

UPDATE ON PENSIONER POVERTY

Introduction

This scoping note begins with an outline of key up-to-date research and commentary on pensioner poverty and policy in Northern Ireland, the UK and the Republic of Ireland. The second section summarises proposals for policies and practices to tackle pensioner poverty identified in these studies. The final section highlights gaps in the information base.

Key sources of information on pensioner poverty:

1. House of Commons Work and Pensions Committee
2. Pensions Policy Institute
3. Joseph Rowntree Foundation
4. Age Concern and Help the Aged
5. Institute of Fiscal Studies
6. The Poverty Site
7. CARDI

1. House of Commons Work and Pensions Committee¹

The Work and Pensions Committee is a Standing Committee of the House of Commons. The Committee oversees the work of the Department of Work and Pensions (DWP); in particular it examines the expenditure, administration and policy of the department and its associated public bodies. The Committee does not have executive powers but makes reports to the House of Commons. It has published a number of reports on issues affecting older people.

Key projects / reports:

Title: *Tackling Pensioner Poverty*²(Report)

Date: July 2009

Significance: This is a detailed report following the Committee's inquiry of 2009 into tackling pensioner poverty. It examines the causes of persistent pensioner poverty and what steps could be taken by government to ensure those approaching retirement age now are less likely to experience poverty in their retirement. Key findings were:

¹ http://www.parliament.uk/parliamentary_committees/work_and_pensions_committee.cfm

² <http://www.publications.parliament.uk/pa/cm200809/cmselect/cmworpen/411/411i.pdf>

- The poorest pensioners are least likely to go to an Independent Financial Advisor (IFA). However, these are the pensioners most in need of financial advice.
- The oldest pensioners, most of whom were women, are a particularly vulnerable group. After excluding housing costs, it is estimated that 25% of those over 85 are living in poverty.
- Women in general have lower state and private retirement incomes due to employment disadvantages and caring responsibilities
- Women also particularly vulnerable after widowhood or divorce if they had been reliant on their partner's income.
- The higher the level of Basic State Pension (BSP) and State Second Pension (S2P), the fewer people are eligible for means-tested benefits. This reduces pensioner poverty without having to address take-up of benefits. Reducing the number of people on means-tested benefits also improves incentives to save.
- Low take-up of Housing and Council Tax benefit is a major contributor toward pensioner poverty.

The Committee made a large number of recommendations to the Department for Work and Pensions (DWP). It concluded that improving take-up of Pension Credit and other benefits would markedly improve pensioner poverty. 'Automaticity' may help increase take up and the DWP should examine options for implementation. Personal Expenses Allowance (PEA) should be increased to allow pensioners in care homes to live with dignity. The inquiry also recommended Attendance Allowance should, like DLA, have rates for mobility in addition to rates for care. A Money Guidance service for older people should be set up using a one-stop-shop approach in order that claimants are not lost along the way. The research found that working longer and deferring claiming pension can have a positive effect on future income. The Committee called for the abolition of the Default Retirement Age to enable those persons over 65 who wish to continue working to do so.

2. Pensions Policy Institute³

The Pensions Policy Institute (PPI) is an educational charity which provides independent comment and analysis on pension policy and the provision of retirement income in the UK. Its website stocks a large number of research reports, briefings and articles. The recent Work and Pensions Committee report *Tackling Pensioner Poverty* (see above) refers extensively to the work and findings of the PPI.

Key projects / reports:

Title: *Retirement income and assets: how can housing support retirement?*⁴
(Report)

³ <http://www.pensionspolicyinstitute.org.uk/>

⁴ https://www.pensionspolicyinstitute.org.uk/uploadeddocuments/2009/PPI_Retirement_income_and_assets_report_2_-_Housing_Sept_2009.pdf

Date: September 2009

Significance: Financial needs evolve during the course of retirement and different sources of income play different roles in meeting those needs. This report provides independent evidence to inform debate about the role of different types of assets in funding retirement. It is the second in a series of PPI research reports on retirement income and assets in the UK.

Title: *Retirement income and assets: do pensioners have sufficient income to meet their needs?*⁵ (Report)

Date: April 2009

Significance: The first in a series of PPI reports looking at the evolution of needs for income during the course of retirement. The report examines how the income needs of pensioners could be measured and explores how pensioners needs for retirement income vary over time and for different individuals and households.

Title: *The under-pensioned: disabled people and people and people from ethnic minorities* (Report)⁶

Date: December 2008

Significance: This report examines the likely future pension incomes of disabled people and people from ethnic minorities by examining their working patterns, earnings and other characteristics. It showed that disabled people and people from some ethnic minority groups are more likely than the rest of the population to have the characteristics associated with lower personal incomes. The research suggests that these groups are likely to have lower pension incomes in future than a traditionally-employed median-earning male. The report made recommendations for a policy response.

Title: *Would allowing early access to pension savings increase retirement incomes?*⁷ (Report)

Date: November 2008

Significance: An independent assessment of a potential policy of early access to pension savings in the UK. The research found that allowing limited access to money saved in pension schemes under specific circumstances, such as times of financial hardship, might increase the number of people saving in a pension scheme and the amount they save.

Title: *An assessment of the Government's reforms to public sector pensions*⁸ (Report)

Date: October 2008

Significance: This research assessed the impact of Government's reforms to public sector pensions. It found that public sector pensions are still more valuable than most private sector pensions even after the Government's reforms.

Title: *Will Personal Accounts increase pension saving?*⁹ (Report)

⁵https://www.pensionspolicyinstitute.org.uk/uploadeddocuments/2009/PPI_Retirement_Income_and_Assets_28_April_2009.pdf

⁶http://www.pensionspolicyinstitute.org.uk/uploadeddocuments/PPI_EHRC_The_Underpensioned_Nov_2008.pdf

⁷http://www.pensionspolicyinstitute.org.uk/uploadeddocuments/Press/PPI_Early_Access_PR_17_Nov_2008.pdf

⁸http://www.pensionspolicyinstitute.org.uk/uploadeddocuments/PPI_public_sector_pensions_16_Oct_2008.pdf

Date: November 2007

Significance: This research found that the Government's private pension reforms are likely to increase the number of people saving in a pension and could increase the total amount saved. However, the overall impact of the reforms on private saving- whether positive or negative – will depend crucially on how employees and employers react when the reforms are introduced.

3. Joseph Rowntree Foundation¹⁰

The Joseph Rowntree Foundation (JRF) is an independent charity that funds a UK-wide research programme on poverty and disadvantage with the aim of influencing policy and practice. Much of their current and past work has been concerned with the situation of older people experiencing poverty.

Key projects / reports:

Title: *Monitoring poverty and social exclusion in Northern Ireland¹¹* (Summary report)

Date: September 2009

Significance: This recently published report stated that the outlook on pensioner poverty in Northern Ireland is uncertain at best due to the recession. Compared with the other countries in the UK NI now has the highest proportion of pensioners living in low income households (20%).

Title: *Managing Resources in later life¹²* (Report)

Date: February 2009

Significance: This report explores the changing lives of older people and shows how resources are used to manage change and maintain stability. It highlights how older people draw on a wide range of resources in an effort to retain independence. These help older people adapt to change and help to cushion the impact of change. A key issue is the difficulties faced by older people who do not have access to all the resources they need.

4. Age Concern / Help the Aged

In April 2009 Age Concern UK joined with Help the Aged to form a single charity. The organisation carries out research, publishes reports and runs campaigns in NI and throughout the UK in order to influence public policy that relates to the lives of older people.

Key projects / reports:

Title: *The truth about poverty in NI¹³*

Date: July 2009

⁹ http://www.pensionspolicyinstitute.org.uk/uploadeddocuments/Press/PPI_Will_PAs_increase_pension_saving_PR_Nov2007.pdf

¹⁰ <http://www.jrf.org.uk/>

¹¹ <http://www.jrf.org.uk/publications/mopse-northern-ireland-2009>

¹² <http://www.jrf.org.uk/sites/files/jrf/older-people-resourcesFULL.pdf>

¹³ <http://www.olderpeoplesadvocateni.org/Reports/The%20Truth%20About%20Poverty%20in%20Northern%20Ireland.pdf>

Significance: This research commissioned by Age Concern and Help the Aged was carried out by academics from Queens University and the University of Ulster. It assesses the statistical approach used by government for analysing poverty and finds that a large number of older people, particularly single female pensioners are under estimated when using this methodology. The report recommended government reviews how it calculates poverty to ensure that core groups receive the help they need.

Title: *Public Policy for Older people: the Age Agenda for Northern Ireland*¹⁴ (Age Concern Northern Ireland report)

Date: 2008

Significance: This report assesses the main issues which affect older people's lives and how public policy may or may not be working to deliver change where needed. Recognising that the pace of change is gradual, the report provides an update of policy change, tracks information on the key indicators outlined in Age Concern NI's previous review (2007) and provides commentary on the direction of change.

Title: *Not Ready for the Scrapheap: Looking for Work after 50*¹⁵ (Age Concern Report)

Date: November 2006

Significance: – The report contains practical recommendations in relation to extending work life and preventing pensioner poverty. This was a qualitative research study which examined the views and experiences of people in their 50s and 60s looking for work. It includes specific recommendations for Jobcentre Plus, Dept for Work and Pensions, Dept Education and Skills, Disability Rights Commission, Commission for Equality and Human Rights, and ACAS.

5. The Poverty Site¹⁶

This site monitors what is happening to poverty and social exclusion in the UK. It provides around 100 statistical indicators covering all aspects of the subject. Information is available at UK, GB and Northern Ireland level.

Key projects / reports:

Title: *Northern Ireland Indicators*¹⁷ (statistical data)

Date: September 2009

Significance: Up-to date poverty statistics on pensioner households in NI, GB and at a UK level.

6. The Institute of Fiscal Studies (IFS)¹⁸

The IFS is an independent UK microeconomic research institute producing reports and commentary on issues such as public finance, tax and welfare policy, tax law, pensions and inequality and poverty.

¹⁴ http://www.cardi.ie/userfiles/Policy_Booklet.pdf

¹⁵ [http://www.ageconcern.org.uk/AgeConcern/Documents/Looking_for_jobs_over_50_\(final\).pdf](http://www.ageconcern.org.uk/AgeConcern/Documents/Looking_for_jobs_over_50_(final).pdf)

¹⁶ <http://www.poverty.org.uk/>

¹⁷ <http://www.poverty.org.uk/summary/ni.htm>

¹⁸ <http://www.ifs.org.uk>

Key projects / reports:

Title: *The Expenditure experience of older households*¹⁹ (Report)

Date: August 2009

Significance: With a particular focus on pensioners, this commentary looks at changes in the level of real expenditures and how spending patterns in households have changed over time. Household fuel expenditure is examined in detail and the authors conclude that fuel is clearly of great current policy concern given recent large increases in the price of domestic fuel that may impact particularly severely on poorer and older households.

Title: *Poverty and Inequality in the UK 2009*²⁰(Report)

Date: May 2009

Significance: An assessment of the changes to average incomes, inequality and poverty that have occurred since 1997, with a particular focus on the changes that have occurred in the latest year of data. Conclusions reached are that poverty has risen in 2007-08 for the third consecutive year with the rise most evident for working age adults without dependent children. Pensioners, however, are likely to see real increases in the value of their state benefits in the coming years, partly as a result of declining levels of inflation. This seems likely to translate into reduced pensioner poverty, especially if the recession delivers falls in average or median incomes. The authors note that in previous recessions pensioner poverty has fallen substantially.

7. C.A.R.D.I: Centre for Ageing Research and Development in Ireland²¹

CARDI is a not-for-profit organisation whose mission is to advocate for and advance the ageing agenda by sponsoring research on ageing and older people to improve the lives of older people in Ireland (North and South). It publishes a range of policy and research papers on its website.

Key projects / reports:

Title: *Stocktake of Ageing Public Policy Initiatives in Ireland, North and South*²² (Report)

Date: May 2009

Significance: This provides an overview of ageing policy initiatives in the north and south of Ireland and at EU and international level. These include key initiatives related to pensioner poverty such as fuel poverty and pensions.

Title: *Mapping research in Ireland against the UN Research Agenda on Ageing for the 21st Century*²³ (Updated report)

Date: January 2009

¹⁹ <http://www.ifs.org.uk/comms/comm111.pdf>

²⁰ <http://www.ifs.org.uk/comms/c109.pdf>

²¹ <http://www.cardi.ie/>

²² http://www.cardi.ie/userfiles/Government%20Structure_N_S.pdf

²³ <http://www.cardi.ie/userfiles/UN%20mapping%20framework%206%20Jan%202009.doc>

Significance: This was an audit of research projects in the North and South of Ireland. As well as classifying studies on ageing by theme the research compared and evaluated the types of research being carried out in NI and in the Republic. Amongst the 176 research studies identified 14 projects were primarily concerned with poverty, economic security and social security systems. The most common projects in the Republic were those looking at social participation and integration, care systems, biomedical research and physical and mental functioning of older people. In NI biomedical research was the most common research area as well as social participation and integration studies, care systems, healthy ageing and quality of life.

Policies and practices to tackle pensioner poverty

Policy for state pensions and benefits remains primarily the responsibility of the Westminster Parliament. For, although Social Security is a devolved matter, in practice NI maintains parity with the rest of the UK. However, a range of actions to tackle pensioner poverty at NI departmental level can be ascertained from the research studies and reports described above. These fall into three main categories:

- Improving provision of advice to older people
- Improving take-up of pension and benefits
- Improvements to strategies / more action on existing strategies

Providing advice and information

- When providing advice to older people there should be one source of information, with clear signposting to other services. A number of groups would particularly benefit from this approach, for example, poorer pensioners and carers who tend not to self identify for benefits and would be more likely to use a universal, non-stigmatised service. *Service Canada* for example, offers single window access to a number of government programmes and services through more than 600 points of service located in convenient places across the country (for example, in shopping malls), call centres and the Internet.
- Financial advisor. The research established that pensioners would benefit from financial advice. Poorer pensioners are most in need of advice on how to maximise their investments – but are the ones less likely to seek the services of an Independent Financial Advisor (IFA). Although there are concerns about legal liability with providing regulated financial advice, the research stressed the need for a single source and that it should have a recognisable ‘brand’.
- Annuities. Advice and support to older people in making good decisions in choosing an annuity should be provided. An annuity advice service – through a link up with an agency could be made available for this.
- Mortgage and pension advice. Specific areas where help should be provided are advice on pension options on retirement, the impact of

redundancy on pension and help in understanding the information pension providers send to retirees.

- Personal Accounts. Older people will need help with decisions about Personal Accounts as these will not be beneficial for everyone.
- Deferring. Information about the benefits of deferring the Basic State Pension. This is particularly important for women and older people in good health.

Improving take-up

- Recent benefit up-take programmes in NI have been successful in increasing uptake but older people still encounter barriers and difficulties in claiming. Recent research by Access to Benefits (A2B) indicates that older people still encounter barriers and difficulties in claiming benefits, mainly around lack of information about entitlement and the complexity of the claims process.
- Keep trying to find innovative ways to improve take-up of pension credit and other benefits. (At UK level regional campaigns were tried out and found some success - as national level campaigns were failing.)
- Working more closely with third sector organisations could improve take-up. For example, run a pilot study to see if letters from Age Concern (or another third party) trigger more claims for benefits than letters from the Department. The Department should trial giving resources to the third sector to see if they are more successful at encouraging people to claim Pension Credit. Trial both outsourcing work to the third sector, and allowing the third sector to try out their own ideas).
- Provide a fast track helpline for third sector advisors into pension centres – to assist with complex Pension Credit cases.
- Making systems more automatic may help take-up. In GB DWP are looking at auto-enrolment of people into Personal Accounts. This removes the need for people to apply or make decisions. It also reduces the number of people needing advice. DWP have run 'automaticity pilots' for auto-enrolment for Pension Credit. (Note, however, some pensioners have concerns about automaticity - use of personal information, independence and dignity etc.) The research is agreed that making the system more automatic and easy would help older people.

NI : Improvements to strategies / increased action on strategies

- There should be more progress on the *Lifetime Opportunities* and *Ageing in an Inclusive Society* strategies say Age Concern Northern Ireland.²⁴

²⁴ Page 9 http://www.cardi.ie/userfiles/Policy_Booklet.pdf

- There is a lack of emphasis in the NI Programme for Government, Budget and Investment Strategy on issues of concern such as the rising inequality gap and the misconception that economic growth automatically corrects social inequality according to Age Concern NI (ACNI)²⁵.
- Progress on a Single Equality Bill is needed. Age Concern NI is disappointed by the continued lack of progress on the Bill. According to ACNI, the Bill offers significant potential to harmonise equality law and to protect older people in terms of goods, facilities and services on a legislative basis²⁶.
- More help is needed in enabling older people to extend their working lives. For example, the “Age Positive” campaign helped to emphasise to companies the benefits of older workers.
- Encourage and enable employers to offer flexible working arrangements to older workers who are carers. This is particularly important for carers who are seeking work, many of whom are in their 50s and 60s. In England Local Employment Partnerships to promote and support flexible working have been set up. Small and medium sized enterprises will be targeted in a new phase of the *Employ Ability* campaign covering employment of disabled people, lone parents, carers and people from black and minority ethnic groups.
- There is a need for Government departments and public services providing training and employment support for people who want to work to ‘age proof’ their policies and practices to ensure they meet the needs of people over 50. Age specific monitoring, targets or incentives should be introduced to achieve a sustained focus on delivery for people of all ages.

Jobcentre Plus and other providers of services for older people seeking work should improve:

- The provision of psychological support
- The provision of health-related support (other than for recipients of incapacity benefits)
- The provision of one-to-one personalised support from a dedicated caseworker
- The provision of peer-support activities, work placements and computer facilities
- The range of vacancies on offer and the matching of jobs to the skills and experience of older clients
- Training for staff in the needs and expectations of older clients
- The age diversity of frontline workers²⁷

Gaps in the information base

²⁵ Page 9 http://www.cardi.ie/userfiles/Policy_Booklet.pdf

²⁶ Page 17 http://www.cardi.ie/userfiles/Policy_Booklet.pdf

²⁷ [http://www.ageconcern.org.uk/AgeConcern/Documents/Looking_for_jobs_over_50_\(final\).pdf](http://www.ageconcern.org.uk/AgeConcern/Documents/Looking_for_jobs_over_50_(final).pdf)

CARDI (see above) provides valuable information on gaps in the information base on older people in the north and south of Ireland. It has recently published a working paper *Research Needs in Ireland*²⁸ which summarises areas for further study which were identified by key government, research and age sector organisations:

NI: OFMDFMs Cross-Departmental Equality and Social Need Research and Information Strategy 2007-2009

- Whilst this covers equality and social need generally in Northern Ireland it does not include much information about ageing and older people specifically

NI: A Government spokesperson recommended:

- Greater use of the longitudinal dimension of the NI Household Panel study
- Use of the Family Resources Survey to look at taxes and benefits e.g. what will happen to pensioner poverty if existing policies continue as before or change for better or worse

NI : Age Concern and Help the Aged recommended:

- Research on free personal care
- Develop a vision for life for older people in 20-25 years time covering issues such as poverty, safety, social inclusion and the implication of demographic ageing for health care and retention of people in the workforce
- Research on carers, people with disabilities and the uptake of free transport by older people

RoI: The Economic and Social Research Institute and Trinity College Dublin identified a need for further research on:

- Income, wealth and poverty
- Uptake of social welfare benefits
- The retirement decision and how individuals cope with the economic transition from work to retirement

RoI: The National Council on Ageing and Older People (NCAOP) identified a need for:

- Information on the income of older people, additional to EU data²⁹, especially as it relates to their contributions to the cost of health and social care
- Information about assets, particularly in housing and the role they play.³⁰

²⁸ February 2009 http://www.cardi.ie/userfiles/CARDI_Research%20Needs.doc

²⁹ EU-SILC

Providing research and information services to the Northern Ireland Assembly

- More statistical data on numbers of home-care grants and services and levels of dependency of recipients.
- There is a lack of disability prevalence statistics in the Republic

RoI: The Equality Authority said there is a need for:

- More information on older people in employment including people aged 50+ who face problems finding jobs
- Information on the extent to which people over retirement age can build up pension entitlements
- Research on encouraging pension take-up for younger workers
- Research on ensuring workplaces are suitable for older people
- Research on promoting phased retirement
- Research on the economic power of older people, their contribution to the economy as consumers as well as workers.

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³⁰ It is anticipated the Tilda project will provide information on this topic. In the UK the PPI is investigating the role of assets in supporting retirement. See page 2 of this paper.