



**Independent
Age**



The hidden two million

The reality of financial
hardship in later life

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About Independent Age

Independent Age is a national charity, providing support for older people facing financial hardship. We offer free and impartial advice and information, and grants for community organisations. We use the knowledge and understanding gained from our frontline services to highlight the issues experienced by older people who are facing financial insecurity and to campaign for change. We believe no one should face financial hardship in later life.

1. Introduction



Jill

A damaging stereotype permeates our society: that everyone in later life is enjoying a comfortable retirement with a large pension pot, mortgage-free mansion and significant savings. Sadly, for all of us, this is not the case.

The hidden reality is that more than two million pensioners in the UK live below the poverty line, with many more hovering precariously above it. The individuals who make up this group are often invisible, overlooked and unheard – and the dream of a carefree, financially secure retirement is anything but reality.

Poverty affects people of all ages, but it's those in later life who are often on the receiving end of broad ageist assumptions and stereotypes about their financial situation. While there are many wealthy people of State Pension age and over – in the same way that there are children and working-age adults living in households that are financially secure – it is not the case for everyone in later life. Instead, this

damaging and unhelpful narrative leads those facing financial hardship in older age to feel invisible and deprioritised.

At Independent Age, we want to make sure the voices and experiences of those facing financial hardship in later life are amplified. We want their problems recognised and taken seriously by decision makers. We want them to have the money they're entitled to, to avoid high costs and to live in a warm, safe home with the support they need to live as they choose. And we will work tirelessly to achieve this goal.

Our impact across policy campaigning, information and advice, grant-making and partnerships improves lives by increasing the financial wellbeing of older people in financial hardship – enabling greater choice and independence in wider areas of life.

Rajia's story

My husband and I have been renting this house through an agency for the past 20 years. It's deteriorated a lot in that time, but the landlord refuses to do any repairs.

It's not safe living here. I have to do all the cooking in the front room. We can't use the kitchen at all because there are holes in the floor so big my foot goes straight through them. The roof leaks, the walls are full of mould, there are so many rats they keep me awake at night. It's not safe for us to stay here, but we can't leave because we have nowhere to go.

The house is very difficult to keep warm. I put the heating on, but it doesn't warm up – the bills increase anyway. There are mice, holes in the floor and leaks in the roof. There are even people in the street who bang on our door to buy drugs. I worry about being here on my own. We've gone to the council because we're desperate to move out of here. The only thing we want is to live somewhere clean and die in peace.

We both get Pension Credit. My husband gets Attendance Allowance and an occupational pension, and I get disability benefits. The benefits allow us to make a meal, put clothes on our bodies, and turn on the lights and heating. My husband is in hospital quite a bit so, even though food prices have gone up, I haven't cut back on food. I don't want him to suffer – I want him to eat a healthy meal. But when he's not here, I switch the heating off to save money.



“It's not safe to stay here. But we can't leave, we have nowhere to go.”

The whole situation is embarrassing. It shouldn't be like this. But if we don't talk about what's happening, people won't know what we're going through as older people.

2. The national picture



Every day Independent Age hears from people in later life who are struggling financially. While they are resourceful, careful and resilient, employing many tactics to make their low income work for them, life is hard.

“ We don’t like going [to the food bank] every week. Being honest, all my life I’ve never been someone to rely on somebody else. You never think when you’re younger, that when you get older, things are going to change.

“ You expect to get to this age, and you think you are going to sit back. And everything’s going to be warm and cosy here and that’s really not what it is...

The people we engage with – through our services, grant-giving, campaigning, research and volunteering – tell us about their crippling high rents, the anxiety they feel when they receive their utility bills and their worries about how they will survive living on a low income.

National data proves they are not alone. Statistics released in March 2023 show that in 2021/22, there were 2.1 million (18%) pensioners living in poverty across the UK. This has grown, with approximately 500,000 more pensioners in poverty now than there were in 2012.¹ There is also an additional 1.1 million pensioners who are financially insecure and living just above the poverty line.²

¹ Poverty statistics here use the common definition of relative income poverty – that is, households with income below 60% of median income after housing costs.

² Some 1.1 million pensioners have an income between 60% and 70% of median incomes after housing costs.

People who spend any time in poverty are more likely to go without a filling meal every day and more likely to live in a cold home.³ In our conversations with older people facing financial hardship, we hear of the difficult decisions they're making: do they skip a meal so they can keep the lights on? Do they keep the heating off over winter so they can afford a taxi to their hospital appointment? The affect of monitoring every penny and constantly living on the edge is significant, both mentally⁴ and physically.

“Constantly having to keep a check on everything I spend. Not just now and again, constantly. And I do and I am careful, and I do make my money go round, but it's not easy.
Christine, 60s

Research Independent Age commissioned from City, University of London analysed a nine-year period from 2010 to 2019, during which time 40% of pensioners spent at least one year in poverty. This is a stark reminder that money worries could affect any of us, at any time in our lives, including as we grow older. And the national data shows a concerning, steady increase in the poverty rates among older people, which is unlikely to reverse in the near future given factors such as falling home ownership and people being unable to save an adequate amount for retirement. That's why this problem of pensioner poverty should matter to everyone.

Nobody dreams of experiencing financial hardship when they grow older, and no one should have to face these choices in modern day Britain – yet it is the reality for too many.



³ *Poverty in later life*, Independent Age, January 2022, see independentage.org/sites/default/files/2022-12/IA%20Poverty%20in%20later%20life%20report%20Jan2022.pdf.

⁴ *Experiences of poverty in later life: Mental health and wellbeing*, Independent Age, see independentage.org/sites/default/files/2022-06/IA-PI-412-Experiences-of-poverty-Mental-Health-v2.pdf.

3. Who is most affected?



Abdul

Independent Age's research and analysis have identified certain groups of people aged 65 and over who are at greater risk of facing financial hardship, including:

- single people
- women
- people from minoritised ethnic communities
- private renters
- carers
- people with long-term conditions or disabilities.

With multidimensional, complex lives, intersectionality is prominent among those facing financial hardship, with many people likely to identify with these seldom-heard groups. We've tried to learn more about them and why they might be more likely to face financial hardship in later life.

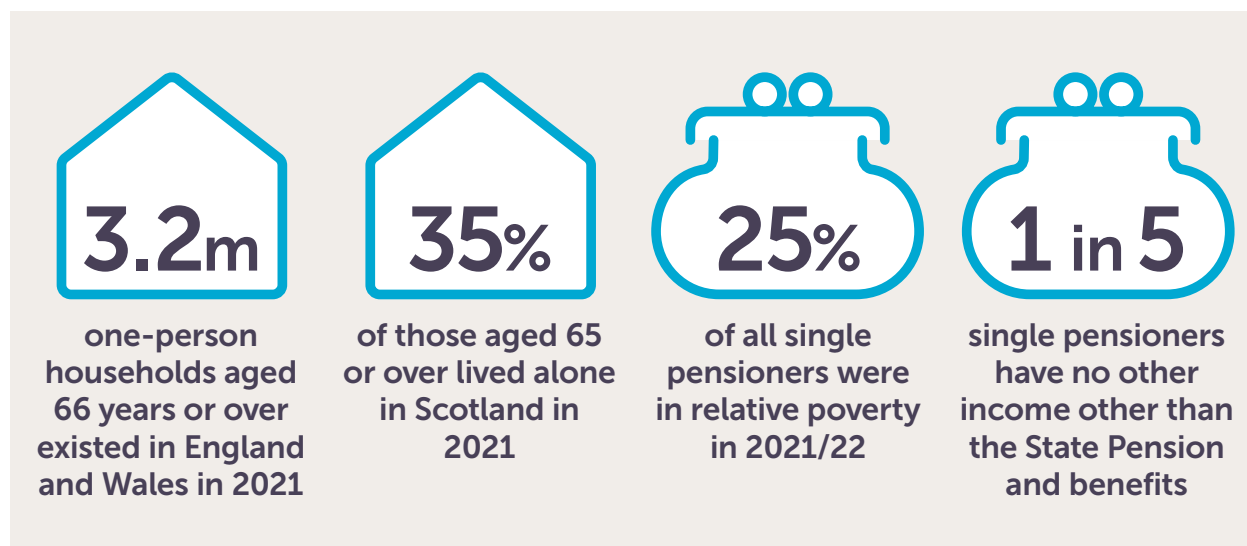
Single people

There are multiple reasons why someone could live alone in later life: they could have been single all their life, their marriage could have ended in divorce or separation, or they could have experienced partner bereavement. Whatever the reason for their status, compared to couples, single people will likely be in a situation where they are living on a lower income while still facing some relatively high costs, such as rent or energy.

In 2021 there were 3,197,845 (3.2 million) one-person households aged 66 years or over in England and Wales.⁵ In addition, there were 357,000 single pensioner households in Scotland, meaning that 35% of those aged 65 or over live alone in the nation.⁶ Some 25% of all single pensioners were in relative poverty in 2021–22,⁷ with 1 in 5 single pensioners having no other income other than the State Pension and benefits.⁸

Many people become eligible for social security payments when they become single – for example, they may qualify for Pension Credit if their income drops because they are no longer part of a couple – but many do not know about their entitlements, or believe they are ineligible or face stigma around applying.

It might be assumed that single older people facing financial hardship can lean on adult children to support them when times are tough. We have heard examples of people receiving loans from their children to deal with unexpected costs, being gifted items they desperately needed but couldn't afford and even moving in with their children to reduce their housing costs. But, by 2030, the number of people ageing without children is estimated to be around two million.⁹ This means if someone is single, and ageing without children, they may have even fewer sources of financial support than others and it is essential their challenges do not remain hidden.



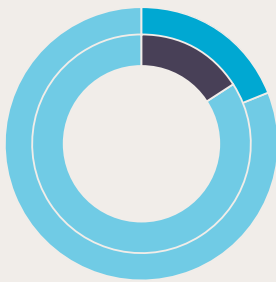
⁵ *Create a custom dataset*, Office for National Statistics, 28 March 2023, see ons.gov.uk/datasets/create. Data extracted on 7 April 2023. Population type was households, and variables were household composition and life stage of household reference person.

⁶ *Scottish household survey 2019: supplementary analysis*, Scottish Government, 15 September 2020, see [gov.scot/publications/scottish-household-survey-2019-supplementary-analysis/pages/2/#:~:text=Single%20pensioner%20households%20\(households%20with,This%20was%20around%20357%2C000%20households.&text=As%20people%20get%20older%20they,65%20or%20over%20lived%20](https://gov.scot/publications/scottish-household-survey-2019-supplementary-analysis/pages/2/#:~:text=Single%20pensioner%20households%20(households%20with,This%20was%20around%20357%2C000%20households.&text=As%20people%20get%20older%20they,65%20or%20over%20lived%20).

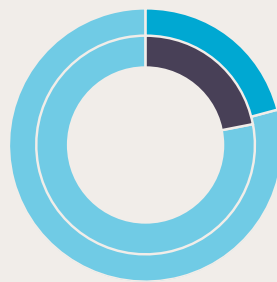
⁷ *Households below average income (HBAI) statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/households-below-average-income-hbai--2. Data extracted on 7 April 2023 using Stat-Xplore.

⁸ *Pensioners' Incomes Series statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/pensioners-incomes-series-statistics--3. Data extracted on 7 April 2023 using Stat-Xplore.

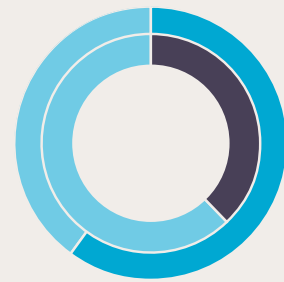
⁹ *Statistics: Facts and figures*, Ageing Without Children, 2021, see awwoc.org/statistics.



19% of women and **16%** of men over State Pension age are living in poverty



21% of women aged 75–79 and **22%** of women aged 80+ have an increased risk of financial hardship



60% of income for single women is from the State Pension and benefits, compared to **48%** of income for single men

Women

Older women are more likely than older men to experience poverty in the UK. There are multiple reasons for this, but it is largely down to inequalities women face throughout their lives. For some, caring responsibilities – either for young children or other relatives – stopped them being able to take on paid work for periods of time or meant they had to reduce their hours.

“ Throughout my life...I’ve worked... when I was married, I worked part time, and you don’t get a pension then, so it was only after the divorce and then I eventually went full time that I got a pension and it’s a very small pension.
Rita, 73

For others, their jobs earlier in life were low paid or precarious, such as working in retail or as a professional carer on a zero-hours contract. Women in these situations are less likely to have a full State Pension

and more likely to have a low private pension or no private pension at all. Others meanwhile have been affected by the rapid change to the State Pension age for women, which has thrown their financial plans into disarray and tipped them into poverty.

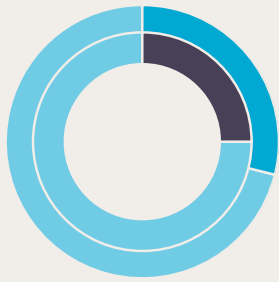
Some 19% of women over State Pension age are living in poverty, compared to 16% of men. These figures are worse for women who live alone, with 26% of single women in poverty.¹⁰ Women aged 80+ were also at increased risk of financial hardship in later life, with 22% of women aged 80+ in poverty compared to 21% of women aged 75–79.¹¹

Women are also more reliant on the State Pension and benefits in later life than men. Benefit income, including the State Pension, makes up 60% of total gross income for single female pensioners, compared to 48% for single male pensioners.¹²

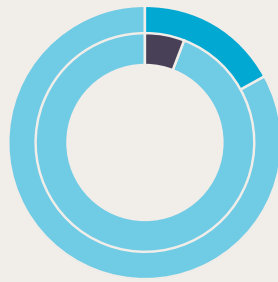
¹⁰ *Households below average income (HBAI) statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/households-below-average-income-hbai--2. Data extracted on 7 April 2023 using Stat-Xplore.

¹¹ *Households below average income (HBAI) statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/households-below-average-income-hbai--2. Data extracted on 7 April 2023 using Stat-Xplore.

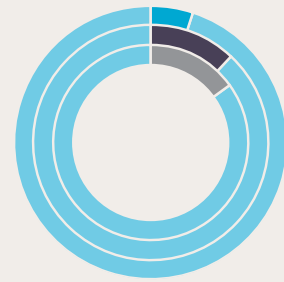
¹² *Pensioners' Incomes Series: financial year 2021 to 2022*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/statistics/pensioners-incomes-series-financial-year-2021-to-2022.



29% of Asian people and **25%** of Black people over State Pension age are living in poverty



17% of Black pensioners experienced poverty for seven to nine years during a nine-year period up to 2019 compared to **6%** of all pensioners



5% of white people, **12%** of Asian people and **15%** of Black people over State Pension age have no income other than state benefits

People from minoritised ethnic communities

Older people from minoritised ethnic communities are at a higher risk of experiencing poverty. There are well-known structural reasons that contribute to this situation and it is a situation that takes place earlier in life, with many people from minority ethnic groups facing disadvantage and discrimination regarding employment, earnings and private pension savings.¹³

In our interviews with people from minoritised communities and with organisations that work with them, we heard how some people do not receive a full State Pension because they don't have a full record of National Insurance contributions, having arrived in the UK later in life and so having a limited work history. Others struggled to get work because of discrimination, their skills not being recognised in the UK, or because of language barriers.

“ Sometimes you give up...because there's certain things that you can claim and then you find that you have to go through this long difficult process, you think I'm not doing it... I feel a bit of distrust and as if they're going to say no, and that will always stay with me because of what I went through [with the Windrush scandal].

The latest official figures show that among the broader group of all people over State Pension age, 18% are in poverty. However, 29% of Asian/Asian British older people are in poverty, as are 25% of Black/African/Caribbean/Black British older people.¹⁴

¹³ *The Underpensioned Index*, Pensions Policy Institute, 2022, see pensionspolicyinstitute.org.uk/media/4232/20221207-the-underpensioned-index-2022-edition.pdf.

¹⁴ *Households below average income: for financial years ending 1995 to 2022*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022.

Research Independent Age commissioned from City, University of London showed that Black pensioners are at the greatest risk of longer-term poverty – experiencing poverty for seven to nine years during a nine-year period up to 2019 – with one in six (17%) experiencing this, compared to 6% of all pensioners.¹⁵

Some 5% of White pensioners had no other income in addition to state benefits in 2021/22,¹⁶ compared to 12% of Asian/Asian British pensioners¹⁷ and 15% of Black/African/Caribbean/Black British pensioners.¹⁸

People from minoritised communities facing financial hardship in later life are also more likely to face high housing costs. Our analysis shows that older people from these ethnic groups are less likely to own their home and more likely to rent in the social and private sectors than people of a White British background. For example, almost half (49%) of people aged 65+ from Black/Black British/Black Welsh: African backgrounds rent social housing, and 31% of those from Roma backgrounds rent in the private sector.¹⁹



Kari

¹⁵ *Poverty in later life*, Independent Age, January 2022, see independentage.org/sites/default/files/2022-12/IA%20Poverty%20in%20later%20life%20report%20Jan2022.pdf.

¹⁶ *Pensioners' Incomes Series statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/pensioners-incomes-series-statistics--3. Data extracted on 7 April 2023 using Stat-Xplore.

¹⁷ *Pensioners' Incomes Series statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/pensioners-incomes-series-statistics--3. Data extracted on 7 April 2023 using Stat-Xplore.

¹⁸ *Pensioners' Incomes Series statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/pensioners-incomes-series-statistics--3. Data extracted on 7 April 2023 using Stat-Xplore.

¹⁹ *Pensioners' Incomes Series statistics*, Department for Work and Pensions, 23 March 2023, see gov.uk/government/collections/pensioners-incomes-series-statistics--3. Data extracted on 7 April 2023 using Stat-Xplore.

Private renters

The number of older private renters is growing, yet they are a group little talked of. Between 2009–10 and 2020–21 the number of privately renting households in England with someone living in them aged 65 or over increased from 258,000 to 403,000 – an increase of 56%.²⁰ This is worrying, because research commissioned by Independent Age shows that 1 in 4 older private renters in the UK are in long-term poverty (experiencing poverty for seven to nine years).²¹

“ We had to rent and of course renting is a nightmare...it got so expensive... So, in the end, our daughter said come and live in my flat.
Linda, 77

“ You’re terrified you might have a burst pipe. Or something happened outside your house. These are all things that you could do without worrying about, but they’re away at the back of your head. What if this happens, what if that happens?



39%

of older private renters
in Scotland lived in
poverty in 2019–22



36%

of older social renters lived
in poverty in 2021–22

In Scotland, while the number of older people who privately rent has decreased in the past decade – from 54,646 in 2012–15 to 49,804 in 2019–22 – the proportion of older private renters who live in poverty has increased from 23% in 2012–15 to 39% in 2019–22.

Older renters – both social and private – are among those most likely to be in poverty,²² with 36% of pensioners who are socially renting being in poverty and 37% of private renters being in poverty in 2021–22.²³

²⁰ *English Housing Survey 2021 to 2022: headline report*, Department for Levelling Up, Housing and Communities, 15 December 2022, see [gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report](https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report).

²¹ *Poverty in later life*, Independent Age, January 2022, see independentage.org/sites/default/files/2022-12/IA%20Poverty%20in%20later%20life%20report%20Jan2022.pdf.

²² *Households below average income (HBAI) statistics*, Department for Work and Pensions, 23 March 2023, see [gov.uk/government/collections/households-below-average-income-hbai--2](https://www.gov.uk/government/collections/households-below-average-income-hbai--2). Data extracted on 7 April 2023 using Stat-Xplore.

²³ *Households below average income (HBAI) statistics*, Department for Work and Pensions, 23 March 2023, see [gov.uk/government/collections/households-below-average-income-hbai--2](https://www.gov.uk/government/collections/households-below-average-income-hbai--2). Data extracted on 7 April 2023 using Stat-Xplore.

Michael's story

I'd been working as a roofer for nine years but was struggling physically, so I gave it up last year. I've been living at a mate's house for free and surviving on my State Pension. It was only £379 a month, because I only paid half the work stamps. My fault for missing the rest – I was self-employed and never made them up.

So, I applied for Pension Credit. But that took eight months to come through. Luckily, they backdated it – suddenly I've got a deposit to rent my own flat. I thought I could finally find somewhere to settle and grow old.

I tried to rent privately but I didn't have the wages. Plus, there's no real rent record for me because I just paid towards the food and bills – my mate would never let me pay him rent. The letting agents said they don't really entertain people who are retirees like me. They said I need to go to somebody who's more inclined towards the 'aged'!

You used to just go to the council offices and discuss your situation with a human being – but it's not like that anymore. Everything is on a bidding system, they say. And I'm not computer literate; I haven't got access. If the government thinks it's easy for people my age to find somewhere to live... well, maybe it is if you've got a good pension and a house to sell. But for the likes of me, it isn't fine out there.

“If the government thinks it's easy for people my age to find somewhere to live...it isn't.





Older carers

Being a carer for someone close to you can be physically and mentally demanding, lonely and emotionally draining. Despite caring adding extra costs that someone wouldn't otherwise experience, we know that too many people miss out on the financial support they should receive.

For example, many older carers are not aware that they could have an 'underlying entitlement' to Carer's Allowance, which means that even though they aren't eligible to receive it, they could be entitled to the means-tested benefits associated with it. This additional financial support could boost people's wellbeing, but many older carers don't know it's an option.

Representative polling of UK adults by Carers UK in March 2022 showed that 22% of people aged over 65 were providing unpaid care.



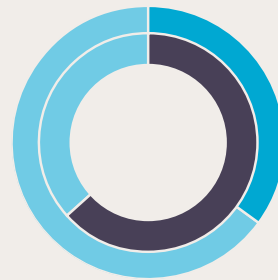
22%

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Older people with long-term conditions or disabilities

With age, the prevalence of disability increases, which can have a huge impact on a person's life. As well as the physical and mental toll experienced, living with a disability or long-term condition comes with extra costs for individuals – for example, the need to purchase specialist equipment or spend more on energy to keep warm or power medical equipment. This means, on average, disabled people are unable to achieve the same standard of living as non-disabled people.

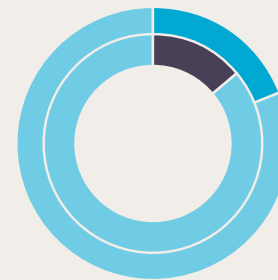
“ I suffer from severe depression and anxiety... I'm on long-term medication; have been for many years now...back problems. Once I had the heart attack... I was referred to a heart clinic where they give you exercises to do, a diet sheet, what to eat, what not to eat. The food I had to eat was more expensive than normal foods because it was low fat and special name brand and everything. The foods that I need, I've got to stick to, [even though] it's so hard to get them... we're trying to get the cheapest in the supermarkets and go for their own brands... We sat down and calculated how much it had gone up; it was actually surprising.
Eddie, late 60s



Age of people in England with a disability

75–79: **35%**

90+: **64%**



Percentage of pensioners with a disability living in poverty

Disabled: **19%**

Non-disabled: **14%**

In 2021 35% of those aged 75–79 in England had a disability, rising to 64% of those aged 90+²⁴ Poverty rates are also higher for disabled people, with 19% of pensioners with a disability being in poverty compared to 14% of pensioners who are not disabled.²⁵

²⁴ Create a custom dataset, Office for National Statistics, 28 March 2023, see ons.gov.uk/datasets/create. Data extracted on 7 April 2023. Population type was households, and variables were household composition and life stage of household reference person.

²⁵ UK Poverty 2023: The essential guide to understanding poverty in the UK, Joseph Rowntree Foundation, January 2023, see jrf.org.uk/sites/default/files/jrf/uk_poverty_2023_-_the_essential_guide_to_understanding_poverty_in_the_uk_0_0.pdf.

Thabiani's story

My nursing career took me all over the world. In 2012 I had a bad fall and discovered I had osteoarthritis. I knew work would only get harder, so I retired in 2019, after 50 years of nursing. I pursued a new career in commercial casting, and the future was looking very promising.

Then the pandemic hit! Jobs were cancelled, my osteoarthritis deteriorated, I developed shingles and my life savings dried up. I was on top of the world and then, suddenly, down on my face. I only had my State Pension and didn't know how to make ends meet. When the letters from the bank and energy company started coming through saying, 'You have to pay this much by this month – or else', I was so frightened.

I found out I was eligible for Pension Credit, Attendance Allowance and Council Tax Reduction, as well as free mobility equipment for my flat from the local council. Now I get an extra £800 a month, which means I can keep a roof above my head. It was a big relief.

“Now I get an extra £800 a month, which means I can keep a roof above my head.”



I think society has actually forgotten about older people. You lose your value as you age. As a critical care nurse, I felt like I had status in society. I was respected. Now that I'm retired, and despite the benefits, I still owe creditors and depend on a food bank. I used to donate to food banks. My self-esteem is so low. I feel like I didn't manage my life properly.

4. Stigma and perception



One significant challenge that needs to be overcome is how governments across the UK, organisations and businesses can effectively support and encourage older people facing financial hardship to self-identify that they are struggling with money, and to come forward for support.

In different pieces of research, we have asked older people living below the poverty line how they felt about their income and if they believed they had enough to live on. The range of responses did not match up with the experiences people shared. For example, one participant in Scotland who spoke of using a food bank said that they had “just about enough” to live on – as opposed to “not enough”. This is a recurring theme among people we speak to.

Reflecting on why they opted for answers that seemed to make their situation sound more positive, people shared statements like:

“ I watch my bank statements...it makes me more aware of what I’m spending, and I can see that I just break even each month, and that’s with being quite careful, you know.

“ I would say, we just have enough because, some weeks, you go into the next week’s money, when you shouldn’t.

In addition to identifying as someone facing financial hardship, there is substantial stigma and shame surrounding living in poverty or claiming a benefit from the government. This is particularly heightened in certain communities, with people very reluctant to be perceived as “living off the state”, while others tell us they equate state support with “begging”.

This insight shows how essential it is for governments across the UK to find ways of identifying older people facing financial hardship and ensuring they receive the money they are entitled to.

5. Key challenges and solutions



Frances

Living on a low income

The older people Independent Age advisers hear from every day tell us they don't have enough money to live on. They can't even afford the basics – like turning their lights on, making sure their home is warm enough or eating enough food each day – let alone anything that would be considered a luxury.

Government figures show that 7% of pensioner couples and 20% of single pensioners have no source of income other than the State Pension and benefits.²⁶ Our Independent Age Helpline hears both from people on a lower State Pension who are struggling to make ends meet, and from more and more people who do get the full State Pension but are still worried about how they'll put food on the table.

“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, 70s

There are entitlements and programmes out there for older people on a low income, including Pension Credit, Council Tax Reduction, Housing Benefit and the Disabled Facilities Grant.

“I was managing before but I knew that I needed more help. And that's what the additional benefits...meant, that I can actually buy things which I need but that I've gone without.
Anonymous, 70s

²⁶ *Pensioners' Incomes Series: Financial year 2021 to 2022*, Department for Work and Pensions, 23 March 2023, see [gov.uk/government/statistics/pensioners-incomes-series-financial-year-2021-to-2022/pensioners-incomes-series-financial-year-2021-to-2022](https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-2021-to-2022/pensioners-incomes-series-financial-year-2021-to-2022).

But, concerningly, not enough eligible people know these entitlements exist or how to get them. For example, the uptake of Pension Credit – a vital income-related benefit for older people across the UK – has stagnated at or below 66% for the past 10 years. In the most recent UK Government statistics released – showing uptake rates for 2019–20 – up to 850,000 older people were not getting the Pension Credit they were entitled to. This meant up to £1.7 billion was not reaching those on the lowest incomes in later life. For an individual, this can mean losing out on more than £3,300 a year in Pension Credit income, plus up to another £8,000 in linked benefits that are intended to help with housing or health costs. These are life-changing amounts of money.

Previous research commissioned by Independent Age demonstrated that non-take-up of Pension Credit can be associated with £4 billion a year in additional health and social care government spending, and that full take-up of Pension Credit could lift 440,000 older people out of poverty.²⁷ According to the UK Government, when giving evidence to the Scottish Parliament, if all older people claimed all the benefits they were entitled to, including Pension Credit, pensioner poverty would be reduced to almost zero.

For those who have it, private pension income can also have a big impact on the quality of someone's later life. The increasing number of pensioners with defined contribution (DC) pensions need good-quality financial guidance and advice. Without it, there is a risk that poor, uninformed decisions could be made about pensions, which could then negatively affect someone's financial security in later life. The Pension Wise guidance service is a simple, free and high-quality way that people aged 50 and over can get financial advice about their DC pensions – yet is only used by a small minority of people. As with Pension Credit, this service is not being used to its full potential.

Without an adequate income, people in later life have few choices and often the only option available to them is to cut back or minimise their spending, even on essentials like food and energy.

²⁷ *The cost of pensioner poverty and non-take-up of Pension Credit*, Independent Age, 14 September 2020, see independentage.org/campaigns/PensionCredit/cost-report.



Income: What needs to change

We are calling on the UK Government to:

- conduct a cross-party process to establish an adequate level of income needed in later life to avoid poverty. Until this has been done, the UK Government should retain the State Pension triple lock to maintain the value of the pension and keep as many people as possible – especially those who rely on the State Pension and benefits as their main sources of income – out of financial hardship
- produce a Pension Credit uptake strategy. This should include realistic, measurable targets, short-term activities, like targeted awareness-raising campaigns, and new research on how best to target people missing out. It should set out enhanced support for local authority activity, steps to increase uptake among people from minoritised ethnic backgrounds and longer-term solutions such as (partial) automatic payment. The Department for Work and Pensions should regularly update the UK Parliament on progress to increase uptake of Pension Credit
- ensure that the next review of the State Pension age (SPa) takes full account of the impact of raising it on people approaching later life on low incomes, to prevent an increase in pensioner poverty. This should include developing ways to enhance income support for those approaching SPa who are on a low income and unable to work
- support a pilot exercise to test an auto-appointment system for the Pension Wise guidance service. This would build on the success of automatic pension enrolment, to reduce the number of people making uninformed and risky decisions about their long-term retirement income.



Veronica

Experiencing high costs

Whether it's electricity, heating, food, water, phone, Council Tax, broadband, transport or insurance, rising bills and increased costs are squeezing older people on low incomes from every angle.

“ Now the weather is going a bit colder, I try to live in the day in one [room]... I've managed with a little [radiator] in the kitchen where I generally spend my time and I go out a lot anyway. I'm trying to keep costs down that way.
Pat, 80

The thought of not being able to cover these costs fills many with dread and can limit their access to services that would make their lives better. Independent Age has spoken to people who reduce their spending on food by removing meat from their diet or relying on cheaper tinned goods or microwave meals. Others tell us they cut back on social activities, like meeting friends for coffee or going to the cinema. Many are trying to save energy by only heating one room, wearing multiple layers of clothing, sitting in the dark or spending time in community buildings to keep warm and save their own bills.

“ 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, 60s

“ I love to have my grandchildren for supper and before I'd say they can come a couple of nights a week. Now I have to think, right maybe once a fortnight but I'd feed them and just have coffee myself.
Linda, late 60s

These situations are especially difficult for people in ill health, particularly those with conditions that mean they need to be in a warm environment. Nationally representative polling carried out by YouGov on behalf of Independent Age in April 2023, with 1,715 people aged 65 and over in England and Scotland, highlights the extent to which older people with long-term conditions and disabilities are struggling with high bills and are concerned about how they will cope with their costs.²⁸ Of those with a disability or health condition lasting or expected to last 12 months or more, 34% in England and 35% in Scotland said their condition meant they had to use more gas, while 10% in England and 9% in Scotland said it meant they had to use more water than average. Managing these additional costs can be particularly hard for those on low incomes, and risks people being forced to make impossibly difficult decisions about what to prioritise.

“ The thought of more fuel cost rises terrifies me. I cannot be cold without repercussions.
Anonymous

²⁸ All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 565 adults aged 65 and over in Scotland, and 1150 adults aged 65 and over in England. Fieldwork was undertaken between 27 April and 3 May 2023. The survey was carried out online. The figures have been weighted by age, gender, region, past vote in 2019 and 2016, along with political attention and income to be representative of adults over 65 in Scotland and England.

Following the winter months, our Independent Age advisers have continued to hear how older people on low incomes are still really struggling to manage their costs. This is reflected in the findings of our polling, which showed that among those with a household income of less than £15,000/year,²⁹ at least half in both England and Scotland are worried about being able to afford their electricity (54% in England and 56% in Scotland) and gas/heating bills (51% in England and 54% in Scotland).³⁰

In addition to big bills like electricity and gas, we're getting increasingly concerned about some of the 'smaller' bills and their cumulative effect on older people facing financial hardship. For example, broadband is one household cost that many older people on low incomes have told us they are worried about being able to afford. If people in later life cannot afford to get online, it could negatively affect their ability to connect with friends and family, or mean they struggle to access basic services. It could also mean they are less able to access online tools that allow them to compare tariffs and access cheaper deals when they are available.

The nationally representative polling we commissioned from YouGov in April 2023 with 1,715 adults aged 65+ showed that:

- of those with a household income of less than £15,000, 29% in England and 35% in Scotland said they are worried they will not be able to meet their broadband/internet bill, when thinking about their financial situation over the next six months
- 30% and 36% of the same demographic in England and Scotland, respectively, said they are currently having to cut back their spending on internet, phone or television subscription services "a great deal" or "a fair amount".

While worrying, these numbers likely hide the true scale of the problems. In the findings of a separate piece of research carried out by Independent Age in 2022 with around 2,300 older people in the UK,³¹ a theme emerged where older people paid their rising household costs and simply 'got by' on what little money they had left. We heard comments such as "I have no choice but to pay", "I just pay my bills and manage on what is left over" or "I pay what I must pay". Given people in this situation are prioritising paying their bills and may not have missed a payment or cancelled their service, they may not report having an affordability issue, but it doesn't mean they are not really struggling or in need of financial support.

Our research and conversations with older people on low income shows too few pensioners living in poverty are aware of the support that is out there to help them pay their utility bills. Meanwhile for others, the support on offer is inconsistent or inadequate.

²⁹ All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 565 adults aged 65 and over in Scotland, and 1,150 adults aged 65 and over in England. Fieldwork was undertaken between 27 April and 3 May 2023. The survey was carried out online. The figures have been weighted by age, gender, region, past vote in 2019 and 2016, along with political attention and income to be representative of adults over 65 in Scotland and England.

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³¹ Cost-of-living survey, Independent Age, unpublished. We surveyed around 2,300 older people in the UK. Fieldwork was undertaken from 8 June to 25 July 2022. The survey was conducted online through SurveyMonkey. Results are not representative of the UK population.



Costs: What needs to change

We are calling on the UK Government to:

- stop the postcode lottery of water social tariffs by creating a single social tariff for water
- introduce an energy social tariff to provide a long-term solution that protects those who are vulnerable, including older people on low to modest incomes. Similar to the design of the UK Government's Energy Price Guarantee, a social tariff that discounts the amount that eligible consumers pay per unit of energy would limit the amount providers can charge those in greatest need, and would be responsive to people who have higher energy usage for medical reasons or because they live in homes that are difficult to keep warm. Universal across suppliers, enrolment on this tariff must be automatic. It must also include, among those eligible, people on means-tested benefits, as well as those still struggling with their bills but just above the financial threshold to receive support from the welfare system.



We are calling on the Scottish Government to:

- identify mechanisms for direct financial support to reduce the impact of the cost of living on older people
- raise awareness of the support available through the Scottish Welfare Fund by undertaking effective and targeted advertising focused on older people facing financial hardship.

We are calling on businesses across the UK to:

- ensure that those who are eligible for financial support to pay their utility bills, including older people on low incomes, are aware of the options available to them and are helped to access them
- ensure that, if providing broadband services, tariffs are designed to support those on low incomes, including by having Pension Credit in their eligibility criteria and proactively promoting this
- investigate whether there are specific barriers or challenges that older customers on low incomes experience when trying to access support they are entitled to and overcome these challenges.

Facing high rents and inadequate homes

The hidden reality is that not everyone in later life owns their own home mortgage-free, and older renters are on the rise. Yet the State Pension was not designed to adequately support people with private rents to pay; instead, this plays into common myths and misconceptions. Being able to afford the rent, or any unexpected costs on top, constantly plays on the mind of the people facing financial hardship we speak to.

In 2022 national asking rents hit new highs, with homes outside London averaging £1,172 per calendar month (pcm)³² and London homes going up to £2,480 pcm.

With average rent outside London being approximately £293 a week, and the 2023 full new State Pension being £203 a week – even allowing for Housing Benefit, which not all older private renters would be eligible for – the State Pension does not reflect the costs people in later life are faced with, including the current or future realities of housing costs.

“Over the time, [the rent] has increased and it’s a lot of money... I do get Housing Benefit, which pays for quite a lot of it and it leaves me about between £200 to £300 out of my pension to pay the rest. I get Housing Benefit but I still have to pay. My pension is, I think, it’s about £174 a week, and so it [the rent] takes up quite a lot. Toni, 67

Even if an older renter facing financial hardship is able to afford their high housing costs, they are more likely to live in a house with damp and in a house in need of repair. Many are worried about asking for aids and adaptations or repairs to their property because they fear being evicted. We have also spoken to older people who have been evicted or who have endured heavy pressure to move home to ‘make room’ for younger tenants who could be charged more.



Home: What needs to change

Across all nations we want governments to:

- develop refreshed national housing strategies that set out commitments to invest in social housing and help ensure that everyone, regardless of age, can find an affordable, secure and decent home.

We are calling on the UK Government to:

- uprate Local Housing Allowance to ensure it covers at least the rent of the cheapest 30% of the local private rental market, so that all older renters can find affordable homes
- rapidly introduce the Renters Reform Bill, including measures to scrap no-fault evictions to give older renters greater security
- explore the use of rent moderation controls in England to reduce the number of older renters forced to leave their homes due to excessive rent rises.

We are calling on the Scottish Government to:

- ensure that rent moderation schemes support older people facing financial hardship through the forthcoming Housing Bill work
- boost funding for Care and Repair services
- greatly increase the funding available for, and ambition of, the Warmer Homes Scotland scheme to provide insulation and more efficient heating solutions for those on low incomes.



Peter

Amplifying people's voices

Growing older is a privilege, but at Independent Age we know that not everyone is having the retirement they hoped for. Too often the voices of the millions of people facing financial hardship go unheard. A sharper focus is needed on the range of experiences in later life – the hidden groups – to ensure their experience is amplified.

“I want later life for anyone to be as positive as any other stage of life. I recently retired from work and cannot believe how people don't listen and make me feel older than I am. I feel this country has little respect for older people. We just want to be heard.
Anonymous



Community: What needs to change

Across all nations we want governments to:

- establish a Commissioner for Older People and Ageing in Westminster and an Older People's Commissioner in Holyrood to give older people an independent voice at the heart of government
- develop a meaningful strategy to address poverty, including those who experience poverty in later life. This should be on a statutory footing with statutory targets
- fund existing community organisations to provide culturally appropriate services for older people facing financial hardship. These could focus on the needs of particular minoritised communities, where staff or volunteers speak a range of languages and older people feel comfortable coming together with people of shared heritage.



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