

Pensions Policy Institute: How Much Do People Depend on the State Pension?

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Objectives

The aim of the report was to look at the changes in sources of income according to cohorts across time, using the English Longitudinal Study of Aging data.

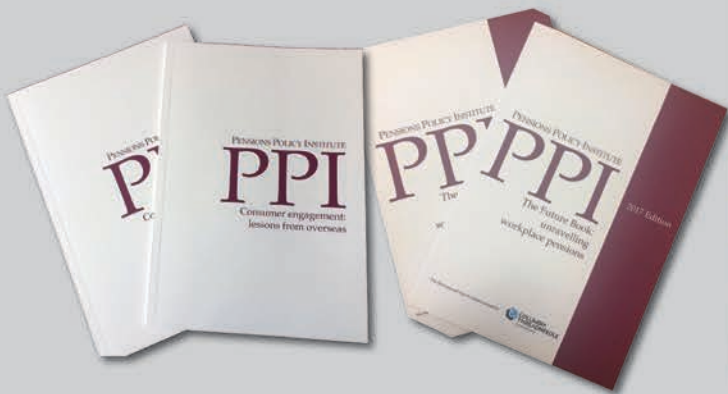
I used this data to look at how reliance on different sources of income changed across a pensioners lifetime according to their cohort. The dataset allowed us to follow respondents (who were all over the age of 50) throughout their lifetime, looking at when they retired, their sources of income and how this changed with other life events, such as loss of partner or health.

Overall, the central aim of the project was to see how dependence on State Pension changed and differed according to different age cohorts and over time.

Method

I used SPSS to analyse data across 10 waves and sort them according to cohorts. The data included variables for different sources of income and life changes, such as a health and loss of partner.

I went on to use Microsoft Excel to produce visual representations of my findings. This made it easier to identify how life events, cohort and time changed dependency on sources of income.



Results and Conclusions:

Whilst the report has not yet been published, findings I found interesting was the fact that those who were in the higher deciles of income prior to state pension age seemed to suffer the most financially once they retired. Whilst State Pension seemed to allow lower income pensioners to be stable once

they retired, higher earners, even with private pension, seemed to face a big loss. Likewise, it was also found that a large percentage of newly widowed pensioners in the lower deciles seemed to have an increase in income following the death of their partner.