



The Pensions Review

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Means-tested benefits above state pension age



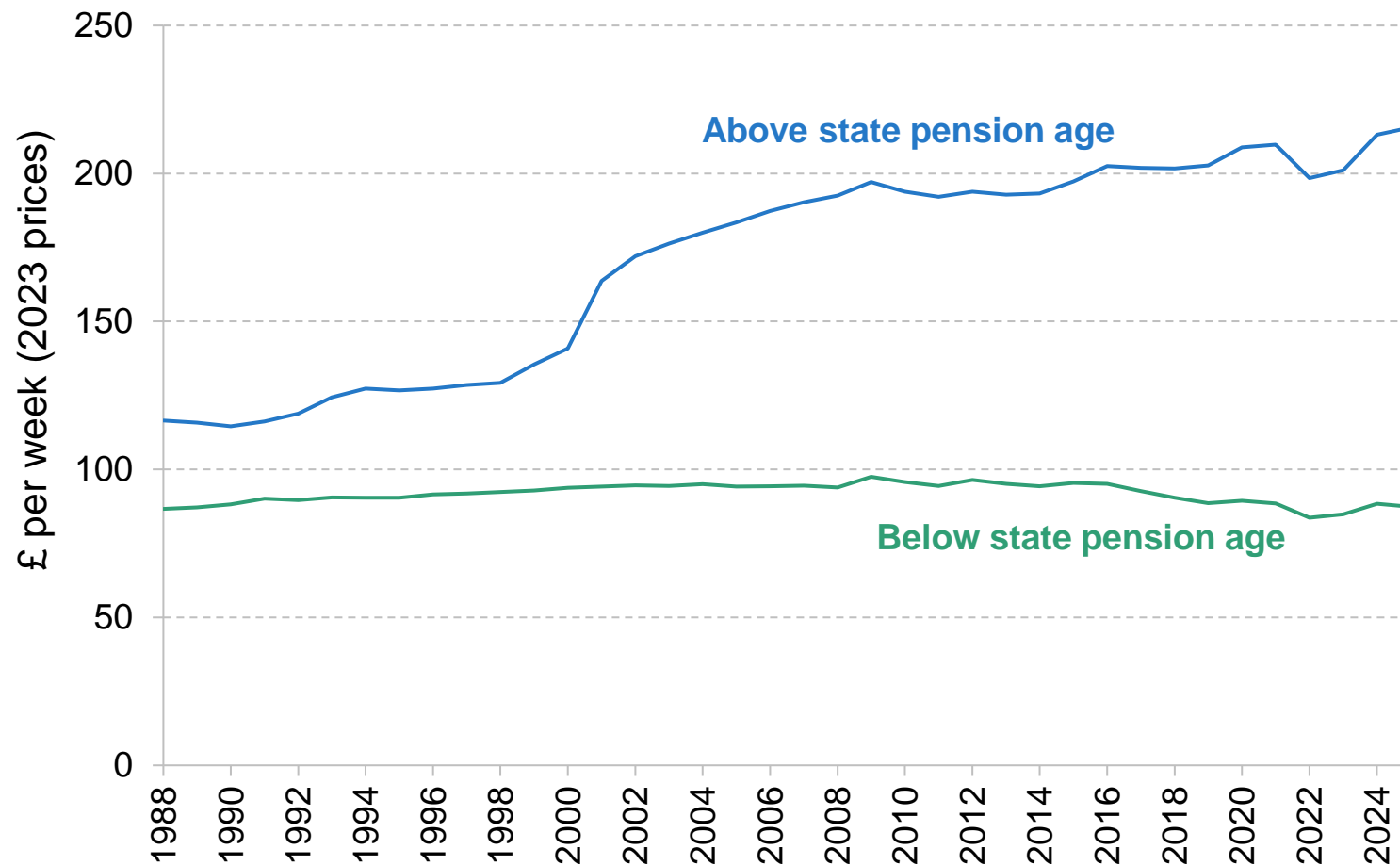
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Pensioner basic support much higher than for working-age people

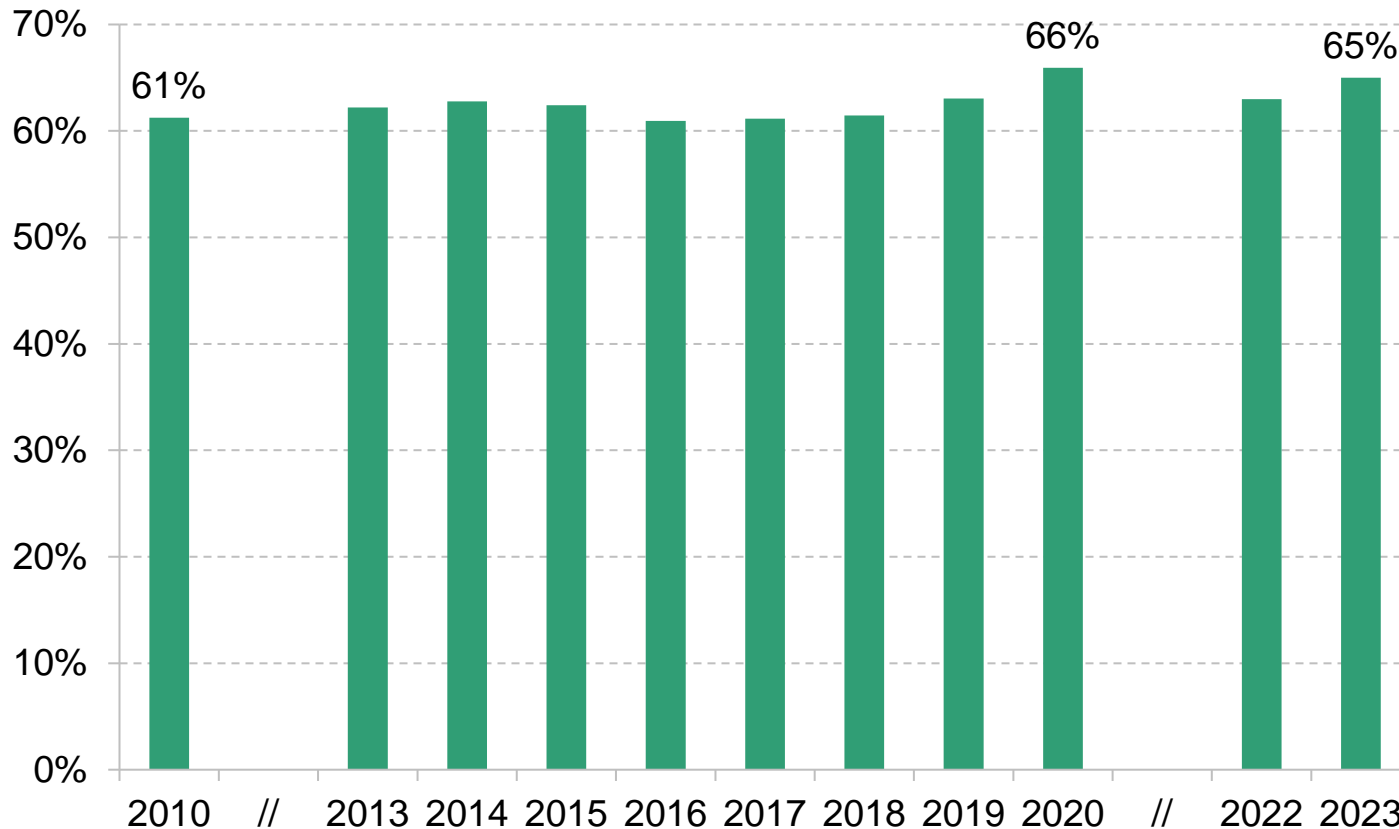
Real levels of basic financial support through Pension Credit and Jobseeker's Allowance / Universal Credit



Source: Cribb, Emmerson and Karjalainen (2024), Figure 1.1. Notes: Support above state pension age: Pension Credit. Support below state pension age: Jobseeker's allowance (now same level as Universal Credit).

Low take up of pension credit

Pension credit take-up rate (as % of those eligible) over time



15% of pensioners currently receive Pension credit or housing benefit

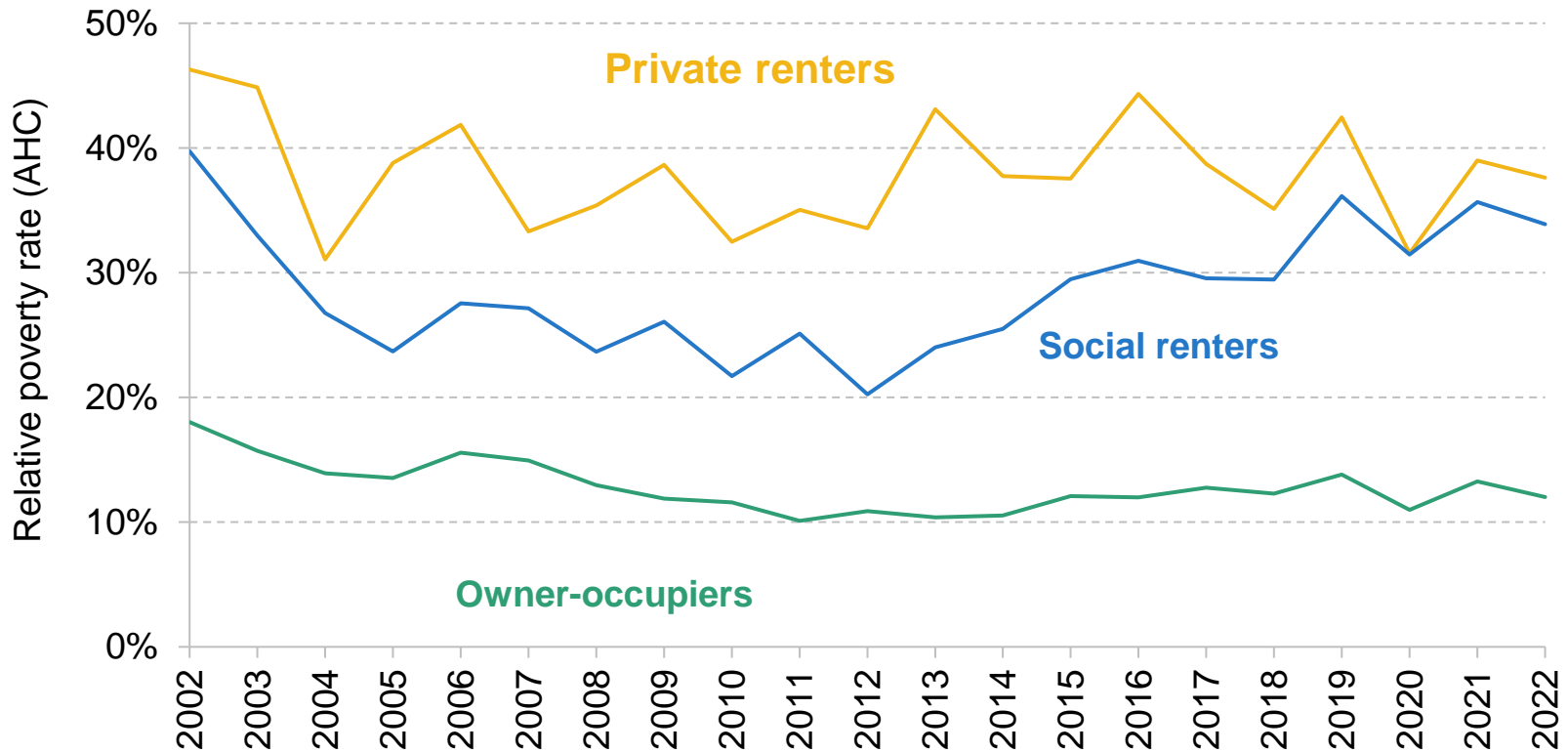
10% of those in late 60s

23% of people in their 90s

Source: Cribb, Emmerson and Karjalainen (2024), Figure 4.5

Private renters most likely to be in pensioner poverty

Pensioner poverty rate by housing tenure, 2002-2022



Source: Cribb, Emmerson and Karjalainen (2024), Figure 4.1.

Should more support be provided to private renters in retirement?

- Private renters often face **rents above maximum housing benefit rates**
 - Only a third of pensioner private renters have rents that would be covered by housing benefit
- Low-income private renters in retirement have **less support than equivalent social renters**
- Prevalence of **private renting also likely to rise** among pensioners in the future
 - About 4% of those born in the 1940s in their mid-50s were private renters, compared with 10% for those born in the 1960s

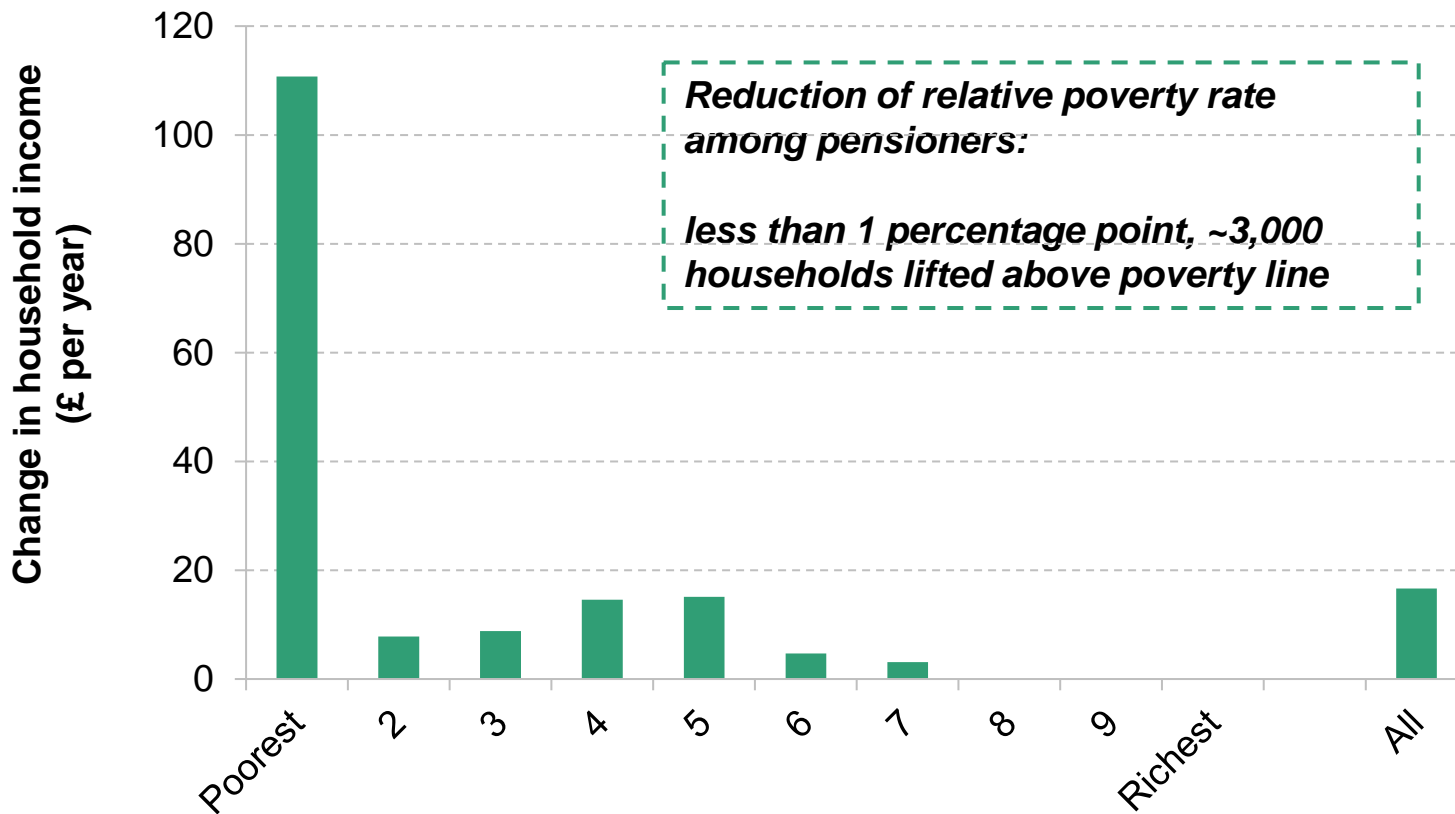
Potential policy change to increase housing benefit for pensioners



- The maximum housing benefit for couples or single pensioners in private rental properties is based on 30th percentile rent of **one-bedroom** properties in the area
- Should they instead be entitled to a maximum rate based on **two-bedroom** properties?
 - No restrictions on bedrooms for pensioner social renters; pensioners spend more time at home; allows children to stay
- This policy would directly benefit 130,000 pensioner households
 - Cost of **~£150m per year** (currently; to rise over time)

Increasing amount of housing benefit for private renter pensioners

Average cash change, among pensioner families



Source: Cribb, Emmerson and Karjalainen (2024), Figure 4.4.

Pension credit: integration?

- Below state pension age, most means-tested benefits have been “**integrated**” together to form Universal Credit. Not above SPA.
- The government has **committed to integrating Pension Credit and Housing Benefit**, for new claimants from 2026
 - Should boost take-up
 - Was also the stated intention of the previous government
- Could the government **go even further to integrate** working-age and pensioner benefit systems together?

Potential benefits of integration

- Would be done in a way that would **broadly maintain level of support** (and lack of “conditionality”) for pensioners
- Could make it **easier for people who reach SPA** and currently need to make a new application for benefits
- Integration with working-age system allows a **third way for “mixed age couples”** (one over SPA, one under SPA)
 - Currently get pensioner support when younger partner reach SPA
 - Pre 2019, when older partner reaches SPA
- Would be **major project** for DWP but could happen “behind the scenes”

Conclusion

- **Pensioner poverty is low compared to other parts of the population**
 - Combination of state pension + means-tested benefits system
- **Two key issues:** low take-up and lower support for private renters
- Pension credit take-up important given how much support people get when receiving PC (including Winter Fuel Payment)
- Housing benefit in retirement likely to become an increasing issue with rising rates of people approaching SPA in private rented homes

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