



It Doesn't Add Up:
the hard times facing
millions of pensioners

Introduction

At Age UK, we are increasingly concerned about how the rising cost of living is affecting older people on low and modest incomes. Prices of everyday items are going up so quickly now that they risk being totally overwhelmed. Across the country, growing numbers of pensioners are finding that their monthly budgets simply don't add up anymore.

Older people get in touch with us every day to say they are drastically cutting back on their spending, but their finances just won't stretch to cover the huge price rises they are facing.

Household energy prices have gone up by 54% for the typical consumer and are expected to rise further in the autumn. Worryingly, the Bank of England is predicting inflation will reach more than 10% this year, yet the State Pension and benefits only increased by 3.1% in April 2022, leaving an alarming gap.

The help the Chancellor has announced so far for people on low and modest incomes is nowhere near enough. It's simple – they won't be able to make ends meet without considerably more government support.

The Government must take immediate action to provide more help. People of all ages on low and modest incomes need this support to meet rising costs now and cannot wait any longer.



What we're calling for

- The Government should **raise the level of benefits and the State Pension during this financial year**, not wait until the next one, so they keep pace with inflation.
- The Government must do a lot more to **ensure everyone eligible for benefits, particularly Pension Credit, actually receives their entitlement**. Too many are missing out.

And on energy, the Government must:

- Target **direct payments of £500** to those on the lowest incomes to help mitigate the impact of energy price increases.
- Provide further targeted support to **improve household energy efficiency** for those on the lowest incomes, ensuring a sustainable long-term solution to spiralling bills.
- Introduce **improved social tariffs** into the energy market.
- Establish a **price cap or alternative protection for households off the gas grid** who are reliant on solid and liquid fuels which are not protected by Ofgem's price cap (e.g. oil, smokeless fuel and bottled gas).

The rising cost of living

Higher prices have resulted in older households on the lowest incomes often being unable to cover essential day-to-day costs, with an increasing number turning to Age UK's national Advice Line for support.

From January to March this year, Age UK's Advice Line saw an 8% rise in calls compared with the same time last year, a significant increase on the already very high numbers of calls we experienced during the lockdown a year ago. We are seeing an increasing number of older people coming forward who are anxious and fearful about their ability to cope financially. We are concerned that things will only get worse as the impact of April's energy price rises begin to hit consumer bills.

Housing, energy, food, and fuel are just some of the fundamentals which are now frequently beyond the reach of many on low and modest incomes:

- Food and non-alcoholic beverage prices are up 6.7% over the 12 months to April 2022.
- Over the same period electricity and gas rose 53.5% and 95.5% respectively.
- Housing costs are also increasing, with costs for owner occupiers

rising by 2.9% in the year to April 2022.

- Fuel prices have seen some of the steepest increases, with petrol at 161.8 pence per litre in April 2022, compared to 125.5 pence per litre the year before.

Household finances are now at breaking point for many older people on low incomes. With many looking ahead with trepidation, they have increasingly turned to desperate coping strategies in a bid to cover their essential costs. We have heard reports of central heating systems and household appliances being switched off for days or weeks at a time, and of people foregoing meals and avoiding visits from friends and family.

For older people on low fixed incomes, often relying solely on their State Pension and benefits, there are simply no more cuts they can make to household spending which will enable them to balance their budget.

Key statistics



In 2020/21 between 1.4 and 2.1 million pensioners were in poverty⁵. Older people from Black and Asian communities are around twice as likely to be living in poverty as White pensioners⁶.



Two million older households won't have enough income to cover their essential spending in 2022-23⁷.



We estimate the average lowest income older households will have to increase the percentage of their net income they spend on essential goods and services from 65% in 2021-22 to 78% in 2022-23⁸.



Those on the very lowest incomes are expected to be spending almost a fifth (18%) of their after-tax household income¹⁰ on energy bills as a result of April's price cap rise.



Around 1 in 3 (29%) older households⁹ in England will be fuel stressed as a result of April's price cap rises – that means spending more than 10% of their after-tax income on energy bills to maintain an adequate standard of warmth.



Latest Government figures show in 2020, 770,000 older households (single people or couples) were



missing out on their Pension Credit entitlement¹¹, losing access both to a crucial source of additional income and to wider linked support such as the Warm Home Discount.



Our analysis shows that among older households who won't be entitled to the Government's £150 Council Tax rebate as they do not live in bands A-D, one-in-five (21 per cent) are either living in poverty or only just above the poverty line and/ or receiving income-related benefits¹².

Haydn's story

Widowed in 2014, Haydn is 85 and lives alone. Even with his single person discount, Haydn pays over £2,000 a year in Council Tax, and his electricity bill already takes more than 12% of his total income.



"I have had to tighten my belt to cover costs. I won't benefit from the Council Tax rebate as I'm not in the right band, and I don't receive

any benefits. If I was entitled to it, it would have gone towards the electric but only taken a little off the top of my bill."

"We are the 5th richest country – but who will protect us from poverty? The problem is I am asset rich and cash poor. I think this summarises a lot of people in my village as many of us bought these houses back in the day when we all had two incomes. There will be a lot of us left out. I only eat two meals a day – so I can't cut down anymore on food."

How is the rising cost of living affecting older people?

In a recent snap-shot survey we carried out online, over 36,000 of our older campaigners told us that they were worried about the cost of living. We asked them to say more about how the crisis was affecting them and 12,000 took the time to respond. These are the key themes from their responses:

Many people report they have no money left for anything but the basics

The majority had significantly cut down their spending but many report they simply cannot cut back any more. People were going to extreme lengths, such as eating just one meal a day or showering once a fortnight, to try to keep costs down.

“ I have turned heat off altogether. Eat just one meal daily. Not complaining as I have learnt in childhood to wear extra layers, cook and eat as my mum taught us in war years. For entertainment I now visit the park and listen to radio. I cope, but how dreadful that we have gone so far back in living standards in modern Britain.”

Anonymous

“ Cutting back on food, and in particular food that needs to be cooked. I don't cut back on luxuries as I didn't have any anyway, unless you count bird food, I used to put out a considerable amount, now limiting them to one feed per day. I'm also struggling with maintaining my house and garden myself but can't afford to pay for necessary jobs to be done, such as cleaning the gutters as I can no longer get up a ladder safely. I can't afford to go to the dentist anymore.”

Susan



“ I can’t afford a car or take holidays so my wife and I survive on the basics for food and shop at the cheapest stores. The only luxury we have is a TV and I now have to pay £13.25 per month to the BBC for that privilege. As far as cutting back goes there’s not much left to cut back on.”

Ron

“ We are restricting any food luxuries so we keep within our small weekly budget. We don’t travel very far at all as cannot afford the petrol for nice visits out to interesting places as we used to do. Can’t see grandchildren so often so one of our key pleasures has been taken away from us.”

Roger

“ I have cut down on heating and sit with a blanket and hot water bottle. I turn all the switches off at night and the tv during the day, which means sitting in silence. I have cut out eating lunch as I need to reduce my food bill, some days having only one meal a day and relying on hot drinks to keep warm. I cut my own hair now and no longer colour it. I only go where I can walk as I have had to sell the car. I only buy clothes in charity shops. I am scared of getting into unmanageable debt from the high standing charges for utilities and water.”

Anonymous

People who are ill and disabled are particularly struggling with higher bills

People with disabilities and those caring for them face higher costs to keep safe and well. Even as the weather gets warmer, they still need to use significant amounts of energy for things like doing a lot of laundry, keeping their home very warm or using specialist medical equipment.

“ I don't think I will have enough income to cover my rent, gas & electric & Council Tax & water bill & still have enough for food each month. I'm 71 in May, disabled & have an adult autistic son living with me. I use my heating as sparingly as I can but I feel the cold & suffer much pain which limits my mobility even more.”

Julie

“ My husband had a stroke in 2013 Boxing Day. He has limited mobility, no speech because of aphasia, plus other difficulties. He gets cold very quickly even when it's warm outside. We have a log burner so need fuel. I converse with him but he can't always understand what I mean - his enjoyment is watching TV programs. Again something that needs paying for. Everything revolves around costs going up.”

Janette

“ I am 69 and disabled with a spinal condition. I suffer with the cold even when it is warm and particularly to my legs, hence I need the heating on far more and for longer than would be expected or normal. So the cost of energy, food and fuel life at our age is worrying rather than enjoyable after my wife and I both worked from the age of 15 after leaving school.”

Kevin

“ We run a dialysis machine 5 hours a day, 4 days a week. This is life saving and saves the NHS a bed they can ill afford. We can't not run it and it has to stay on 24/7. So our gas/electric has more than doubled. We live simply: no car, no smoking or drinking.”

Lynn

Pensions haven't gone up in line with inflation so aren't stretching far enough

Many respondents reported that their State Pension hasn't kept in line with inflation so they aren't able to meet the increased costs they're facing. A common theme was that people feel angry at the government for suspending the triple lock this year and fear it won't be reinstated in future years.

“ Every week our shopping bill increases so we have to cut back. We are dreading the winter fuel bills which mean we might have to turn the heating off some days. The government should not have broken their triple lock promise at a time when people on a pension need it most.”

Paul

“ It is a constant worry as to whether we will be able to pay our bills. I don't understand why when the cost of living is so high the increase in our pension was so low. Why did the government choose the worse year for a long time to ignore the 'triple lock'? There is no point in having it if it means that as soon as the increase was going to be high it is ignored.”

Lynne

“ My husband & I are both on basic State Pension. I am disabled and on lower rate PIP and he has Raynaud's Syndrome which means he must keep warm at all times. We can't afford to get out much, especially now with petrol increases so are heavy on the energy use. With the triple lock gone and food also escalating we are just having to eat less and less. Sometimes dinner is just biscuits. My husband was made redundant just before his 60th birthday and we still have debts we are paying off since then, over 12 years ago. We live in rented accommodation which is damp and the windows don't even shut properly so our energy consumption is more than it should be in a properly insulated house.”

Anya-Nicole

“Every item from fuel to food is increasing and as old age pensioners with a disabled son the support from the government is a disgrace. They have broken their promise on the triple lock and legacy benefits are not being increased as they should be.”

Robert

“It is affecting me probably more than many because I am a single pensioner. I have to heat a house, run a car (as I live off a bus route), buy food, heat my home, all done on a single pension, with a little extra from a [personal pension]. There isn't enough money to live as I would wish. I cut back on heating and make meals that last 2-3 days, hardly use my car. Prices have gone up but in comparison the State Pension hasn't kept up with inflation. The triple lock was taken away.”

Pauline



Many say their mental health is deteriorating and they feel very anxious about the coming winter

Extreme budgeting and making daily decisions between essentials are taking its toll on people's mental health with many reporting feeling anxious and depressed. Respondents were particularly dreading what will happen this winter, given they are already struggling.

“ I only eat one meal a day. I don't have any heating on even when it is cold. I am very anxious about the October fuel rise. I don't buy anything other than essentials food, a few toiletries and now use vinegar to clean with.”

Anonymous

“ I am constantly anxious about how I am going to make ends meet. State Pension is not growing in line with inflation and, while I'm lucky to also have a private pension, it is not growing and is gradually being eaten away as I draw on it. I'm afraid that, as I get older, I'm also getting poorer and I dread reaching my eighties without enough money. I don't want to be a drain on my children.”

Lynn

“ I feel anxious and depressed and whilst already living on a State Pension and only showering once a fortnight and using the oven only once a week, and do not know what else I can do to meet the bills.”

Robert

“ I became unemployed at the beginning of 2020 and found I only had just enough for what I needed but no extras. I used my savings to buy my grandchildren Christmas and birthday presents. I retired at the beginning of 2022 but didn't get the full pension. Despite also getting Pension Credit, it was still a worry so I only put the heating on for an hour each evening in winter, despite needing it more because of arthritis. I should be ok over this summer but I'm dreading winter as I might have to leave the heating off altogether. ”

Christine

Those who have yet to reach retirement age are struggling

We heard from a significant number of people in their 60s who are struggling to get by financially before they reach State Pension age. Many are on benefits or unable to find well-paid work, and have found themselves in a very precarious financial position where they are just scraping by until they receive their State Pension.

“ I am on a small pension (having taken early retirement due to disability). I was already having to spend savings to meet everyday costs, now my life savings (saved to mend my property which is very old and needs substantial repairs such as hot water and heating) is dwindling rapidly. I worry I will never live in a home with hot water again.”

Ali

“ My partner works approx. a 50 hour week, he is in his mid-sixty's and his bring home pay is about £450 a week. I am on a disability benefit. So our income is much the same year in year out. All our bills have increased by varying amounts. The main one being gas and electric. We were paying £54 a month for both. Now we pay £138 a month. Rent up £50, water rates up £10, Council Tax up £10, insurance up £20, phone, tv, and internet up £30 ...Stress and depression is the only thing we get for free.”

Anonymous

“ As a teacher nearing retirement, my salary is decreasing by 8% in real terms. As a result of this, I have taken on two part-time jobs in addition to my full-time work to support my older husband who has only a basic State Pension. Already, we have set our thermostat to 16 degrees, and we are eating less. Since we have never been able to get on the property ladder, our rent is more than 30% of our total income. We don't even take day trips, as petrol is so expensive. We are facing very hard times.”

Lynne

“ I only survive on Jobseekers Allowance and a small P.I.P./DLA for the moment anyway - looking forward to retirement - the price of everything goes up on a daily basis and I wander around the town looking for fresh bargains to buy as I have accumulated tins and packets but it is not good to live off of those.”

Lorraine

Older renters are facing unique challenges

Older people who've found themselves in rented accommodation are particularly concerned, given they spend a higher proportion of their income on housing and are less in control of their bills than homeowners.

“ We are on fixed incomes. Our costs were high before the increases, 40% of our income goes on rent, leaving very little for the essentials food & heating.”

Eric

“ I was forewarned by the media about the rising costs of energy, fuel, Council Tax and food. I was aware that the pension increase would be only 3.1%, which would be quite inadequate to cover these extra costs. But the hammer blow came when I received notice of a rent increase of £10 per week; I live in a one bedroom flat run by a housing association. I had anticipated a possible £3 increase. These rising costs continue to prevent me being able to pay for carers which I need for help in my home.”

Elaine

“ Living on a very limited budget of Universal Credit, PIP and my partner's State Pension we are struggling to pay our rent, bills and buy food. Our home is heated by oil fired central heating and the price of oil has gone through the roof. Oil can only be purchased with a minimum order of 500 litres and we had to borrow money from family to buy it after living for a few cold weeks in the winter without any. We spend most of the time in bed to keep warm. Our house is an old slate building and it gets very cold in here.”

Jacqui



Sheila's story

Sheila is in her late-70s and lives alone in Lincolnshire. Instead of turning her heating on, Sheila keeps herself warm by going out for a run with her dog Ben almost every day. She owns her own house, but her only income is the basic State Pension and Pension Credit.

With no family to offer support, Sheila describes her financial situation as “very uncomfortable” and says she has to be extremely careful with her money. Sheila cooks every meal from scratch and ensures she doesn't waste anything.

“The cost of living is affecting me tremendously. It's a worry that's with

you all the time and it doesn't go away because you're constantly trying to figure out if you've got enough money and hoping you're not going to face an emergency. There's jobs that need to be done in my house but I just haven't got the income.

“I'm sure my bills will increase, and it makes me frightened even to use the gas and electricity.”

“Life is made worthwhile by the things you can treat yourself to. If you're paying these vast amounts of money out, what have you got left to make your life happy?”

What are older people cutting back on?

We asked older people what they are cutting back on or struggling to afford.

These are the most common items:

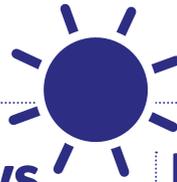
Heating

By far the most common approach people are taking is to turn their heating off altogether and take drastic measures to compensate for being cold, such as staying in bed all day or wearing outdoor clothes indoors.



Food

Our respondents report buying cheaper food, buying food which doesn't need an oven or reducing the number of meals they eat a day.



Petrol

People are deliberately driving less to save petrol, in many cases only using their car for essential trips such as hospital appointments. Many report that they are going out much less as a result.



Holidays

Many have cancelled any holidays they had planned, no matter how short. Many people commented that going on holiday was what they hoped to do in their retirement but have found themselves spending all their pension on the basics.

Little luxuries

Older people told us they aren't buying the things they would normally look forward to in life like nice biscuits, a meal out or buying their grandchildren presents.



The Government must act now

As things stand, at Age UK we simply cannot see how older people who have no other sources of income besides their State Pension and benefits will be able to pay the higher prices they face. Some can't make ends meet now.

Those with few if any savings, or no family support, are completely out of options – unless they go into debt, which most are deeply reluctant to do. Their one remaining hope is that the Government will recognise their difficulties and extend a helping hand.

Will Ministers listen and act?





What we're calling for

- The Government should raise the level of benefits and the State Pension during this financial year, not wait until the next one, so they keep pace with inflation.
- The Government must do a lot more to ensure everyone eligible for benefits, particularly Pension Credit, actually receives their entitlement. Too many are missing out.

And on energy, the Government must

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