

Experiences of poverty in later life

The cost of living



Energy, food, transport and other costs are climbing faster than the State Pension and other entitlements such as Pension Credit, pushing more older people into poverty.

By early 2022 inflation had risen to its highest rate in 30 years.¹ Inflation rose by 5.5% in the 12 months up to February 2022* and is widely expected to reach at least 8% within the same year.¹ The costs of energy, food and transport have all spiralled, driving up bills for people across the UK. For older people who rely on the State Pension or welfare entitlements like Pension Credit to live, the cost-of-living crisis is particularly stark. The State Pension, and financial entitlements including Pension Credit, were only uprated by 3.1% in April 2022, in contrast to the actual inflation rates that have hit in 2022.² This means a real-terms drop in income for millions of older people as their entitlements rise by approximately 3%, but the cost of food and bills has risen by more than double that. The government's spring statement in March 2022 did little to support older people on a low income.

In our research exploring experiences of poverty in later life, the people we spoke to told us that the cost-of-living crisis was causing an unsustainable squeeze on their finances. They told us that rising energy, food and transport bills were a constant source of worry, stress and uncertainty. We heard stories of people being forced to cut back on essentials: heating only one room in their house, cutting back on their food shop and being unable to buy gifts for loved ones. For many of the people we spoke to, the solution was clear – increase the State Pension and Pension Credit and make life that bit better for older people living on a low income.

*Using the Consumer Prices Index including owner occupiers' housing costs or CPIH.

Inflation in the 12 months to February 2022 was **5.5%** – the highest rate in 30 years – and is projected to rise to at least **8%** in 2022.¹

The State Pension, Pension Credit and other financial entitlements increased in April 2022 by only **3.1%** compared to **8%** expected inflation the same month.²

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The prices of everything, food shopping, bills, everything are just rocketing at the moment. I'm just hoping that it will flatten out into next year sometime because I don't know how long we can go on like this.
Christine, 60–70

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Well, I think utility [prices]... I changed before all this hype started up about [prices] because I was paying £40-something and they wanted £70-something... which is just unbelievable. I managed to change [tariff] but now that's expired so that's £25 a month more, which is a lot for me.
Rita, 73

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Because of the so-called fuel shortage...they shot the price up. I was running around on practically empty... I was thinking, 'Oh God, if I get a hospital appointment, I've had it. I can't get there because I can't get fuel'.
Yvonne, 76

Daniel's story

Daniel is in his 70s and lives alone in a small flat in North East England. He relies on the State Pension as his main source of income. In the last few months of 2021, rising energy and transport bills have been an increasing source of concern for him. He is worried that the State Pension isn't increasing quickly enough to keep pace with inflation, and is frustrated that older people are being forced into increasingly difficult financial positions. As prices increase, he is starting to limit how frequently he uses his car, and how often he turns on the heating in his flat.

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With the national pension...it goes up, but it doesn't cover the increase in the rates or the rent. If the pension covered that, you'd be happy but they don't correspond...it's a constant watch, if you know what I mean.
Daniel, 70-80

Policy recommendations



The government should make sure everyone in later life receives the full range of benefits and entitlements they are eligible for. This should include the Department for Work and Pensions producing a written strategy to increase the uptake of Pension Credit. This strategy should include realistic, measurable targets, and short-term activities like targeted awareness-raising campaigns, including at the local level, and new research on how best to target people missing out. It should also look at longer-term solutions such as automatic payment, better government data sharing to identify people missing out, and reviewing the name 'Pension Credit'.



The government must fulfil its commitment to restore the State Pension triple lock from April 2023.

This poster is part of the **Experiences of poverty in later life** series. It draws on research Independent Age conducted into the experiences of people aged 65+ living on a low income. You can find out more at independentage.org/experiences-poverty-in-later-life.

¹Inflation and price indices, Office for National Statistics, March 2022, see ons.gov.uk/economy/inflationandpriceindices#timeseries. Will inflation in the UK keep rising? Bank of England, 18 March 2022, see bankofengland.co.uk/knowledgebank/will-inflation-in-the-uk-keep-rising.

²State Pension and benefit rates for 2022 to 2023 confirmed, Department for work and pensions, 25 November 2021, see gov.uk/government/news/state-pension-and-benefit-rates-for-2022-to-2023-confirmed.