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Pensioner Poverty Strategy Urgently Needed, Says Committee

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The Work and Pensions Committee has called for a robust UK-wide strategy to address the growing issue of pensioner poverty, urging the establishment of a minimum retirement income to ensure a dignified standard of living. The committee's recent report highlights the pressing need for a coordinated, cross-government approach to tackle the challenges faced by an ageing population, warning that without decisive action, the current Labour government's ambitions for a sustainable health and social care system will falter.

The report insists that the state pension should serve as the foundation for a “minimum, dignified, socially acceptable standard of living.” It recommends setting a clear income threshold and devising a plan to ensure all pensioners meet this level. The committee argues that reliance on supplementary benefits like pension credit and housing benefit is insufficient to prevent pensioners from slipping below the poverty line.

Despite pension credit offering up to £4,000 annually, take-up remains stubbornly low, with only 61-66% of eligible households claiming it over the past decade. This leaves an estimated 700,000 households missing out. The committee proposes a targeted pension credit take-up strategy for England by the end of 2025 and suggests introducing a taper to address the “cliff-edge effect,” where pensioners just above the income threshold lose access to significant support. Pension credit unlocks additional benefits, including housing benefit, council tax support, and the warm homes discount, yet many remain unaware or reluctant to claim due to stigma or lack of support.

The report paints a stark picture of rising pensioner poverty. After a decline in the 2000s, the number of pensioners living below 60% of median income has risen to 1.9 million, or 16% of the pensioner population. More alarmingly, between 2008/09 and 2022/23, the number of pensioners below the Minimum Income Standard (MIS), the level needed for a basic dignified life, jumped from 1.5 million to 2.8 million. The proportion of pensioners below 75% of MIS, where material deprivation risks escalate, rose from 5.9% in 2021/22 to 9.5% in 2022/23. This translates to pensioners cutting back on essentials like food, heating, and social activities, with health experts noting that such financial strain accelerates ageing and increases reliance on health and care services.

Committee chairwoman Debbie Abrahams stated in a recent interview: “It’s unacceptable that so many pensioners miss out on vital support like pension credit due to bureaucratic hurdles or stigma. The government must set a clear standard for a dignified retirement and ensure no one falls below it. This isn’t just a DWP issue; it demands a nationwide strategy focused on equity and wellbeing.”

The report also flags long-term threats to pension adequacy, such as the growing number of pensioners renting privately, which erodes disposable income. It calls for a cohesive, cross-government framework to align departments and local organisations in supporting older people. While some regions demonstrate effective collaboration, the absence of a national strategy leaves gaps in delivery and accountability.

The committee's findings come amid concerns about the state pension's sustainability. On Tuesday, Chancellor Rachel Reeves announced a review of the state pension age, set to report in March 2029, to ensure affordability as life expectancy rises. The pension age, currently 66, is due to increase to 67 by 2028. However, critics argue that raising the pension age without addressing poverty risks further entrenches inequality.

A government spokesperson claimed: "Supporting pensioners is a priority, and our triple lock commitment will boost state pensions by up to £1,900 by the end of this parliament. We've also run a major campaign to increase pension credit take-up, with nearly 60,000 additional households benefiting." Yet, the committee warns that without structural reforms, future pensioners face even greater financial insecurity.

Emma Douglas, wealth policy director at Aviva, commented: "The pensions industry must work with a revitalised Pensions Commission to help people turn their savings into lasting security, especially as many will need to manage funds into their 90s." Aviva and Age UK are exploring a "mid-retirement MOT" to provide pensioners with tools for financial resilience.

Caroline Abrahams, charity director at Age UK, added: "This report is a vital step forward, offering practical solutions to the challenges facing low-income pensioners. While the government's new Pensions Commission focuses on future retirees, we must not overlook those struggling today."

The committee's call for a UK-wide strategy underscores the need for bold, unified action to ensure pensioners can live with dignity, free from the shadow of poverty.