

22 May 2008**Coverage**

United Kingdom

Theme

The Economy

Pension Trends: ONS error in estimates of pensions incomes

On 14 April 2008, the Office for National Statistics released estimates of private pension income and state benefit income (state pensions and related benefits) in Chapter 15 of *Pension Trends*.

A significant error has now come to light, particularly affecting the estimates of private pension income. The mistake means that private pension income could be over four times as high as the estimates that were published on 14 April. ONS is also investigating whether there is any impact on the estimates of state benefit income given in the chapter.

The estimates are being re-calculated and will be published again as soon as possible, once they have been quality assured. In the meantime, the chapter and the associated web information have been withdrawn.

ONS apologises for any inconvenience this may cause.

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BACKGROUND NOTES

1. ONS's news release on 14 April 2008 was headlined "Pensions provide only modest incomes for many". Figures in the news release and in Chapter 15 of Pension Trends, published on the same day, were produced by ONS analysts using data from the 2005/06 Family Resources Survey of the Department for Work and Pensions (DWP).
2. The ONS figures showed, incorrectly, for example that the average annual private pension income for pensioner couples in 2005/06 was £2,115. It now appears that there was a programming error. The basic data used gave pension incomes as weekly amounts. In deriving annual estimates, some of these were treated as if they were monthly amounts. Where this is the case, the correct annual estimates would be over four times as large as the figures published in April. For example, for pensioner couples this means that their average annual private sector income would be of the order of £9,000 - £10,000. (This is an illustrative example. The exact size of the revisions will not be clear until all the recalculations are done and checked).
3. All the figures in the news release and in Chapter 15 of Pension Trends had been extensively quality assured, but this failed to identify the programming error. ONS has reported this error to the UK Statistics Authority. It is also reviewing its quality assurance procedures for compiling Pension Trends.
4. Pension income is not the only type of income available in retirement. Many individuals also draw on non-pension income.
5. The analysis of pension income focuses on pensioners over state pension age (SPA), which is 60 for women and 65 for men. **Single pensioner** households are defined as households comprising single adults over SPA. **Pensioner couple** households are defined as households comprising two married or cohabiting adults, both over SPA.
6. **Private pension income** is income from all non-state pensions, including income from public sector occupational pension schemes.
7. **State benefit income** refers to retirement pensions (the basic state pension and State Second Pension, formerly SERPS) plus additional income from related benefits such as pension credit, disability living allowance, widow's and war pension, incapacity benefit and the winter fuel allowance.
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