

Written evidence submitted by the Fabian Society (PPCM0037)

ABOUT US	The Fabian Society is an independent left-leaning think tank and a democratic membership society with over 6,500 members. We influence political and public thinking and provide a space for broad and open-minded debate. We publish insight, analysis and opinion; conduct research and undertake major policy inquiries; convene conferences, speaker meetings and roundtables; and facilitate member debate and activism across the UK. We have a long track record of thought leadership on poverty, social security and pensions.
CONTEXT	We are grateful for the opportunity to contribute to the Department of Work and Pensions Select Committee Inquiry on pensioner poverty. This response summarises key findings from two Fabian Society reports: • Mature decisions: the role of social security in alleviating pensioner poverty, which we expect to publish early 2025; and • <u>When I'm 64: a strategy to tackle poverty before the state pension age</u>, published in 2024, which considers the government's role in supporting those facing barriers to work as the state pension age continues to increase.

WHAT IS THE STATE OF PENSIONER POVERTY ACROSS THE UK?

Pensioner poverty halved when Labour was last in office. But some of this progress has been lost. The pensioner poverty rate was 29 per cent in 1997/98, 14 per cent in 2010/11, and 16 per cent in 2022/23, when using the government's standard measure – ie, incomes below 60 per cent of the contemporary median, after housing costs and adjusting for family size. This meant that, of the 12 million pensioners in the UK, 1.9 million were in poverty in 2022/23.ⁱ

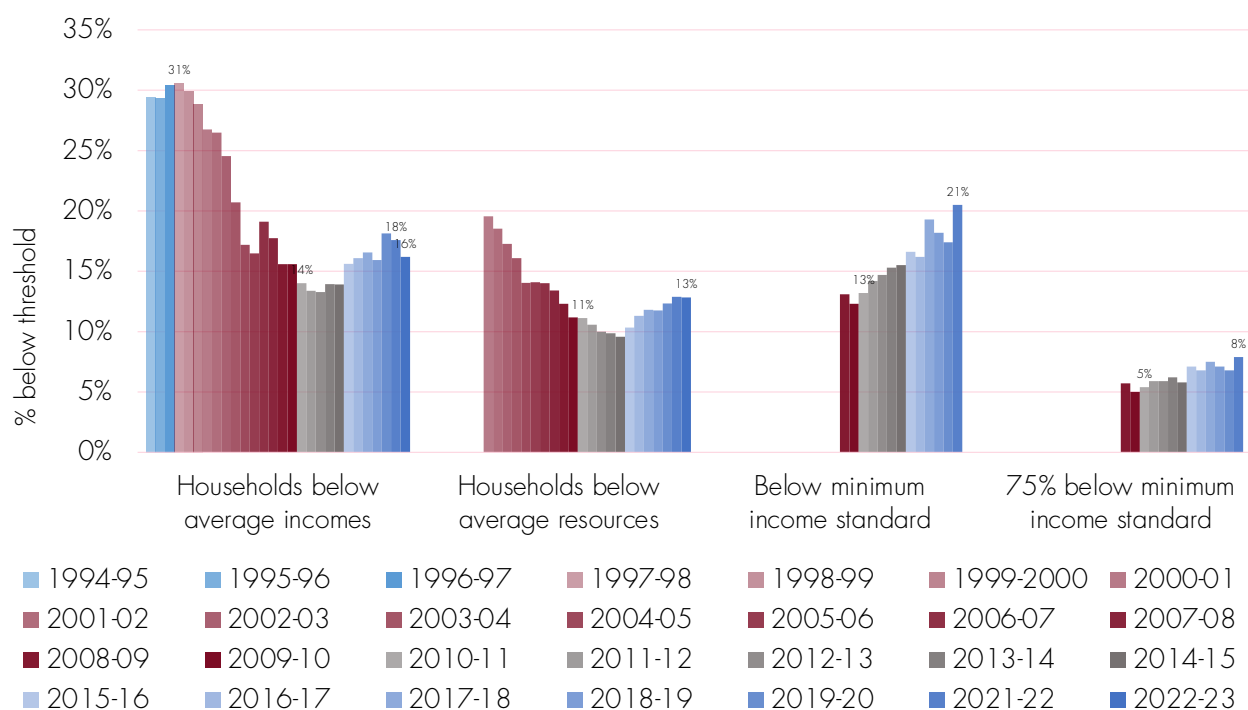
This increase has happened because those on lower incomes have fallen behind. Between 2011/12 and 2022/23, pensioner incomes grew by 12 per cent – a similar rate to working-age incomes, which rose by 13 per cent. But the poorest 10 per cent saw just 5 per cent growth, because they did not benefit from the private pension growth (and rising employment) that accumulated to those on middle and high incomes.ⁱⁱ

There are several other statistical measures for understanding pensioner living standards and informing policy decisions. The government can use these measures to inform targets for minimum retirement incomes, determine how to support pensioners to meet essential living expenses, and determine how support might vary depending on incomes, assets and savings. Figure 1 below shows the share of pensioners falling below key living standards thresholds.

The share of pensioners with low living standards has also risen by measures accounting for assets and/or essential costs on top of incomes. The below average resources measure records a lower incidence of pensioner poverty, at 13 per cent in 2022-23, as some on low incomes have high savings, but nonetheless shows a worsening picture over time.ⁱⁱⁱ However, those below the 'minimum income standard', which is informed by pensioners' own assessment of what is needed for an adequate standard of living in retirement, increased from 13 per cent in 2010-11 to 21 per cent in 2021-22.^{iv}

At the current trajectory, living standard pressures for pensioners on the lowest incomes could persist. Some long-term drivers could ameliorate pensioner poverty, like a more comprehensive and rising state pension and higher enrolment in private pensions. But private pensions can only modestly improve pensioner poverty in the near term, and gaps in auto-enrolment persist.^v A greater share of pensioners renting could bring future difficulties if not appropriately mitigated.^{vi} The Institute for Fiscal Studies calculates that, under current conditions, among 35-59 year olds only 83 per cent of private-sector employees saving into a defined contribution pension, and 60 per cent of the self-employed are on track to meet the minimum income standard when they retire (assuming those currently cohabiting continue to do so and accounting for the likelihood of continuing to rent into retirement).^{vii}

FIGURE 1: THE SHARE OF PENSIONERS BELOW KEY LIVING STANDARDS THRESHOLDS HAS RISEN



Source: Fabian Society analysis of DWP, Social Metrics Commission, Joseph Rowntree Foundation and Loughborough University. Red shows Labour, blue Conservative, and grey the Conservative-Liberal Democrat coalition in government.

Another group, who are yet to reach the state pension age but are unlikely to work again, have also experienced rising poverty. This is the age group affected by state pension age increases – for women from 60 in 2010 to 65 in 2018, and then for both men and women to 66 in 2020. 23 per cent of people aged 60 to 65 – totaling more than 1mn people – live in poverty. This is the highest poverty rate for any adult age group.^{viii} Between 2010 and 2022, the numbers in poverty between 60 and the state pension age increased more than 700,000 people.^{ix} Many face long-term barriers to work – for example, ill health, family responsibilities or job loss. Despite another imminent state pension age increase, to 67 by 2028, there is currently no support package for those affected. Meanwhile, the level of benefits they are entitled to, and restrictive conditions for accessing support, are the same for this cohort as for any other age group.^x

WHAT IS POVERTY'S IMPACT ON PENSIONERS' HEALTH, THE NHS AND SOCIAL CARE?

The health and social care cost of pensioner poverty is estimated to be between £3-£5bn annually.^{xi}

TO WHAT EXTENT DOES THE STATE PENSION AND OTHER PENSION-AGE BENEFITS PREVENT PENSIONER POVERTY?

Neither the state pension nor other pension-age benefits can guarantee protection from poverty. This is even though the headline values of both of these exceed the poverty line after housing-related costs (when added to periodic cost-of-living payments). Table 1 below compares social security provision against key living standards thresholds for 2022-23 (the latest available data for living standards measures), which was when the winter fuel payment was still universal.^{xii} It also summarises social security levels for the current fiscal year.^{xiii}

TABLE 1: FOR SINGLE PENSIONERS, PENSION CREDIT AND THE NEW STATE PENSION EXCEED THE POVERTY LINE

Yearly amounts	Single 2022/23	Couple 2022/23	Single 2024/25	Couple 2024/25
Social security				
Full New State Pensionⁱ	£9,628	£19,256	£11,502	£23,005
Pension Credit / Housing Benefit personal allowance	£9,495	£14,492	£11,344	£17,313
Low living standard thresholds				
Standard poverty line (Households Below Average Income after housing-related costs)	£9,880	£17,004	-	-
Minimum Income Standard , excluding all housing-related costs (references standard poverty line) ⁱⁱ	£11,503	£18,204	£11,790	£19,520
Minimum Income Standard , excluding rent, council tax (references means-tested benefits) ⁱⁱ	£11,890	£18,660	£22,271	£20,087
Minimum Income Standard , excluding rent (references state pension) ⁱⁱ	£12,751	£19,859	£13,383	£21,570
Below 75% of minimum income standard , excluding all housing-related costs (substantially greater risk of deprivation)	£8,627	£13,653	£8,843	£14,640

Source: DWP, Social Metrics Commission, Joseph Rowntree Foundation and Loughborough University. ⁱ In winter 2022–2023, all pensioner households received the winter fuel payment and a one-off cost of living payment, which totalled between £500 and £600 (depending on age). Some pensioners also received a £900 cost of living payment if receiving a qualifying income replacement benefit such as pension credit, and a £150 disability cost of living payment if receiving a qualifying disability benefit such as attendance allowance.^{xiv} While the new state pension and pension credit were below the poverty line in 2022-23, these periodic payments took support over the poverty line.ⁱⁱ Excluding different housing-related costs from the minimum income standard allows for comparison with the poverty line, means-tested benefits and the state pension, respectively, because each type of social security is designed to cover different costs.

Social security provision fails to tackle pensioner poverty in several ways:

1. **The state pension is too low.** This particularly affects those who retired before 6 April 2016, and so receive the legacy state pension, but the new state pension also falls short.
 - **Legacy state pension.** Compared with the new state pension, the legacy regime pays much less to the bottom half of recipients and much more to people with higher lifetime earnings – even though the average payments from each regime are broadly the same. People in this cohort may not have enough qualifying contributions because they spent time as homemakers, carers, disabled, self-employed, incarcerated or living abroad. Some also voluntarily ‘contracted out’, to divert contributions to private pension schemes, which have delivered for some while leaving others on a limited income.^{xv}
 - **Housing-related costs.** Most pensioners still incur housing-related costs, which are excluded from the standard poverty measure. In addition to rent or mortgage repayments, which currently apply to a minority of pensioners, housing-related costs include water rates, council tax and home insurance. This means those relying on the full new state pension alone could be in poverty, even if they own their home outright.
 - **New state pension contribution rates.** Many pensioners receive much less than the headline new state pension rate because they don’t have enough contributing years in their national insurance records. In 2022/23, around half of those reaching the state pension age from 2016 did not receive the full new state pension.^{xvi} The DWP estimates that around 20 per cent of those reaching the state pension age from the mid-2030s will still not receive the full amount.^{xvii}
2. **Benefits cannot guarantee incomes above the poverty line.** Means-tested benefits for single people – including pension credit and housing benefits – provide slightly higher support than the basic state pension, after taking into account benefits-linked cost-of-living payments like the winter fuel payment. Some may also benefit if assessed eligible for housing benefit when they sign up for pension credit. But support falls short in four ways:
 - a. **Housing costs.** Renters’ housing costs may not be fully covered by housing benefit or council tax support. This is particularly true for those in the private rented sector relying on local housing allowance. But social housing tenants may also receive insufficient support because certain housing-related costs are not included. Among housing benefits recipients, the poverty rate for private renters is 40 per cent (100,000 people). For social renters, the poverty rate is 26 per cent (200,000 people). Our modelling shows that the average monthly housing benefit shortfall is £130, and 100,000 existing housing benefit recipients are in poverty as a result.^{xviii}
 - b. **Couples.** In 2022/23, pension credit and the housing benefit personal allowance for couples was worth £2,512 less than the standard poverty line. Couples where one member is still below the state pension age are even more severely penalised if that person doesn’t earn enough, as they are entitled to working-age benefits only: couples’ universal credit in 2022/23 was worth £10,695 less than the poverty line. Among pensioners in a couple receiving pension credit, 31 per cent (100,000) – are in poverty. This compares with 25 per cent (200,000) single recipients.^{xix}
 - c. **Take-up.** Some benefits recipients do not claim all of their means-tested entitlements. This is particularly the case for housing benefits recipients, who are not automatically considered for pension credit. But pension credit recipients may also forego housing benefit entitlement where their housing costs have changed since they first claimed. In

2022/23, there were 300,000 pensioners eligible for both benefits but receiving only one; about four-fifths of these receive housing benefit but not pension credit. Among those missing out in this way, 100,000 are in poverty.^{xx}

- d. **Debt.** A Fabian Society Freedom of Information request shows that nearly 90,000 pensioners between 25 October and 26 November 2024 had their social security payments reduced under an ongoing debt repayment plan.^{xxi}
3. **Most pensioners in poverty do not receive benefits.** 77 per cent of poor pensioners were receiving neither pension credit nor housing benefit in 2022/23.^{xxii} There are two main reasons for this.
 - a. **Tight eligibility.** Around 700,000 not receiving pension credit have incomes below the poverty line but above the pension credit threshold.
 - b. **Low take-up.** Our modelling shows that, among those not receiving the benefits they were entitled to in 2022-23, the average annual outstanding amount was £4,100 for pension credit and £4,400 for housing benefits.^{xxiii} There are also take-up challenges with non means-tested disability benefits, which could impact the number of people living on in poverty by a 'below average resources' measure. Policy in Practice estimates that, in 2023, £5.2bn worth of Attendance Allowance was unclaimed by 1.1 million potentially eligible pensioners.^{xxiv}

Support for those who have had no choice but to retire prematurely (for example, due to ill health, family emergencies or job loss) is even lower. Currently, in the month before they turn 66, they are entitled to significantly less in benefits than in the month after: a single person receives £6,622 per year less and a couple £9,902 per year less under the universal credit standard allowance than the pension credit minimum income guarantee. Even people assessed as unable to participate in any work or work-related activity receive less than they would as pensioners.^{xxv}

WHICH GROUPS ARE MOST LIKELY TO BE IN POVERTY?

Higher pensioner poverty is associated with different demographics, living circumstances and health.

- **Demographics.** Both men and women are more likely to be in poverty in later life, due to differences in state pension entitlement and smaller incomes from other sources. However, this is more acute for women and ethnic minorities, who are more likely to have lower lifetime earnings and national insurance contribution gaps. The resulting retirement savings gaps affect both private and state pension incomes. For ethnic minorities, housing tenure and composition also play a role.^{xxvi} People who have experienced lifelong inequalities are also more vulnerable to poverty in the years ahead of the state pension age, due to premature labour market exit.^{xxvii}
- **Living circumstances.** Those still paying housing costs are more likely to live in poverty, as more income is offset by essential costs. Those living alone are also more likely to live in poverty, although couples where one person is below the state pension age and out of work are at particularly high risk of poverty because they will receive less generous means-tested benefits than households where everybody is a pensioner. Economic disparities, social factors and historic migration patterns mean Black and Asian pensioners are more likely to live in cities (where housing costs are higher), rent and live alone.^{xxviii}
- **Health.** Disabled pensioners and their carers are at greater risk of poverty, but this is obscured by official statistics. Disability is not associated with poverty when using the standard poverty measure, because disability benefits are counted as income and the extra costs of disability and

care are not accounted for. This is partially corrected by the new households below average resources measure, which currently assumes these extra costs equal the value of disability benefits (though, as described below, these benefits do not cover all costs). This measure shows disability is in fact associated with higher poverty risk.^{xxix} Health inequalities are more pronounced among ethnic minorities and pensioners with low lifetime incomes.^{xxx}

HOW DO PENSIONERS IN POVERTY MANAGE COSTS WITH THE INCOMES THEY HAVE? WHAT MEASURES COULD OFFSET THE IMPACT OF THE COST OF LIVING?

Government cost-of-living support has had mixed results.

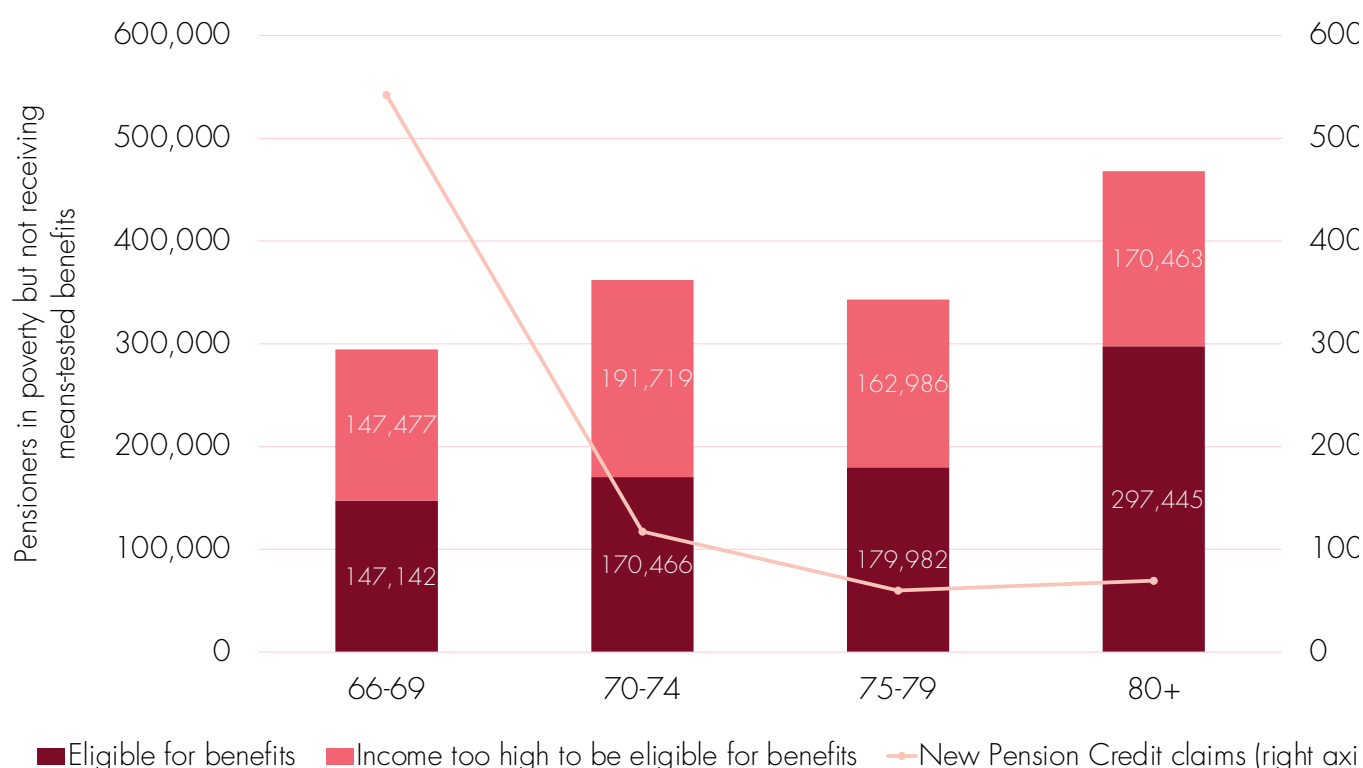
- **Housing.** Housing benefits cover pensioner social housing rents in full, protecting incomes up to an 'personal allowance' set at the same level as pension credit, regardless of home size. But they do not cover all housing-related costs, such as water rates, which are included in the official 'after housing costs' poverty measure. The local housing allowance provides even less protection. It is currently capped at the 30th percentile of rent for one-bedroom properties, assuming only single or couple pensioners live there. This presents challenges where homes are in low supply or extra rooms are needed, for example to host family. The Institute for Fiscal Studies has modelled the impact of basing local housing allowance on the rent for two-bedroom homes, and found it would benefit 130,000 pensioner households at a cost of £150m per year.^{xxxi}
- **Disability.** Economic research commissioned by disability charity Scope finds that, on average, the extra costs disabled people face exceed the value of disability benefits.^{xxxii} This can be more pronounced for pensioners. People who apply for disability benefits after the state pension age are only entitled to attendance allowance, which provides support for day-to-day living but not mobility – in contrast to the personal independence payment available to working-age claimants.^{xxxiii} A 2024 petition called on the government to reform attendance allowance to include mobility support.^{xxxiv}
- **Care.** The 'Minimum Income Guarantee' ensures incomes do not drop below a specific level (subject to assets) when someone receives local authority support for care costs. In 2022/23, this was £244 per year above the poverty line for single pensioners. But individuals living with a partner could not exceed the poverty line for their share of household income. Moreover, only a fraction of disability benefits are protected from the cost of care.^{xxxv} Disability groups are campaigning for a review of the Minimum Income Guarantee, to ensure disabled people have enough to live on after paying for care.^{xxxvi}
- **Utilities.** Our modelling shows that means-testing the Winter Fuel Payment would have pushed 100,000 pensioners into poverty in 2022/23, under Pension Credit take-up rates at the time. This is unless everybody claimed the benefits they were entitled to; in this case, 160,000 fewer would be poor. This is complicated by the mismatch between cost and support: some with energy-inefficient homes and / or higher energy use due to health needs may be in poverty using the below average resources metric. (Under government plans, this measure may in future account for energy costs.) Many pensioners feel similar pressures when covering the costs of water and broadband.^{xxxvii} The Fabian Society has recommended utilities social tariffs co-funded by government and industry, which could support both means-tested and disability benefits recipients.^{xxxviii} The Scottish government is introducing a Minimum Income Guarantee, which could be designed to guarantee an income above the poverty line after essential utilities have been paid, also through a co-funding model.^{xxxix} To reduce energy consumption, the Fabian

Society has proposed prioritising low-income households such as social renters for home upgrades.^{xl} The Data Communications Company has suggested using data, like that generated by smart meters, to find and prioritise for upgrade homes in fuel poverty.^{xli}

WHAT IS NEEDED TO IMPROVE ACCESS AND TAKE-UP OF PENSION CREDIT AND OTHER SOCIAL SECURITY SUPPORT FOR PENSIONERS IN POVERTY?

Improving benefits access would entail both broadening eligibility and promoting take-up. Interventions to address take-up should consider the needs of different age groups. The point of retirement is an important moment, as this is when most new claims happen. But figure 2 below shows that most who are potentially eligible to claim are in older age groups.

FIGURE 2: MOST IN POVERTY BUT NOT RECEIVING BENEFITS ARE IN AGE GROUPS RECEIVING THE LEGACY STATE PENSION



Source: Fabian Society analysis of Family Resources Survey and DWP, 2022/23.

Recent government campaigns have sought to raise benefits take-up. These include awareness campaigns and initiatives to contact existing housing benefits recipients who are potentially eligible for pension credit.^{xlii} But some challenges remain to be addressed. DWP capacity constraints have caused delays in processing claims.^{xliii} And there are 440,000 more pensioners eligible for pension credit than housing benefit, so targeting campaigns at housing benefit recipients will not reach everybody.

Think tanks including the Fabian Society have proposed benefits onboarding, based on data matching.^{xliv} Liz Kendall and DWP Permanent Secretary Sir Peter Schofield have indicated the DWP is seeking to move towards more automated benefits onboarding.^{xlv} Execution will be key and digital transformation is often challenging. Efforts to raise benefits take-up could also suffer long-term setbacks if trust was lost through, for example, automated errors that put pensioners in debt to DWP, harmful use of personal data, or miscommunication. This could be mitigated through a staged approach. For example, text

messages using the government's Notify system could in the near term inform pensioners whose HMRC records indicate they may be eligible.

Private-sector solutions also show promise. For example, Inbest offers a benefits calculator product that can be integrated into banking apps and third-sector support services to allow customers to check on unclaimed benefits.^{xlvi}

HOW CAN THE GOVERNMENT EFFECTIVELY TARGET SUPPORT TO ADDRESS POVERTY AMONG PENSIONERS?

We have modelled changes in pensioner social security support, imagining they were put in place during a single financial year in 2022-23. We explored the trade-offs between more generous means-tested benefits compared with universal support (eg, through a higher state pension), and the impact of measures raising incomes to different levels. We considered raising benefits to a level commensurate with the poverty line, as well as extending the current maximum new state pension to more people (as an approximation for support targeting the poverty line). We also considered a higher level of support for both benefits and the state pension, commensurate with the minimum income standard.

Trade-offs

There are a number of trade-offs to consider when choosing between options to address pensioner poverty. These are set out below.

Support levels

It is possible to achieve significant impact – provided support is high enough.

Interventions which benchmark to the minimum income standard can lower poverty to near zero. In contrast, there are significant gaps in support for approaches which benchmark to the standard poverty line.

Even the most generous interventions struggle to help all renters. No scenario we modelled could lower the poverty rate for private renters below one in five, and for social tenants below one in ten.

Means-testing

Concurrently raising benefits levels and takeup offers a cost-effective route to tackle poverty in the near-medium term. Full take-up of the highest level of support we modelled lowers the poverty rate to near zero. Targeting support to those most in need means it costs £27.3bn less than a similar result via universal support.

Savings through means-testing are significant, even after accounting for higher administrative costs. In 2010/11, each pension credit claim cost £351 to administer in the first year, and £47 per year thereafter. Accounting for inflation, all else being equal, this would today be much less than the additional cost of universal support (though more recent data would be needed for a reliable comparison).^{xlvi}

This is a practical consideration – not just a financial one. Raising benefit levels can have only limited impact without reaching near-universal take-up. This take-up would be difficult to achieve without reduced stigma associated with means-testing and a step change in benefits onboarding processes.

Means-testing presents political challenges. People are split on means-testing the winter fuel payment but most pensioners are opposed. A September 2024 YouGov poll found, across all ages, 44 per cent opposition and 46 per cent support. But among over-65s, 72 per cent opposed and 26 per cent supported means-testing.^{xlvi} Means-testing the state pension is less popular: an April 2022 YouGov poll found 51 per cent opposition and 34 per cent support.^{xlix}

Universalism

A higher state pension would be costly and carry distributional challenges. Achieving a poverty rate of near zero through a universal approach would have cost around 2 per cent of the UK's GDP in 2022/23. Meanwhile, it would raise incomes for 10 million pensioners who are not in poverty.

Better pensions could bring UK spend in line with comparable economies. The UK spent 6 per cent of GDP on state pensions in 2020. The USA spent 8 per cent, even though their pension-age population is relatively smaller.^l UK spend has since dipped to 5 per cent of GDP, and it is forecast to remain around this rate for the duration of this parliament, before taking around 50 years to reach 8 per cent.^{li}

Gradually raising support could improve living standards in line with a more fiscally realistic timeline. The government could mitigate costs by prioritising older pensioners – who have significantly lower average incomes. Women, in particular, would benefit from such measures.

Some cost-of-living challenges could also be addressed through targeted support.

Renters make up the majority of pensioners remaining in poverty at the lower level of universal support – ie, benchmarking to the poverty line rather than the minimum income standard. It would be cheaper to support them with more comprehensive housing benefits and other cost-of-living support.

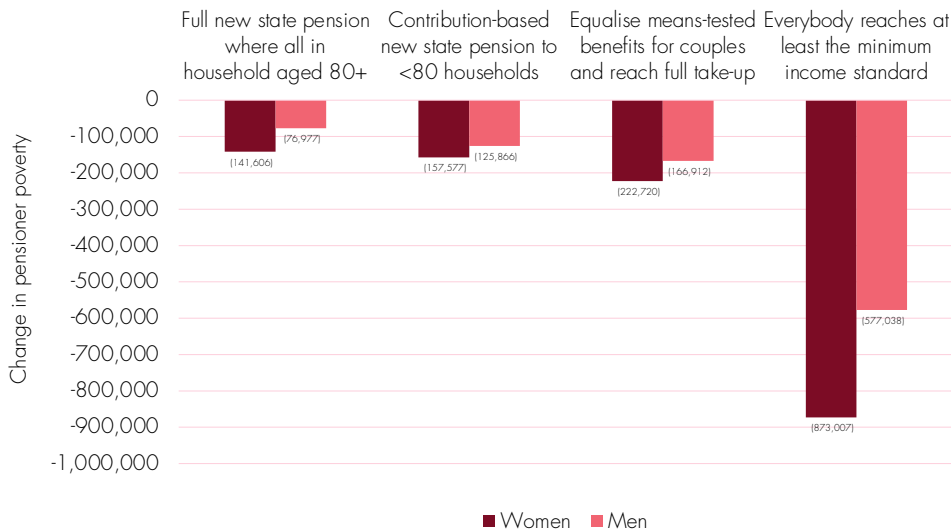
Policy options

A sustainable solution to pensioner poverty will require both a near-term and longer-term approach. The government should consider options for immediate, targeted support for those most in need today, and should use the pensions review process to develop a plan to bring dignity in retirement for future generations. Below are proposals for to consider delivering over the next two parliaments.

Within this parliament, support those most let down by the means-tested benefits system and legacy state pensions. Options to consider include:

1. **Improve the state pension for older pensioners – particularly those who retired before the first improvements were introduced in 2010.** This could include waiving contribution rules for pensioners over a specific age (for example, 80) and gradually extending the new state pension (for example, starting with over-80s and decreasing the age of eligibility each year). If implemented immediately, such a measure could, within this Parliament, reach 1950s-born women who experienced a delay in state pension age increase notifications.
2. **Raise pension credit levels to bring support for couples up to the poverty line,** as is already the case for singles. This should include raising support for couples where one is below the state pension age.
3. **Set a target for achieving full pensioner benefits take-up.** Start with pilots of quick-win options to use data matching to streamline onboarding processes – for example, through text-message notifications using HMRC data – and consider options for greater automation in future.

FIGURE 3: PROPOSED INTERVENTIONS ARE A FIRST STEP IN LOWERING PENSIONER POVERTY



Source: Fabian Society analysis of Family Resources Survey, 2022-23.

Figure 3 above shows these measures would have a significant impact on poverty for both women and men, and help lower the gender pensions gap. However, the scale of impact would be much smaller than if all pensioner incomes increased to at least the minimum income standard (after housing costs). To achieve impact of this scale, further interventions would need to be considered over the next parliament.

Use the state pension review process to establish clarity on pension-age social security. Options to consider include:

4. **Create consensus and long-term targets for a minimum living standard for pensioners**, the relative role of the state pension and private sources in achieving this, and the link between the state pension and pension credit. The government could revisit the principles of the 1942 Beveridge report by exploring at what level the state pension, combined with cost-of-living support, could guarantee protection from poverty.
5. **Establish a timeline and consider reforms to contribution rules for raising the state pension to a target level.** Once this target level has been reached via the triple lock, the state pension should start using a more predictable uprating mechanism, increasing by earnings unless inflation is higher, in which case it should be uprated by inflation until the earnings links is restored.
6. **Review private pension contribution rules** to ensure they can play an appropriate role in reducing pensioner poverty and raising pension living standards to a target minimum level within a specific timeframe.

TO WHAT EXTENT SHOULD THOSE WHO RETIRED INVOLUNTARILY BEFORE THE STATE PENSION AGE BE TREATED LIKE PENSIONERS FOR SOCIAL SECURITY PURPOSES?

Recognising intractable barriers to work experienced by some approaching the state pension age, some have argued that early access to the state pension, at a discounted rate, may be justified. This would particularly benefit those on the lowest incomes, who are less likely to live long enough to reap the full

benefits of a higher state pension, which is funded by increases in the state pension age. However, this would exacerbate existing inequalities and the risk of pensioner poverty.

The Fabian Society has argued instead that there may be a case for more generous means-tested benefits for people in this cohort, where it has not been possible to support them to extend their working lives.

Options include:^{lii}

1. **Relax benefits conditionality** for people over 60 facing long-term barriers to work by reducing the minimum hours people are expected to work from the age of 60; and by ending work-related requirements for all 65-year-olds, and for some 60 to 64-year-olds, depending on their personal circumstances and length of time without work. For people who were either assessed as having a work-limiting health condition or disability, or who have received a carer's benefit in the past three years, there should be no conditions from Recommendation 19: Increase benefits for over-60s facing long-term barriers to work age 63 if they have been without work for at least a year, or from age 60 if they have been without work for at least three years. There should be no conditions from age 63 for anybody who has not worked for at least two years.
 2. **Increase benefits levels** for people over 60 facing long-term barriers to work by gradually phasing universal credit payments up towards pension credit levels from 63 onwards for anyone who has been out of work and claiming for more than two years. Also increase universal credit payments to fully match pension credit in some circumstances. We propose an extra element within universal credit available to people from age 63 who have been without work for at least a year and were either assessed as having a work-limiting health condition, or received a carer's benefit in the past three years; and from age 60 where this is for over three years.
 3. **Address unfair penalties** on social security recipients after 60 by paying couples where one is over the state pension age an amount halfway between universal credit and pension credit; and by exempting people over 60 from the bedroom tax, the benefit cap and the 'minimum income floor' rule, which cuts universal credit payments when people are self-employed with low earnings.
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Endnotes

- ⁱ Fabian Society analysis of Family Resources Survey, 2023
- ⁱⁱ Cribb, J, & Henry, A, How have pensioner incomes and poverty changed in recent years? Institute for Fiscal Studies, 2024
- ⁱⁱⁱ Oakley, M, Social Metrics Commission 2023 Report, Social Metrics Commission, 2023
- ^{iv} Padley, M, Stone, J, & Robinson, E, Households living below a minimum income standard: 2008–2022, Joseph Rowntree Foundation, 2024
- ^v Cribb, J, & Emmerson, C, The future of the state pension: How much can we afford to pay today's workers in retirement? Institute for Fiscal Studies, 2024
- Mirza-Davies, J, & Zaidi, K, Pensions: Automatic enrolment – current issues (Research Briefing SN06417), House of Commons Library, 2023
- ^{vi} Vine, M, Keys to the future: Projecting housing tenure and poverty rates in later life, Independent Age, 2024
- ONS Household Projections, 2020
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- Browne, J., & Sutherland, H., Private Pensions for the Self-Employed: Challenges and Options for Reform, Institute for Fiscal Studies, 2024
- ^{viii} Using the standard measure of poverty – ie individuals in households with incomes below 60 per cent of the contemporary median after adjusting for housing costs and the size of family
- ^{ix} Households Below Average Incomes, 2021-22
- ^x When I'm 64: a strategy tackle poverty before the state pension age, Fabian Society, 2024
- ^{xi} Hirsch, D, & Stone, J, The cost of pensioner poverty and non-take-up of Pension Credit, Independent Age, 2020
- ^{xii} Cost of Living Payments 2022 to 2024, UK Government, 2024
- ^{xiii} Otto, S., When I'm 64: A Strategy to Tackle Poverty Before State Pension Age, Fabian Society, 2024
- Women's State Pension age: our findings on injustice and associated issues, Parliamentary and Health Service Ombudsman, 2024
- ^{xiv} Explanatory memorandum to the Social Fund Winter Fuel Payment (Temporary Increase) Regulations 2023, Legislation.gov.uk, 2023
- ^{xv} A New Pension Settlement for the Twenty-First Century: The Second Report of the Pensions Commission, Pensions Commission, 2005
- Some legacy state pension recipients also experienced the 28-week delay in the DWP writing to 1950s-born women to let them know their state pension age was going up. Women aged 72 to (just short of) 74 by 6 April 2026 saw their state pension age rise beyond age 60, within 28 weeks of increases

commencing on 6 May 2010. The latest retirement age for this group was 61 years and 2 months (the earliest, 60 years and 1 month). Investigating complaints about the process, the Parliamentary and Health Service Ombudsman found that delays caused injustice but not direct financial loss. Separately, the Fabian Society has found that ongoing state pension age increases have not been accompanied by sufficient support for those affected.

^{xvi} Fabian Society analysis of Family Resources Survey, 2024

^{xvii} Department for Work and Pensions, *The Single-Tier Pension: A Simple Foundation for Saving*, 2013

^{xviii} Fabian Society analysis of Family Resources Survey, 2024

^{xix} Fabian Society analysis of Family Resources Survey, 2024

^{xx} Fabian Society analysis of Family Resources Survey, 2024

^{xxi} *Autumn Budget 2024*, HM Treasury, 2024

^{xxii} Fabian Society analysis of Family Resources Survey, 2024

^{xxiii} Fabian Society analysis of Family Resources Survey, 2024

^{xxiv} Ghelani, D., & Walker, R., *Missing Out 2024: £23 Billion of Support Is Unclaimed Each Year, Policy in Practice*, 2024

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