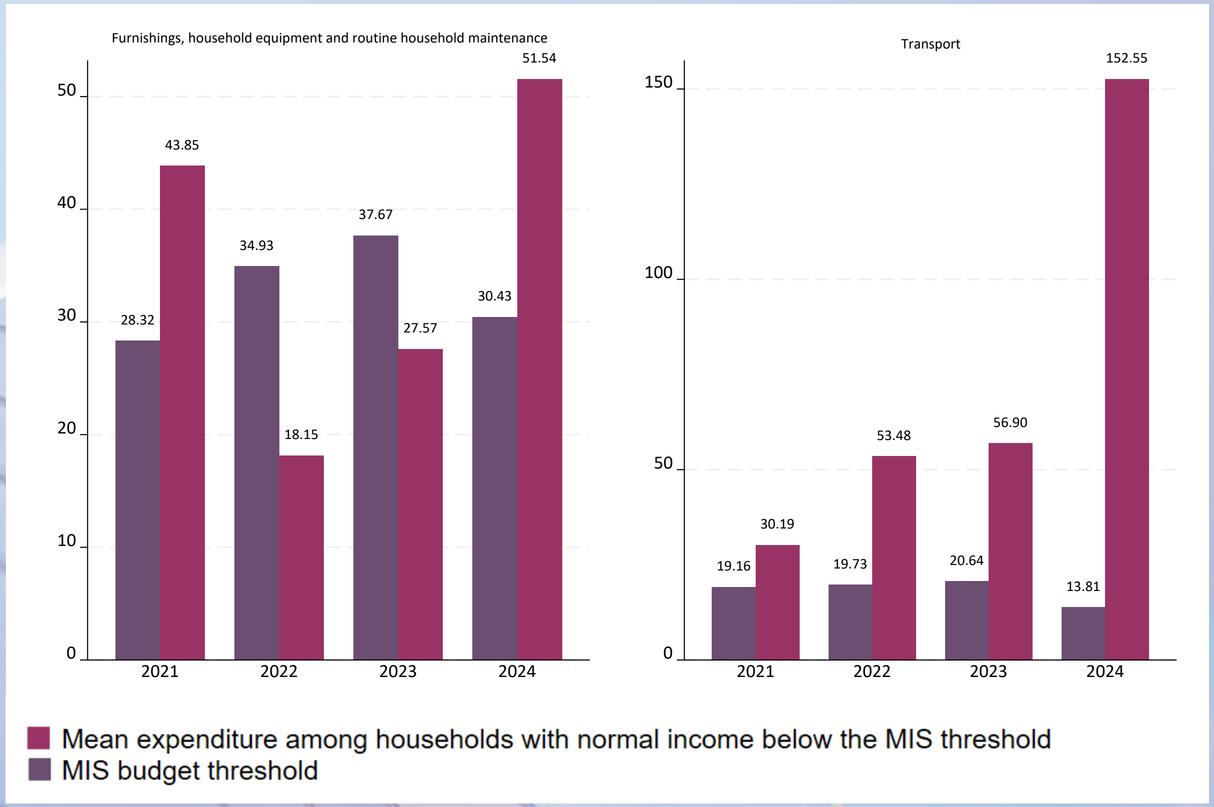
Table S1. Mapping of LCF COICOP Categories to MIS Budget Categories

COICOP(LCF)	MIS budget categories
Food and non-alcoholic beverages	Food
Alcoholic beverages, tobacco and narcotics	Alcohol (In 2021 and 2022, tobacco expenditure is £0 for couple pensioners, while in 2023 and 2024, MIS removed this category.)
Clothing and footwear	Clothing
Housing, water, electricity, gas and other fuels	Rent + Water rates + Council Tax + Fuel + Other housing costs
Furnishings, household equipment and routine household maintenance	Household goods + Household services
Health	N/A
Transport	Motoring (always £0 for couple pensioners) + Other travel costs
Information and communication	N/A
Recreation, sport and culture	Social and cultural participation (including social activities?)
Education	N/A
Restaurants and accommodation services	N/A
Miscellaneous goods and services	Personal goods and services + Household insurance

Figure S1. MIS Budget Compared to Mean Expenditure for household relevant costs and transport, Households Below MIS Income Threshold, 2021–2024



Source: PPI's analysis of MIS and LCF data