

# How we can end pensioner poverty

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## How we can end pensioner poverty

**Today, 1.6 million pensioners live on or below the poverty line.<sup>1</sup> Since the turn of the century the number of pensioners living on a low income has fallen considerably. But in recent years progress has stalled. Too many older people in our society are poor and low benefit take-up is a key reason.**

Pensioner poverty remains stubbornly persistent, despite older people being entitled to means tested benefits designed to increase their incomes, including Pension Credit. As this report shows, the really big problem is that many older people who are entitled to these 'top-ups' to their low incomes never actually receive them. Last year the Age UK network helped to identify £160 million of benefits for older people but we know that many more continue to miss out on the money that is theirs by right.

As a result, hundreds of thousands are struggling to afford basic essentials like fresh food, warm clothes, and heating during the winter. We cannot let this continue in 21st century Britain.

- 1.6 million older people live in poverty, of whom 900,000 are living in severe poverty.
- The latest estimates of take up found that in 2009-10<sup>2</sup> around a third (up to 1.6 million) of older people who were entitled to Pension Credit were not claiming it. On average they were missing out on over £1700 a year (£33 a week).
- Up to 2.2 million older people were missing out on help with their council tax bill which, on average would have reduced their annual bill by £728.<sup>3</sup>
- Up to 390,000 more older people could have claimed Housing Benefit to reduce their rent by an average of £48 a week.<sup>4</sup>

As this report shows, these sums could make a huge difference to an older person's quality of life.

1 Households Below Average Income 2012/13, Chapter 6, DWP, 2014.  
2 Income related benefits estimates of take-up in 2009-10, DWP 2012.  
3 Ibid.  
4 Ibid.

## Age UK's calls to action

**Age UK wants to see a world where no older person is trapped in the day-to-day grind of living in poverty.**

The Government needs a new strategy to end pensioner poverty that includes investment in raising older people's awareness of what they are due; simpler claiming processes and benefit administration; and new initiatives to overcome the barriers older people often face in maximising their income in retirement.

### A new Pensioner Poverty Strategy should

- Introduce targets for reducing pensioner poverty.
- Bring all pensioners into the new-single tier pension.
- Put the 'triple lock' principle into legislation and extend it to all elements of the State pension.
- Reduce the complexity of the forms that carers have to complete to receive additional financial support.
- Introduce a national training programme for health professionals and local authority staff so they can:
  - Identify older people at particular risk of falling into poverty.
  - Understand why older people are reluctant to claim.
  - Know how to refer older people to independent welfare benefits advice.



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## The enduring problem of pensioner poverty

Since the beginning of this century the number of pensioners living in poverty (with incomes of less than 60 per cent of median – i.e. typical household – income) has fallen from 2.7 million to 1.6 million. Over the same period the number living in severe pensioner poverty (on incomes of less than half of median income) has decreased by much less – from 1.2 million to 900,000. The fact that pensioner poverty has significantly reduced over the last 15 years is an achievement, but in recent years progress has stalled and pensioner poverty levels have stayed much the same.

## Who is most at risk of poverty?



5 Households Below Average Income 1994/5 to 2012/13 DWP 2014.

6 Ibid.

7 Understanding the relationship between pensioner poverty and material deprivation. Kotecha, M. Arthur, S and Coutinho, S DWP (2013).

8 Income related benefits estimates of take-up in 2009-10, DWP 2012.

9 Households Below Average Income 1994/5 to 2012/13 DWP 2014

10 Households Below Average Income 2011/12, DWP, 2013.

## Some older people's incomes are stretched to the limit

Many pensioners living on low, fixed incomes only keep their heads above water because of their resourcefulness, stoicism and determination not to get into debt. It is not unusual for people in this position to suffer in silence without letting anyone know how hard life has become. The coping strategies adopted include prioritising the payment of household bills, shopping around for the cheapest deals, and going without things many of us take for granted, such as the ability to replace worn out or broken household goods without concern, or taking an annual holiday.

But with their incomes being stretched by costs, many older people who are struggling to get by are worried about their money running out. Frequent worries are:

- The cost of care they need now or may need in the near future.
- The rising prices for fuel and food; during the winter some may find they have to choose between the two.

Above all, many fear for the future and for any unexpected major expense that could derail their careful financial management.



Up to **2.2 million** older people were **missing out** on help with their council tax bill.

## Government policies to help those on low incomes in later life

Age UK is very pleased the Government has introduced the 'triple lock guarantee' so that the Basic State Pension is up-rated by whichever is higher – earnings, prices, or 2.5 per cent. Age UK campaigned for this policy because over time it can make a really significant difference to how well off older people are, as well as protecting the value of the pension for future generations.

Benefits such as Pension Credit are available for older people on a low income (if they submit a successful claim).

Key areas of support have been protected for the duration of this Parliament, including winter fuel payments, free eye tests, free prescriptions, bus passes and TV licenses for the over-75s.

Cold weather payments have been permanently increased to £25 a week.

The Government is introducing a new single-tier State Pension on 6 April 2016 which will provide a higher pension for many older people on a low income reaching State Pension Age on or after this date. However, current pensioners with low State Pension entitlement will not benefit.



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## Why action is needed

**Pensioner poverty remains stubbornly high and older people are not taking up the full range of benefits available to them, with a massive amount – up to £5.5 billion going unclaimed each year.**

There are several big barriers which prevent older people living in poverty from claiming crucial means-tested benefits like Pension Credit.

### Lack of knowledge

Awareness of benefits such as Pension Credit is high among older people at almost 75 per cent, but only 16 per cent consider themselves well informed about it.<sup>11</sup> Not knowing enough about pensioner benefits has been identified as a key factor behind older people not applying for them.<sup>12</sup>

### Assumption that they are not eligible

The vast majority of older people (92 per cent) say they would make a claim if they believed they were eligible.<sup>13</sup> However, often older people assume this extra money is only for those who are worse off than they are, or that being a home owner automatically disqualifies them – which is incorrect. In fact 53 per cent of those who are entitled do not claim due to the belief that they would not be eligible.<sup>14</sup>

### Reluctance to claim benefits

Older people may feel that there is a stigma attached to being a 'benefit claimant' and feel strongly that they do not want that label to be applied to them. 62 per cent of older people admit that they do not like having to claim.<sup>15</sup> Reluctance to make a claim because of attitudinal factors therefore presents a huge obstacle for many older people.

11 Pension Credit eligible non-recipients: Barriers to claiming, DWP, 2012  
12-15 Ibid

## Age UK's calls to action for national government

The Government should **set targets** for the continued reduction and eventual abolition of pensioner poverty - with the right policies we can achieve this goal.

We should not simply accept that one in three older people who are entitled to extra financial help and who badly need it are going without: benefit take-up must be significantly increased through sustained **awareness raising activity** that gives older people the information they need; the bureaucracy and red tape that characterises the process for claiming must be removed; and the onus should no longer solely be on older people to navigate a complex maze in order to receive the money to which they are entitled.

State and private pension systems need to ensure current and future pensioners are able to avoid poverty in later life. The Government should consider how **today's pensioners can be brought into the new single-tier State Pension** without losing the rights they have already built up.

The **'triple lock' guarantee** which has applied to the Basic State Pension during this Parliament should be extended to apply to other elements of the State Pension such as the additional pension, and to the new single-tier State Pension. This should be set out in legislation.

Serious efforts should be made to improve the situation of older people living in poverty through good social support, affordable essential services and access to information and advice to **help them to maximise their income** and make the most of any modest savings they may have.

The Government should **overhaul and simplify** the system by which carers can claim means-tested benefits.

## Age UK's calls to action for local government

Local authority and health service staff who work with older people should receive training on:

- **How to identify older people** who may have an unclaimed entitlement to welfare benefits, especially where this issue would not arise in the general course of their work.
- The reasons why older people are often reluctant to claim welfare benefits and **how to encourage them to make a claim.**
- **How to refer older people** to providers of independent welfare benefits advice and/or the relevant departments in the Department for Work and Pensions or the local authority so they can access the financial help they need.

**Funding must also be made available** so that there is capacity among providers of independent welfare benefits advice to deal with increased referrals.



Latest estimates of take up found that in 2009–10 around **a third of older people who were entitled to Pension Credit were not claiming it.**



## A decent pair of shoes

**John, 66, has just retired as a London cab driver. Having recently separated from his wife, John was struggling on the Basic State Pension.**

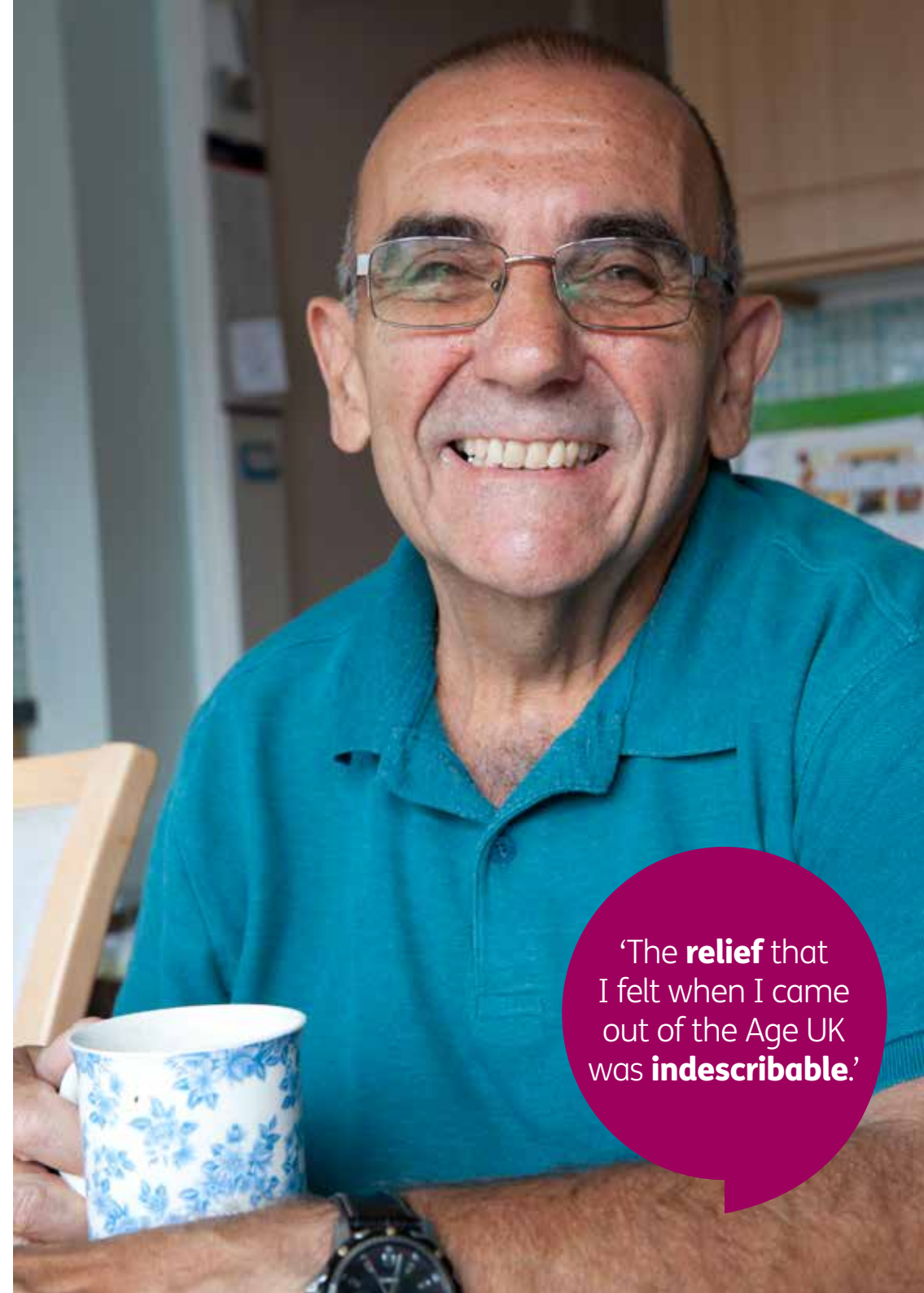
‘You don’t know which way to turn. I was not aware of any extra benefit, I thought “I own a house so I won’t get anything”. It was the State Pension and that was it.

‘The worry was phenomenal and I was going short. But, then I was sitting on the bus talking to another passenger and he suggested I visit Age UK Redbridge, Barking and Havering for advice. They did a benefits check for me and advised me of my entitlement to Pension Credit and help with Council Tax. As a result I am nearly £60 a week better off.

‘The relief that I felt when I came out of the Age UK was indescribable. A lot of people have a fear of officialdom but you must check it out. You measure the wealth of a country in how they treat older people, education and public health. The extra money has made a vast difference. I have bought a decent pair of shoes and I can go to the social club once a week. Otherwise it would just be a life of isolation.’

### **How the government could help more people like John**

Think what a difference it would have made to John if he had seen a poster or heard an advert on the radio encouraging an older person who was finding it hard to get by to have a benefit check, signposting them to further help.



‘The **relief** that I felt when I came out of the Age UK was **indescribable.**’

## Keeping warm

**Lily, 88, worked for almost 50 years as a factory worker in West Auckland and raised five children on her own after her husband died quite young. She has 12 grandchildren, 7 great-grandchildren and two great-great-grandchildren.**



Although Lily had received home improvements to meet her care needs, meeting rising living costs was becoming a daily battle and often meant she was going without food and heating.

‘I used to worry because I didn’t have any money. It felt like £30 had to

last me forever. I was going to bed at seven o’clock to keep warm because I couldn’t turn the heating on. I don’t have to do that now – I can stay up until 10 o’clock watching telly and reading.

‘Since Age UK Durham helped me claim Attendance Allowance I don’t have to worry. Once this money started, I thought about what I have been missing, all these years I could have been having help but I didn’t know. My family didn’t know anything about it or I wouldn’t have had to go to them and ask them for money. They’re only working class, they struggle to help me.

‘When you think of how you struggled – I couldn’t buy a ball of wool. Now it’s no hardship. I’m having a meat dinner tomorrow. I couldn’t do that before. It would be a dinner without meat.

When the bad weather comes I want a new coat and new shoes – I know I have money now to do that. It has altered my life.’



### How local government could help more people like Lily

Lily’s life could have been improved sooner if her social worker had helped her contact the local advice service to ensure she was claiming everything to which she was entitled.

Local Authorities, who have lead responsibility for ensuring welfare rights information and advice services are available, should ensure all front-line services display information about benefit entitlements. In addition, front-line staff such as social workers should all be trained to refer older people for benefit checks.

The Care Act 2014 provides a great opportunity for Local Authorities to make sure all their services that engage with older people in the context of their need for social care are also equipped to refer them for benefits advice. GPs have a big role to play too: they are ideally placed to refer patients with social, emotional or practical needs to a range of local, non-clinical services, often provided by the voluntary and community sector. Such services frequently provide financial advice for isolated older people on low incomes who would otherwise not receive it. A number of GPs are now doing this and it is often described as ‘social prescribing’. Many people – and not just older people – stand to gain from this approach, which deserves to be much more widely available.

## A mobility scooter

**Sam, 84, worked on the railways at Crewe until he was 65 years old, starting as a cleaner and rising through the ranks to become a driver. He continued working full time until he was 75 years old.**

Now with health problems and limited mobility, Sam receives extra money to live more independently.

‘I had never heard of Attendance Allowance until I went to a meeting at Age UK Cheshire’s Northwich Men in Sheds. I happened to say to the lady giving the talk on benefits, “well, I wouldn’t get anything”, but she disagreed and within a fortnight she sent a gentleman round with the Attendance Allowance form.

‘The difference it made having someone like that gentleman from Age UK – if I had done it on my own, I might only have got the lower rate. If I had known about Attendance Allowance, I could have been getting it since 2006.

‘I had a pension off the railway, so I thought I was getting too much to be eligible. I can’t say enough good things about Age UK doing this. I feel that some of the things I want to do, I can now do. Before, I could manage, but I had nothing extra.



Sam in his allotment as a young man

‘I couldn’t travel but this money has helped me now. For example, if my son can’t take me out I have got money and get a taxi or use my mobility scooter.’



### How the NHS could help more people like Sam

If Sam had got the Attendance Allowance to which he was entitled as soon as his disability began to impact on his life, he could have enjoyed life so much more.

Health professionals, like GPs, nurses and occupational therapists, should take steps to establish links with independent advice agencies that work with older people. This will ensure older people receive their entitlements. They should also develop local referral systems so they can direct older people to nearby, face-to-face and/or telephone advice and support.

For frail older people, particularly those with limited mobility, practical support to claim benefits and home visits should always be on offer. Extra funding is needed to pay for services to ‘reach out’ to these older people who need them the most.



## Support for carers and help with health costs

**Tom, 80, worked as a machine setter until suffering an accident at work. Pamela, 75, worked at the same factory as her husband until it closed and then she became a dinner lady at her children's school. They celebrated their Golden Wedding anniversary this year and are keen gardeners.**



Tom and Pamela on their wedding day

Living with a spinal condition and failing eyesight, Tom is becoming increasingly reliant on Pamela for support.

Pamela claimed Carer's Allowance and was awarded 'underlying entitlement' to the allowance. Her State Pension stopped her being paid the allowance itself, but because she met the conditions for Carer's Allowance this meant she could claim extra benefits, such as a reduction in their Council Tax and a small amount of Pension Credit

through the Saving Credit element. Tom and Pamela also became entitled to help when paying for glasses and dental work.

'My husband had a pain in his jaw and the dentist thought he might need a root canal. When you go to the dentist the costs go up and up every time. It would have cost £200 or £300 but they mentioned there might be some benefits available. It was only an enquiry through Age UK which set the whole thing off.

'We didn't know there were benefits like this. It's a shame other people don't know you can get it, it was just by chance that we got into the stride of things. You get the forms and if you tick a wrong box that's your benefit gone. The professional help from Age UK Gateshead just guided us through it. It's benefiting us already and making life easier.'



### **How the government could help more people like Pamela**

How many thousands of older people like Pamela are caring for loved ones, but missing out on the extra financial support to which they are entitled because the process for claiming it is simply too hard to navigate?

The benefits system can be incredibly complicated for carers. It is perverse that people like Pamela have to claim a benefit with no direct financial value in order to receive extra support from means-tested benefits, and only an expert would know this is how the system works. The Government has made changes to the rules that could make things simpler but unfortunately these have not yet been put into effect.

The Government must act now to simplify the way that carers claim the benefits to which they are entitled. And Local Authorities should use their responsibilities under the Care Act 2014 to improve the quality of information and assistance on offer to carers about sources of financial support.

## Conclusion

Money worries have a huge impact on our health, wellbeing and happiness, at any stage of life. Such pressures can feel all the more frightening and hard to bear for older people, who have few, if any, options for increasing their incomes.

That's why it is all the more important that they receive additional financial help from welfare benefits, when they are entitled to them. This report has set out a number of ways in which the Government can make sure this happens and it is no exaggeration to say that this would transform many lives. Our older people deserve better than to have to count every penny so they can be confident they can make ends meet at the end of each week. It doesn't have to be like this and with the right policies and political will we can consign that to the past, where it surely belongs.

Age UK is campaigning to end pensioner poverty.  
Join us at [www.ageuk.org.uk/endpensionerpoverty](http://www.ageuk.org.uk/endpensionerpoverty)

**Age UK would particularly like to thank John, Lily, Sam, Tom and Pamela** for agreeing to share their experiences and contributing their personal stories to the report.

The older people in this report refer to financial support from benefits such as Pension Credit and Attendance Allowance. If you think you might be eligible for any additional benefits or need help with money matters, call Age UK Advice for free on **0800 169 65 65**.

As we get older we all face new challenges, but that doesn't stop us from wanting a **fulfilling, independent later life**. Age UK is passionate that everyone should be able to **make the most of later life**, whatever their circumstances, wants and needs.

If you have any questions, comments or feedback, please get in touch.

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