



Poverty trap

✓ **Peter Matejic reviews the recent statistics that pensioner poverty in the UK has started to rise**

Over the past five years, pensioner poverty has increased by 3 percentage points. This does not sound much, but it means 400,000 more pensioners have been swept into poverty.

Pensioner poverty had been falling in part because of an increase in income from private pensions and social security payments. This decrease illustrates how a well-designed social security system can help people keep their heads above water and provide a much-needed anchor of support when times get tough.

Around two-thirds of poorer pensioner households' income come from the state pension. Over the five years of increases in pensioner poverty, an increasing share of income has come from the state pension and earnings, with a reducing share from private pensions and other investments, in part due to low interest rates over this period.

Levels of pensioner poverty also vary depending on where you live. Even though pensioners have a lower poverty rate than working-age adults and children, there are big differences across the country. Over the past 15 years, London has seen the highest rates of pensioner poverty compared to the rest of the UK, standing at 24 per cent in 2015-18. In the same period, Wales has gone from having the joint lowest poverty rate among pensioners to the second highest. Currently almost one in five pensioners in Wales are struggling to make ends meet.

Our research indicates that pensioners are being locked into poverty by high housing costs, as poverty is most

prevalent among pensioners who are renting.

After 20 years of a steady decrease in home ownership across the UK and a chronic shortage of social housing, people on low incomes are being increasingly pushed into the private-rented sector where rents are higher, and tenancies are less secure. Pensioners are not immune from this, with an increasing proportion of low-income pensioners in the private-rented sector.

When all of this is considered in the context of an ageing population, we cannot afford to ignore concerning levels of poverty. Auto-enrolment into pension schemes should help, but it is very concerning that the poorest fifth of pensioners are five times as likely to not be in receipt of private pension income as the richest fifth.

In a country like ours, everyone should be able to retire without the fear of being locked into poverty. We can loosen the grip of poverty on older people through strengthening the social security system and ensuring its design supports those who need it most. This includes boosting the support offered for people with high housing costs as well as increasing the provision of low-cost housing.

No one in our society should have to live in fear of struggling to make ends meet in retirement. We can, and we must, get back on track when it comes to tackling the unacceptable levels of pensioner poverty.

✎ **Written by Joseph Rowntree Foundation head of evidence, Peter Matejic**

Over the past two decades, as a country we made real progress in breaking the link between old age and being trapped in poverty. The fact that pensioner poverty more than halved between 1999 and 2012 and is still much lower than at the turn of the century despite recent increases shows just what can be achieved when we make the decision to right an injustice.

However, in February, the Joseph Rowntree Foundation published our annual *UK Poverty* report, which found that our progress in loosening the grip of poverty in the UK is at risk of unravelling. For certain groups, such as children and pensioners, the risk of poverty is in fact beginning to rise. In a society like ours, this just cannot be right.