

Policy briefing:

Tackling poverty and financial disadvantage in later life

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Introduction

Age UK believes all older people should have enough money from state and private sources to meet their basic needs, live comfortably and participate fully in society. However, too many face poverty and financial disadvantage which prevent them from making the most of later life. This briefing looks at levels of pensioner poverty in the UK, how it has changed over time, the groups at greatest risk, and the impact on individuals. It also looks at the position of people approaching State Pension age, and what policy reforms could help reduce poverty for older people.

Key points

- There are 1.9 million pensioners living in poverty across the UK – around one in six people or 16% – under the widely used definition of relative income poverty after housing costs.
- Certain groups of pensioners are more likely to be in poverty, including renters, single people, older pensioners, women, disabled people, carers and people from ethnic minority backgrounds.
- Other measures show many pensioners are in financial hardship – 10% are in deep poverty,ⁱ 11% are in material deprivation, 24% do not reach the Minimum Income Standard,ⁱⁱ 31% do not reach the Pensions UK Minimum retirement living standard,ⁱⁱⁱ and 13% are in poverty under the 'below average resources' measure.^{iv}
- Many pensioners struggled with energy prices and the wider cost of living in January 2025. In polling conducted that month, 'cutting back on heating or powering your home' was the most frequently mentioned cutback people said they were making – four in 10 (41%) said they have had to do this. One in five (21%) said they had to cut back on food/groceries.
- The outlook for poverty in later life is mixed. The new State Pension will give more people a higher State Pension income over time, but risks include a growing older population, the rising State Pension age, inadequate private pension saving and a growing number of people renting in retirement.
- There is a need for policy action, including continuation of the triple lock so that the State Pension moves towards delivering an adequate income to those who rely on it as their main/only source of income.
- Other policy action needed includes increasing take-up of means-tested and disability benefits, reform of the Pension Credit threshold cliff-edge, helping people meet high energy costs, and addressing the high rates of poverty just below the State Pension age.

ⁱ Deep poverty is when a household's income is below 50% of median incomes.

ⁱⁱ [A Minimum Income Standard for the United Kingdom in 2024 | Joseph Rowntree Foundation](#)

ⁱⁱⁱ <https://www.retirementlivingstandards.org.uk/>

^{iv} [Below Average Resources: Developing a new poverty measure - GOV.UK](#)

1. What do we mean by poverty?

We consider people to be living in poverty – or financial disadvantage/hardship – when their resources are not enough to meet their basic needs and allow them to take part in society. This could mean struggling to cover food and energy bills or being unable to afford the cost of transport to visit a friend or go to a social club. It could mean not spending enough to maintain a healthy standard of living, such as not using sufficient energy in the home or buying too little healthy food. And it can mean a sense of insecurity, stress and anxiety, such as watching every penny spent and worrying that not enough is set aside for a sudden emergency such as the cooker breaking down.

Poverty and low income can be defined and measured in different ways and people's individual needs and circumstances vary. These are set out in Table 1.

Table 1: Measures of poverty

Measure	Description
Relative low income	This measures the number and proportion of people who have after-tax household incomes, adjusted for household composition, below 60% of the median income in that year. It can be measured before or after deducting housing costs. These include rent, water rates, mortgage interest payments, buildings insurance payments and ground rent and service charges.¹ Looking at incomes after deducting housing costs (AHC) can be more appropriate when comparing households that own their home with those who do not. It is the Government's headline measure and the one we are usually referring to when we talk about poverty in this briefing. Someone is in persistent poverty if they live in a household in relative low income for at least three of the last four years. Looking at incomes below 50% of the average, instead of 60%, gives a measure of deep poverty.
Absolute low income	This is a similar measure to relative low income except that it uses a benchmark of 60% of median incomes in 2010/11 (adjusted for inflation) instead of the current year. Those with incomes below that level are in poverty. Because the benchmark income rises with inflation, the measure looks at changes in income for the lowest income households compared to the cost of living. As such, it is normally expected to decrease over time.
Material deprivation	The Department for Work and Pensions (DWP) defines material deprivation as 'a direct measure of poverty derived from the lack of items deemed to be necessary for a minimum acceptable standard of living.'²

	The Households Below Average Income dataset includes a measure of material deprivation, with a set of 'items' for pensioners. These include things like 'keep up to date with bills', 'replace/repair appliances', 'keep home damp free', 'have three meals a day' and 'go out socially monthly'. A pensioner is in material deprivation if they lack four or more items from the list of 18.
Minimum income standards	These look at the cost of a detailed list of goods and services required by different households to reach a socially acceptable standard of living, as agreed by members of the public. The Joseph Rowntree Foundation produces an annual report on how many people are falling short of the Minimum Income Standard (MIS), with specific standards for different groups including pensioners.³ In 2025, the MIS for a pensioner couple excluding rent, childcare and council tax, was £401 per week, or £20,840 per year. Pensions UK (formerly PLSA) has developed a similar measure, the Retirement Living Standards.⁴ It gives illustrative amounts of income people would need to meet Minimum, Moderate and Comfortable standards of living in retirement. To meet the Minimum level in 2025, a single person would need £13,400 per year and a couple would need £21,600 per year.
Below Average Resources (BAR)	The DWP has developed a new poverty measure, 'Below Average Resources' (BAR). It accounts for a wider range of 'inescapable costs', such as the costs of disability or childcare, and income from savings. The first set of statistics were published in January 2025 although the measure has been consulted on and is still in development.⁵ The measure makes some good adjustments, although one limitation is that it assumes people can take all their liquid savings as income within a single year. We don't think this is an accurate assumption and as such underestimates the rate of poverty for pensioners.
Self-reported measures	People are often asked in surveys how well off or financially secure they consider themselves. Such questions are subjective – people's responses may not align neatly with their absolute financial position – but they give an important indication of how secure or not people feel. For example, the Financial Fairness Tracker survey asks people to select which option best reflects their sense of 'financial wellbeing'. In May 2025, among people aged 70+, 45% selected 'Secure', 34% selected 'Exposed', 16% selected 'Struggling' and 5% selected 'In serious difficulties'.⁶

The most commonly used definition is to say that someone is in relative income poverty if they live in a household with an income below 60% of current median household income, accounting for the composition of the household. In this paper we use this definition of poverty unless otherwise stated, specifically the figures calculated after

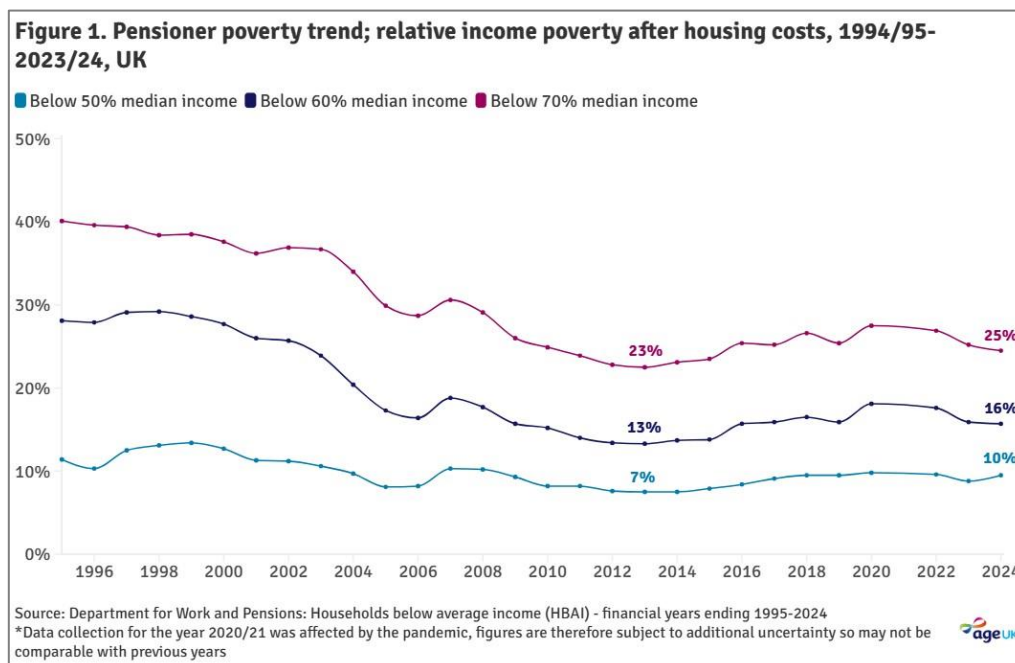
people have met their essential housing costs ('after housing costs'). These statistics are drawn from the annual DWP Households Below Average Income (HBAI) dataset and are accredited official statistics.⁷ The most recent statistics are for 2023-24.

The relative income poverty after housing costs measure has its limitations, including that it is relative to incomes across society rather than reflecting a fixed set of specific practical needs. However, it gives robust data that allow tracking over time going back nearly 30 years, and has sufficient detail to look at the situation of many sub groups. It gives an income threshold a bit lower the Minimum Income Standard (MIS) – £327 pw (per week) for a pensioner couple, compared to a MIS (excluding rent, childcare, council tax, water rates) of £375 pw (2022/23).⁸ No single measure perfectly captures the experiences of older people in poverty so referring to multiple measures gives a good indication of the current picture. As this briefing lays out, **across all measures there are more than a million pensioners living in financial hardship.**

2. Levels of pensioner poverty in the UK now and over time

Based on the most commonly used official definition set out above (income of less than 60% of median household incomes after housing costs) **1.9 million pensioners (16%) are living in poverty across the UK – around one in six people.**

Figure 1 shows that the proportion of pensioners in poverty (the middle/purple line) is much lower than it was in the mid-1990s. The main reduction occurred in the first decade of this century, falling from 29% in the late 1990s to 13% by 2011/12. Rates have risen somewhat since then and have been between 16% and 18% in the last few years.



Deep poverty is when a household's income is below 50% of average incomes (the blue line in figure 1). **One in 10 pensioners were in deep poverty in 2023/24, up from 7% in 2012/13.** Well over half (60%) of pensioners in poverty are in deep poverty. People

with a household income between 60% and 70% of average incomes are just above the poverty line – 9% of pensioners are in this position (see the pink line in figure 1).

We see a similar trend if we look at the *number* of people in poverty, rather than the percentage. After housing costs, 2.9 million pensioners were in poverty in 1997/98, falling to 1.6 million in 2012/13 then rising to around 2 million in recent years, with 1.9 million in poverty in 2023/24.

Someone is in persistent poverty if they live in a household in relative low income for at least three of the last four years. **One in 10 (11%) pensioners were in persistent poverty during 2019/20-2022/23.** It has remained consistently around this level since 2010/11-2013/14.⁹

There is a relatively high rate of poverty among people just below the State Pension age (SPa), which was 66 at the time of writing but due to rise to 67 between 2026 and 2028. **Among people aged 60-64, 22% were living in poverty in 2023/24.**¹⁰ This is the joint highest rate among all age groups over 24. People approaching retirement in poverty, including those not in work, often struggle to save into pensions and may draw on any savings they have earlier than planned, damaging their long-term prospects. Among mixed-age couples – with one person below SPa and the other above – an estimated 17% are in poverty.¹¹

International comparisons are complex and should be treated with caution but the UK has a slightly higher rate of income poverty among people aged 65+ (15.5%) than the OECD average (13.1%). We note that this data is for 2018 – with some variation in reference year across the countries listed – and is based on a different measure than the 60% relative income poverty measure.¹² The Pensions Policy Institute said in 2025:

‘the risk of relative poverty among older people is comparable to that of the total population, but UK rates are high compared to Organisation for Economic Co-operation and Development (OECD) peers.’¹³

3. Some groups of people are more likely to be in poverty

Beyond the headline poverty rate for all pensioners, **people in particular groups or circumstances are more likely to experience financial hardship.** Table 2 shows the higher poverty risk for some of these groups, including the risk of persistent poverty where data is available. Groups with a poverty rate of 20% or higher are bolded. Figure 2, below, shows the poverty rates of selected groups of pensioners.

Older people with a disability or long-term health condition are more likely to face financial hardship. They may have been less able to work and save during working-age and often face higher living costs. Scope estimates that in 2025 disabled households needed on average an extra £1,095 per month to have the same standard of living as non-disabled households.¹⁴ These costs include things like medical equipment, extra transport costs like taxis, and extra energy or water consumption. The headline HBAI statistics do not take into account these extra costs, which means the poverty rate for

disabled people is likely higher than stated.¹⁵ For this reason table 2 includes an estimate by the Joseph Rowntree Foundation.

Table 2. Poverty and persistent poverty rates for groups of pensioners, UK

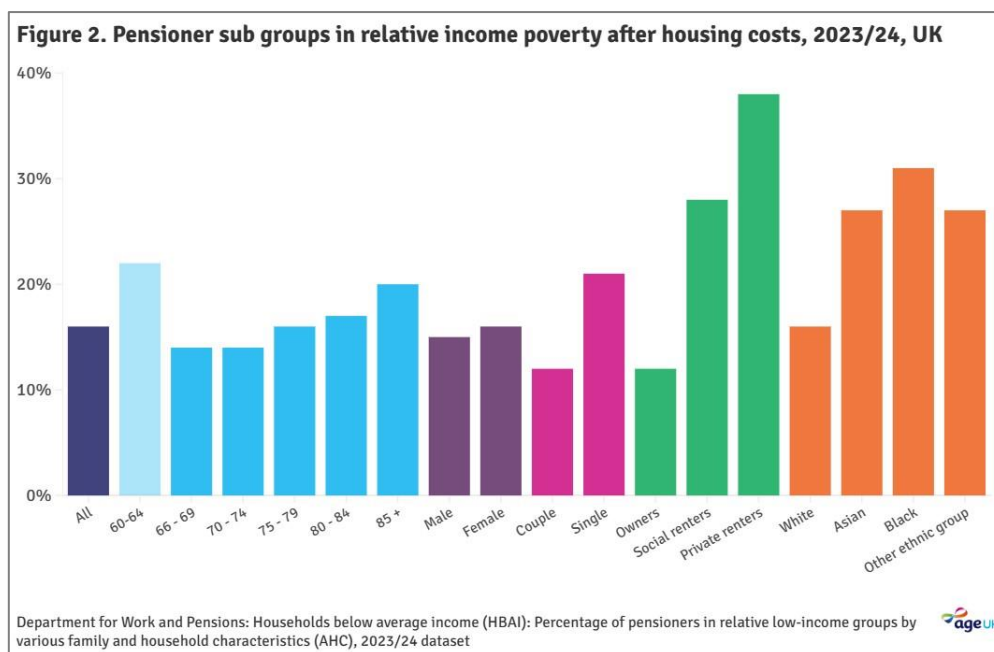
Group	Poverty rate (2023/24) ¹⁶	Persistent poverty rate (2019/20-2022/23) ¹⁷
All pensioners	16%	11%
Women	16%	12%
Men	15%	9%
Couple	12%	7%
Single female	22%	18%
Single male	22%	16%
Homeowner	12%	5%
Social renter	28%	30%
Private renter	37%	43%
66-69	14%	9%
70-74	14%	(65-74)
75-79	16%	12%
80-84	17%	(75-84)
85+	20%	16%
85+ female	22%	
60-64	22%	
Mixed-age couple ^a	17%	
White	16%	11%
Asian/Asian British	27%	9%
Indian	28%	
Pakistani	35%	
Black/African/Caribbean/ Black British	31%	
Other ethnic group	27%	
Disabled^b	20%	
Not disabled ^b	16%	
Carer^c	20%	
Non-carer ^c	13%	

^a Estimate produced by the Fabian Society, using 2022/23 data.¹⁸

^b Estimates produced by the Joseph Rowntree Foundation, using 2022/23 data.¹⁹

^c Estimates produced by Carers UK, for aged 65+ and using 2021/22 data.²⁰

Pensioner poverty also varies by region/nation. In most regions/nations 15-18% of pensioners are in poverty. The extremes are a low of 13% in Northern Ireland and 22% in London, even higher at 30% in Inner London. This is likely influenced by variation in housing costs. For example, the relatively high rental prices in London means many people have lower incomes after housing costs, and vice versa in Northern Ireland.



4. Other measures of poverty

Turning to the other measures of poverty listed in table 1, table 3 shows the proportion of pensioners experiencing poverty, deprivation or low living standards, as defined by those measures. It highlights selected groups most likely to experience material deprivation – the full dataset is available on the DWP website.

Table 3. Alternative poverty/living standards measures, pensioners, UK

Measure	Group	Rate	People [^]
Absolute low income ²¹	All pensioners	13%	1,600,000
Material deprivation (2023/24) ²²	All pensioners	11%	1,300,000
	66-69	14%	400,000
	Single	15%	700,000
	Disabled	14%	900,000
	Social renters	32%	500,000
	Private renters	24%	200,000
	No occupational/ personal pensions	24%	800,000
Minimum Income Standard (2022/23) ²³ – not reaching the standard	All pensioners	24%	2,800,000
	Single	35%	1,500,000
	Couple	17%	1,300,000
Retirement Living Standards, 2023 – not reaching 'Minimum' ²⁴	All pensioners	32%	~5,000,000
Below Average Resources ²⁵ X	All pensioners	13%	1,500,000
	Single	18%	800,000

[^] Numbers rounded to the nearest 100,000.

^X As explained in table 1, we think the BAR methodology produces an underestimate of pensioner poverty.

People just over the Pension Credit threshold

Pension Credit is the main means-tested benefit for pensioners, intended to help them meet their essential living costs. It brings people's income up to a minimum threshold – £11,809 per year for single people, £18,023 for couples. Some people have an income just above this threshold but still face financial hardship. This was evident in many of the messages Age UK received following the original means-testing of the Winter Fuel Payment in July 2024. This has since been further reformed but under the original proposals many people were aware that they not only missed out on the income from Pension Credit but also the various other benefits and discounts Pension Credit passports people to, including (at the time) the Winter Fuel Payment. Many felt it was unjust to miss out on potentially thousands of pounds for being one or two pounds over the threshold, and that by saving into a private pension they have ended up worse off. As one person said:

[I] can't afford to put heating on until teatime. [I] won't be able to afford holidays. [I] cut down on food to pay heating. [I am] just above the threshold to apply for benefits as I have a small pension as I worked.

5. Living on a low income and the impact of the high cost of living

In 2022 there was a sharp rise in the cost of living, with prices remaining elevated since. Energy prices rose especially high – in April 2025 typical prices were more than 50% higher than at the beginning of 2022. Many people are struggling with the cost of energy and other essentials like food. This came through clearly in nationally representative polling of people aged 66+ that Age UK commissioned in January 2025. Some questions were asked in January 2023 and 2024, allowing us to track change over time.

The polling indicated that many pensioners were struggling with the cost of living, particularly with their energy costs/warming their home. There is a clear pattern across most of the questions for which we have data from previous years, that **more people were struggling in 2025 than in 2024**. Key context for this is high energy prices and the loss of the Winter Fuel Payment for many people. Certain groups of older people were particularly likely to find things difficult, including people with a disability, those on low-to-modest incomes and renters. Other groups include women, single people, people living alone and carers. Here are some of the key findings:

- One in 3 (34%) – equivalent to 4.1 million people – said they felt less financially secure heading into 2025 compared to when 2024 began.
- Nearly one in four (23%) said their home is colder than they would like it to be 'all the time' or 'most of the time' – equivalent to 2.8 million people.
- When asked how worried people were about paying the household energy bills, two in five (42%) said they were worried – equivalent to 5.1 million people.
- When asked how worried people were about being able to afford other essentials (e.g. food), one in four (26%) said they were worried – equivalent to 3.2 million people.

- Cutting back on heating or powering your home was the most frequently mentioned cutback. Four in 10 (41%) said they have had to do this – equivalent to 5 million people.
- People are cutting back on other essentials too. One in five (21%) said they had to cut back on food/groceries – equivalent to 2.6 million people.

Here is a selection of quotes from older people that illustrate the kinds of dire situations some people live in:

I have heart failure and chilblains, and I am currently sat with no heating and a blanket around me. This I do every day.

Buying food deals, shopping around for cheaper foods, turning off lights, shutting all inner doors, eating in mostly, reducing/stopping occasional treats, not buying clothes, not having hair done.

I no longer use gas or electric unless absolutely necessary. I have no insurance for anything as cannot afford it. The temperature in my house is 15 degrees. We are in our 80s and paid tax all our life worked from 15 years old to 73 years old.

These options [for making cutbacks] are either irrelevant or they're 'cuts' I made four-plus years ago.

Health and social impacts

Living in poverty can severely affect people's physical and mental health. People may lack the resources to stay warm at home or have adequate nutrition. They may be less able to socialise, which in turn can affect their health. In our January 2025 polling, the second most common thing people had cut back on was social and leisure activities, with 37% having done so recently. As one person struggling with the cost of living said:

I have cut back on everything. Life is not worth living anymore.

There is a correlation between low income and poor health, which in turn is associated with greater demand on health and social care services – people on lower incomes tend to use these services more. In 2020, Loughborough University found that **the low incomes older people have because of not receiving the Pension Credit they are entitled to, is associated with poorer health and an estimated £3bn-£5bn of extra pressure on NHS and social care services.**²⁶ The analysis does not demonstrate causality but the authors conclude, 'if the state spent more on raising the incomes of the poorest pensioners to improve their lives, there is the potential for it to save much more than that, by not having to spend as much on the health and social care of people damaged by poverty.'

6. Why are people in poverty in later life?

People's financial position in retirement is generally linked to their circumstances over the course of their lifetime. Private pension provision is closely related to employment history, including time spent in work, earnings levels, sector, etc. On average, women

have lower individual retirement incomes than men, reflecting their lower average earnings and time out of the labour market or working part-time raising children and providing care to older and disabled relatives or friends. Other factors associated with lower income (before and after State Pension age) are being from a minority ethnic group, having a disability, providing unpaid care, and being self-employed. The impact of these, often overlapping, characteristics is explored in the Pensions Policy Institute's work on the 'underpensioned'.

As well as lifetime earnings, retirement finances are affected by decisions people take about saving. However, even the best financial plans can be thrown off track by life events such as illness, redundancy, bereavement or relationship breakdown. Around one in four (27%) people aged 50-64 are economically inactive,²⁷ highlighting the challenges faced by this age group for working longer.

Some life events are more likely to disadvantage women, such as divorce. Pensions are often the second most valuable asset after homes. However, Scottish Widows' research suggests that more than half of couples did not discuss pension assets during divorce and that this could cost women £77k at retirement on average.²⁸ Women were also affected by the sharp rise in their State Pension age from 60 to 65 by 2018 and the failings in the DWP's communication of these changes, as found by the Parliamentary and Health Service Ombudsman.²⁹ Many of these 'WASPI' women had to wait years longer than expected until they could claim their State Pension, a period in which they struggled to continue working, with many having already left work.

Once people have reached retirement, they often have little opportunity to increase their pension income or savings. They may be able to improve their situation by claiming social security entitlements. **However, many miss out on their entitlements – the latest estimates show people in Great Britain did not receive around £2.2 billion of Pension Credit and Housing Benefit they were entitled to.**³⁰ Many also miss out on other benefits including Attendance Allowance. People may not know what is available, may feel they are not eligible for any help, may be put off by the claim process, or struggle on alone reluctant to ask for help. (See our briefing on benefit entitlements.)

However, while receiving the benefits people are entitled to will reduce financial hardship, it doesn't always take people out of poverty. For example, 20% of people receiving Pension Credit are in poverty, and 35% are in material deprivation.³¹

Financial hardship isn't just about people's income; it's also about their costs. Key among these are energy and rent (for those who pay it). Energy costs have increased significantly in recent years. Average energy bills under the price cap (all ages) were £1,755 per year from October 2025 – equivalent to 15% of a full new State Pension. For pensioners who rent in the private sector, the level of the Local Housing Allowance – the relevant element of Housing Benefit – has been frozen from April 2025. As the IFS put it, 'this means that if private rents continue increasing, the LHA rates are increasingly unlikely to cover the rents of private renter pensioners.'³² Ensuring that these and other essential costs are affordable – for example, through an energy social tariff or more adequate rent support – would go a long way to reducing financial hardship.

What are people's sources of income and how is this changing?

The composition of people's income – how much they receive from different sources – is important. The degree to which people rely on the State Pension, for example, varies significantly, as shown in table 4.

Table 4. State Pension and benefits as a share of total income, pensioners, UK³³

	% with more than half of income coming from State Pension & benefits (2023/24)	% of total income made up by State Pension & benefits – lowest income quintile (2021/22-23/24)	% with no source of income other than State Pension & benefits (2023/24)
All	61%	-	13%
Couples	49%	79%	7%
Single	71%	88%	18%

There is also a lot of variation in the amount people receive from the State Pension:

- **The majority (64%) of State Pension recipients receive the pre-2016 State Pension rather than the new State Pension (nSP).** Comparisons are complex because some do not receive the full amount of either pension while others receive more. However, a full basic State Pension (bSP) – the main pillar of the pre-2016 pension – at £176.45 pw is significantly lower than a full nSP at £230.25 pw.
- Some receive less than the full State Pension (old or new) – 11% of bSP recipients receive less than 75% of the full pension (as do 3% of nSP recipients).
- The frozen income tax personal allowance means a growing number of people have a State Pension income higher than the personal allowance and so subject to tax. For example, in 2024/25 we estimate that 1.2m recipients of the bSP are in this situation.³⁴

So, many people are largely (if not fully) reliant on the State Pension and other benefits, and what they receive through these varies. Given this, the way these benefits maintain their value – especially in relation to the rising cost of essentials – is important. **That is why we support the State Pension triple lock – to help those reliant on a modest State Pension to meet their needs.**

However, even with the triple lock in place since 2011, the total incomes (before housing costs) of the poorest fifth of single pensioners stayed almost flat in real terms (rising by 2%) between 2010 and 2023. In contrast, all other single pensioners have seen real terms growth of 4-9%.³⁵ This suggests more research and analysis is needed to evidence the best way of helping this low-income cohort.

Spending on the State Pension was equal to 5.1% of GDP in 2023/24.³⁶ In 2019, the UK spent 4.7% on the State Pension, compared to the OECD average of 7.0%.³⁷ International comparisons should be treated with caution as pension systems vary.

7. Future trends – risks for deterioration

The outlook for poverty in later life is uncertain. Over time, more pensioners will receive the new State Pension. DWP modelling suggests that by the mid-2030s over 80% of people reaching State Pension age will be eligible for a full nSP.³⁸ For many people this will mean a higher State Pension income than they would have received under the old system. It will also reduce the gender gap in State Pension incomes. Beyond the State Pension, an increasing number of people are saving into a private pension.

Against this, however, **there are a number of factors that risk an increasing number of people experiencing hardship in future.** For one, our ageing society means that even with a flat poverty rate there will be more pensioners in poverty in future. By 2050, one in four of the population will be aged 65+ and the number of people aged 85+ – currently the age group with a higher poverty rate – is expected to more than double over the next 25 years. Within that, there is a growing number of people who are single and living with multiple health conditions.³⁹

One of the main risk factors is the extent to which people are making adequate private pension savings. Phoenix Insights found that '55% of defined contribution (DC) savers are either not on track or not expecting to meet the... minimum retirement living standard.'⁴⁰ For some people with a small or modest private pension, their pension income means they are ineligible for Pension Credit and the various benefits it passports to, which can mean they are overall in a worse position.

The Government shares concerns about the future. It has revived the Pensions Commission, saying, 'If we do nothing, tomorrow's pensioners are at serious risk of being poorer than today's.' It has drawn attention to how 'across the working-age population, just over half (55%) are saving into a [private] pension.' It has also highlighted that one in eight people are not on track to meet the Minimum retirement living standard, and three in four are not on track to meet the Moderate standard.⁴¹

Another key risk is the growth in the number of people renting through retirement. While home ownership brings its own ongoing costs (e.g. mortgage, repair, adaptations), the financial pressure on long-term renters, many of whom are no longer able to work, is significant. This is exacerbated by rising rents and the low availability of suitable properties in general and particularly in areas where people want to live because of local social networks, access to services, etc.

The number of older renters is predicted to more than double over the next twenty years. There were 403,000 households over the age of 65 living in the private rented sector in 2020/2021 but 1,217,000 households between the ages of 45 and 64. More than half of the 45 to 64 group have no savings and many are unlikely to move into home ownership, meaning the number of renters will increase in future.⁴² One estimate suggests an 'increase in the proportion of people aged 65+ living in the private rental sector, rising from 4% in 2022 to 13.2% in 2040.'⁴³

The State Pension age (SPa) has risen from 65 to 66 and is due to rise further – to 67 by 2028 and to 68 by 2046. Indeed, 68 is among the highest outlook SPas among EU

member states.^{44,v} The recent rise to 66 led to an increase in the poverty rate among 65-year-olds – particularly affecting those not able to work but now waiting for longer until they can claim their State Pension. Where people are forced to use any savings they have to ‘bridge this gap’, this can worsen their long-term financial security. We expect to see similar effects with the future SPa increases – indeed, with each subsequent rise, these effects may be worse as people are even less likely to be able to keep working. In polling conducted in January 2025, half (48%) of people aged 50-64 said they will struggle financially (a lot/somewhat) from now until they reach SPa.⁴⁵

Lastly, going back to the point at the start of this section about the new State Pension, there is a risk that even as more people over time receive a full new State Pension, many could end up losing out due to being just above the threshold for Pension Credit and the numerous benefits it passports people to.

8. Public policy proposals

The Government should set out a clear reform programme, in partnership with third sector and other organisations, to reduce poverty in later life, with a focus on supporting the groups at greatest risk. The Government should do the following:

State Pension

- **Review pensions adequacy, including the role of the State Pension and means-tested benefits, to ensure that the system delivers for current low-income pensioners and future pensioners.** Age UK aspires to a situation where all pensioners have an income of at least the ‘Minimum’ level Retirement Income Standard, with the money coming from both state and private sources. The State Pension alone must ensure that those on the lowest income can maintain a decent standard of living, which is why the triple lock is needed.

Pensioner benefits

- **Develop a sustained and strategic approach to tackle the persistently low take-up of Pension Credit and other pensioner benefits.** This approach should go beyond public campaigns to include increased data sharing and closer targeting of information/invitations to claim, an impactful merger between Pension Credit and Housing Benefit applications, integration of benefit claim lines, improved awareness and ‘onboarding’ for people in the working-age benefits system approaching State Pension age, and sustainable support for benefit advice services, all underpinned by an action plan or strategy.
- **Review the steep eligibility cliff edge for Pension Credit.** Too many people just outside of eligibility miss out on income from Pension Credit, as well as potentially thousands of pounds per year in passported benefits, and struggle to meet their basic needs.
- **Increase the maximum Housing Benefit for private renter pensioners** by allowing an extra bedroom in setting the maximum allowance, as recommended by

^v Sweden’s outlook SPa is 63-69 – this flexible retirement age is linked to the benefit level. Also, many EU member states have an outlook SPa of 67 tied to a range of dates in the 2020s and 2030s – the SPa could increase beyond 67 further into the future. Denmark recently announced plans to raise its State Pension age to 70 by 2040.

the Institute for Fiscal Studies.⁴⁶ This would allow older people to have a 'spare room' in which family, friends or carers can stay. Alongside this, the Government's housing strategy should **address the shortage of affordable, accessible, suitable housing for older people**, particularly older renters.

Private pensions

- **Ensure people on lower incomes are saving enough into their private pensions to deliver a decent top-up to the State Pension when they retire.** The Government should also help people use their private pensions in the best way possible to meet their long-term needs.
- **Government, regulators and industry must develop and maintain sufficient support to help people understand and make the most of their private pensions**, ensuring that they protect people throughout their later life wherever appropriate. This includes developing guidance, advice and support services pre- and during retirement, as well as helping people purchase the right retirement income products for their circumstances.

Help people meet their essential costs

- **Tackle energy unaffordability**, by extending the Warm Home Discount – due to end in April 2026 but under consultation – or introducing an energy social tariff. Ideally, any future energy support scheme will need to improve targeting of households in poverty through income-based data matching. With improved targeting, greater depth of support can be delivered for similar or less cost.
- **Ensure the new Crisis and Resilience Fund, replacing the Household Support Fund, is sufficient in scale and accessibility to support people of all ages in financial crisis.** It should also give local authorities the resources and flexibility to provide or commission accessible, quality benefits advice to people of all ages.

Age groups

- **Act to tackle the high rates of poverty among people just below the State Pension age (SPa)**, including through an addition to benefits for people just below the SPa who are disadvantaged and unable to work through long-term illness, caring responsibilities or unemployment.
- **Review the mixed-age couples rule and make the system fairer**, for example, by introducing an additional pensioner element within Universal Credit or modifying Pension Credit rates for mixed-age couples.

- ¹ [Household below average income series: quality and methodology information report FYE 2021 - GOV.UK](#)
- ² [Technical report: update to measures using material deprivation for households below average income FYE 2024 - GOV.UK](#)
- ³ [View PDF](#)
- ⁴ [Home - Pensions UK - Retirement Living Standards](#)
- ⁵ [Below Average Resources: for financial years ending 2001 to 2023 - GOV.UK](#)
- ⁶ [W12 Financial Fairness Tracker](#)
- ⁷ [Households below average income: for financial years ending 1995 to 2024 - GOV.UK](#)
- ⁸ [SN07096.pdf](#)
- ⁹ [Income Dynamics: 2010 to 2023 - GOV.UK](#)
- ¹⁰ [Age UK analysis of Stat-Xplore, June 2025](#)
- ¹¹ [Pensioner-poverty-16-jan-final-pdf-v2.pdf](#)
- ¹² [ca401ebd-en.pdf](#)
- ¹³ [20250106-wpsc-consultation-response-pensioner-poverty-final.pdf](#)
- ¹⁴ [Disability Price Tag 2025 | Disability charity Scope UK](#)
- ¹⁵ [Households below average income series: quality and methodology information report FYE 2024 - GOV.UK](#)
- ¹⁶ [Households below average income: for financial years ending 1995 to 2024 - GOV.UK](#), some Age UK analysis of Stat-Xplore, June 2025
- ¹⁷ [Income Dynamics: 2010 to 2023 - GOV.UK](#)
- ¹⁸ [Pensioner-poverty-16-jan-final-pdf-v2.pdf](#)
- ¹⁹ [UK Poverty 2025: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation](#)
- ²⁰ [Poverty and financial hardship of unpaid carers in the UK](#)
- ²¹ [Age UK analysis of Stat-Xplore, June 2025](#)
- ²² [Households below average income: for financial years ending 1995 to 2024 - GOV.UK](#)
- ²³ [View PDF](#)
- ²⁴ [committees.parliament.uk/writtenevidence/133455/pdf/](#)
- ²⁵ [Below Average Resources: for financial years ending 2001 to 2023 - GOV.UK](#)
- ²⁶ [Pension Credit Independent And and Loughborough University report_0.pdf](#)
- ²⁷ [Economic labour market status of individuals aged 50 and over, trends over time: September 2024 - GOV.UK](#)
- ²⁸ [Women and Retirement Report 2024](#)
- ²⁹ [Women's State Pension age and associated issues: investigation summary | Parliamentary and Health Service Ombudsman \(PHSO\)](#)
- ³⁰ [Income-related benefits: estimates of take-up: financial year ending 2023 - GOV.UK](#)
- ³¹ [Households below average income: for financial years ending 1995 to 2024 - GOV.UK](#)
- ³² [committees.parliament.uk/writtenevidence/133162/pdf/](#)
- ³³ [Pensioners' Incomes statistics - GOV.UK](#)
- ³⁴ [2024_oct_consequences-of-the-freeze-in-the-income-tax-allowance-on-state-pension-amounts_v1-final.pdf](#)
- ³⁵ [Pensioners' Incomes statistics - GOV.UK](#)
- ³⁶ [CBP-7812.pdf](#)
- ³⁷ [SN00290.pdf](#)
- ³⁸ [The future of the state pension](#)
- ³⁹ [How do we defuse the pensioner poverty time bomb? | Joseph Rowntree Foundation](#)
- ⁴⁰ [How much is enough? A new retirement adequacy model | Phoenix Group](#)
- ⁴¹ [Finishing the job: Launching the Pensions Commission - GOV.UK](#)
- ⁴² [English Housing Survey 2021 to 2022: private rented sector - GOV.UK](#)
- ⁴³ [IA-Report-FINAL-19.07.pdf](#)
- ⁴⁴ [SN06546.pdf](#)
- ⁴⁵ [Polling commissioned by Age UK, conducted by Opinium, 6-16 January 2025](#)
- ⁴⁶ [The Pensions Review: final recommendations | Institute for Fiscal Studies](#)