

# **THE TAKE-UP OF MULTIPLE MEANS- TESTED BENEFITS BY BRITISH PENSIONERS**

**Evidence from the Family Resources Survey<sup>1</sup>**

**Ruth Hancock<sup>\*</sup>**

**Stephen Pudney<sup>\*\*</sup>**

**Geraldine Barker<sup>\*</sup>**

**Monica Hernandez<sup>\*\*</sup>**

**Holly Sutherland<sup>\*\*\*</sup>**

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<sup>\*</sup> Nuffield Community Care Studies Unit, University of Leicester

<sup>\*\*</sup> Department of Economics, University of Leicester

<sup>\*\*\*</sup> Microsimulation Unit, Department of Applied Economics, University of Cambridge

ABSTRACT: Non take-up of means-tested benefits among pensioners is of long-standing concern. It will assume increased importance from 2003 with the introduction of the new means-tested Pension Credit, which will subsume Income Support and to which about half of all pensioners are expected to be entitled. In this paper we use Family Resources Survey data spanning the period April 1997 to March 2000 to investigate patterns of take-up of the three main means-tested benefits to which pensioners may be entitled – Income Support (IS), Housing Benefit (HB) and Council Tax Benefit (CTB). We find that although 36% of pensioners in our sample are failing to claim their entitlements to at least one of these benefits, only 16% of non claimants are failing to claim amounts worth more than 10% of their income. The proportions by which claiming all entitlements would increase non-claimants' incomes are more useful indicators than individual benefit take-up rates, of the effectiveness of means-tested benefits. In general take-up is high where entitlement is high. But there are exceptions to this which may reflect the claims process and/or a greater degree of social stigma associated with IS than with HB or CTB.

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ADDRESS FOR CORRESPONDENCE: Ruth Hancock, Nuffield Community Care Studies Unit, Department of Epidemiology and Public Health, University of Leicester, 22-28 Princess Road West, Leicester LE1 6TP, UK; e-mail: [rmh5@le.ac.uk](mailto:rmh5@le.ac.uk).

## **1. Introduction**

There are three main means-tested social security benefits for pensioners in the UK. The Minimum Income Guarantee (MIG), formerly Income Support (IS), provides general income maintenance. Housing Benefit (HB) provides assistance with meeting rents. Council Tax Benefit (CTB) reduces recipients' liabilities for the local Council Tax. In fiscal year 2000/01, 34% of all pensioners and 44% of single pensioners received some means-tested state benefit (Department for Work and Pensions, 2002). The scope of means-tested benefits will be increased further from October 2003 when the MIG will be subsumed within a new means-tested benefit for pensioners, the Pension Credit. Around one half of all pensioners are expected to be entitled to Pension Credit (Department for Work and Pensions, 2001).

Despite the high coverage of means-tested pensioner benefits, they suffer from a significant degree of non take-up. Official estimates are that in 2000/01 28% of pensioners who appeared to be entitled to IS did not receive it. Corresponding proportions for CTB and HB are 35% and 10% respectively. HB thus appears to achieve higher take-up than the other two benefits. For all three benefits, the proportion of those not claiming their entitlements is higher than the proportion of total entitlement which is unclaimed, indicating that take-up is related positively to the size of entitlements. In 2000/01 the unclaimed proportions of IS, CTB and HB are estimated as 21%, 31% and 7% respectively (Department for Work and Pensions, 2003).

Government statistics on benefit take-up do not analyse the extent of overlap between entitlement or take-up of different benefits. Here we provide such an analysis to gain a more complete picture of take-up and aid understanding of take-up. The paper uses data from the British Family Resources Survey spanning the period April 1997 to March 2000. We examine the extent to which pensioners claim all, some, or none of any entitlements to means-tested benefits, analyse the distribution of proportionate additions to income foregone by non claimants and relate take-up of IS, HB and CTB to the marginal benefit from claiming. We discuss what the results suggest about the factors underlying non-take-up, such as poor information about eligibility for the different benefits and the social stigma that may be associated with benefit claiming and dependence. Section 2 provides a brief overview of the British system of state benefits for pensioners. In Section 3 we explain how data from the

Family Resources Survey are used to simulate benefit entitlement and calculate take-up by pensioners. Sections 4 and 5 consider respectively combined take-up rates for the three benefits and measurement of take-up in a multi-benefit system. The economics of take-up and the relationship between take-up of combinations of benefit and the marginal gain from claiming is analysed in Section 6. Section 7 concludes.

## **2. State benefits for pensioners in Britain**

In the UK, the state pays three main types of benefits to pensioners: the flat-rate basic state pension, an earnings-related state pension and means-tested benefits. There are also disability-related benefits which are not means-tested.

### *State pensions*

Most pensioners are entitled to the basic state pension earned through paying National Insurance (NI) contributions during their working lives. At £77.45 a week, a full basic state pension is currently worth 17% of average gross earnings of full-time employees. Pensioners with partial NI contribution records are entitled to a basic state pension at less than this rate. The state earnings related pension scheme (SERPS) was introduced in 1978. Pensioners retiring in 1998/9 were the first cohort who could have earned maximum SERPS pensions, currently equivalent to about 30% of average earnings (Pensions Policy Institute, 2003). However, latest figures show that the average total state pension in payment in September 2001 was only marginally above the full basic state pension rate (Department for Work and Pensions, 2002a).

Entitlements to SERPS depend on NI contributions and past earnings. It is possible to opt out of SERPS and contribute to a private pension instead. SERPS was replaced with the State Second Pension in April 2002 but the incomes of current pensioners are not affected by this change.

### *Means-tested benefits for pensioners*

Although the state retirement pension is payable to individuals, means-tested benefits (IS, HB and CTB) are assessed and paid to pensioner units – single pensioners or pensioner couples.

Entitlement to IS is zero if the pensioner unit's capital holdings are above an upper threshold (£8,000 during the period in question). Otherwise it is the difference, if positive, between needs or 'prescribed amounts' (which depend on age, disability

and whether single or living with a partner) and means or ‘assessable income’ (which is a function of the pensioner unit’s income and capital). Certain kinds of income, such as disability benefits, are excluded in part or in full from assessable income. Actual income from capital is also excluded. Instead a notional income from capital between a lower threshold (£3,000 during our data period) and the upper threshold is assumed at the rate of £1 a week for each £250 or part of £250 of capital between the two limits. For example, someone with capital of £6,000 is deemed to have an income from it of £12 a week ( $(£6,000 - £3,000)/250$ ).

HB and CTB also depend on prescribed amounts and assessable income. Prescribed amounts are calculated in the same way as for IS. However, the upper capital threshold is higher (£16,000) for HB and CTB than for IS. Assessable income therefore includes notional income, calculated as for IS, on capital between £3,000 and £16,000. Pensioners with assessable income at or below their needs are entitled to maximum HB, if they pay rent and/or to maximum CTB if they are liable for council tax. Pensioners entitled to IS are therefore automatically entitled to maximum HB and/or CTB. Subject to restrictions on what counts as eligible rent and council tax, maximum entitlements to HB and CTB cover 100% of these costs. Where assessable income exceeds the prescribed amount, entitlements to HB and CTB are reduced by 65% (HB) and 20% (CTB) of the excess of assessable income over prescribed amounts.

The main benefit rates prevailing during the period under study are set out in appendix Table A1. These show that single pensioners with state retirement pensions of no more than the basic state pension are necessarily entitled to means-tested benefits unless they have other income or have capital above the relevant upper threshold.

### **3. Simulating benefit entitlement and take-up using the Family Resources Survey**

The FRS is a continuous cross-sectional survey of British households carried out on behalf of the Department for Work and Pensions. All adult respondents are asked whether they receive each of a comprehensive set of social security benefits and if so, the amount they last received. Details of private sources of income, capital holdings, rent and council tax liabilities, personal and other characteristics relevant to calculating entitlement to means-tested benefits are also recorded. The survey can

therefore be used to assess each pensioner unit's entitlement to IS, CTB and HB, compare that with their recorded receipts of these benefits, and examine patterns of non take-up. However, any errors in recorded income (including state benefits), capital, rent or council tax liabilities will lead to errors in assessed entitlement. The data used here have been subjected to an extensive error detection and correction procedure to minimise the potential for such errors (Hancock and Barker 2002)<sup>2</sup>.

The analysis in this paper is based on data from three years of FRS spanning the period April 1997 to March 2000. The pensioner rates of IS, CTB and HB apply to single people aged 60 years or more or couples where either partner is aged at least 60. However, the sample used here was restricted to households containing only a single pensioner aged at least five years above state pension age (i.e. men aged 70+ and women aged 65+) or a couple where both partners were five or more years over state pension age. Those in receipt of income from employment and self-employment or still re-paying a mortgage were also excluded, resulting in an initial sample of 12,801. These restrictions mean that we concentrate on pensioners whose incomes are likely to be relatively stable and minimise the scope for measurement error which could lead us to assess benefit entitlement incorrectly. The focus on older pensioners is justified in terms of policy relevance since older pensioners are poorer than younger pensioners and so more likely to be entitled to means-tested benefits (Curry and O'Connell, 2003). Further cases were excluded where, after detecting and correcting errors in their recorded benefit receipt, their data were not sufficiently complete or reliable to make an assessment of their benefit entitlements. Additional details of how the sample was restricted are given in the appendix. The final sample used in the analysis consisted of 9,449 pensioner units, or 74% of the initial sample of 12,801. Of the 9,449 cases, 4,539 were calculated to be entitled to at least one means-tested benefit.

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<sup>2</sup> Hancock and Barker (2002) describe the process as applied to income and capital. Amongst other things, this involved reversing DWP imputations and excluding observations with missing values where there was no clear basis for a case-specific imputation. For this paper, recorded amounts of rent, council tax, HB and CTB were treated similarly.

#### 4. Take-up rates and unclaimed entitlements

##### *Take-up rates for individual benefits*

Table 1 shows take-up rates within our sample for individual benefits in a similar format to Government estimates. The percentage of those entitled who claim benefit is highest (90%) for HB. The take-up rate for CTB is 74% and for IS it is only 66%. Mean unclaimed entitlements are smaller than claimed entitlements, so that take-up of total entitlements is higher than the proportion of entitled people who claim their entitlements. The figures in Table 1 can also be used to show that unclaimed IS accounts for nearly half (48%) of total unclaimed benefit with unclaimed HB and CTB each accounting for about a quarter.

**Table 1:** Individual benefit take-up rates, claimed and unclaimed entitlements to Income Support, Housing Benefit and Council Tax Benefit

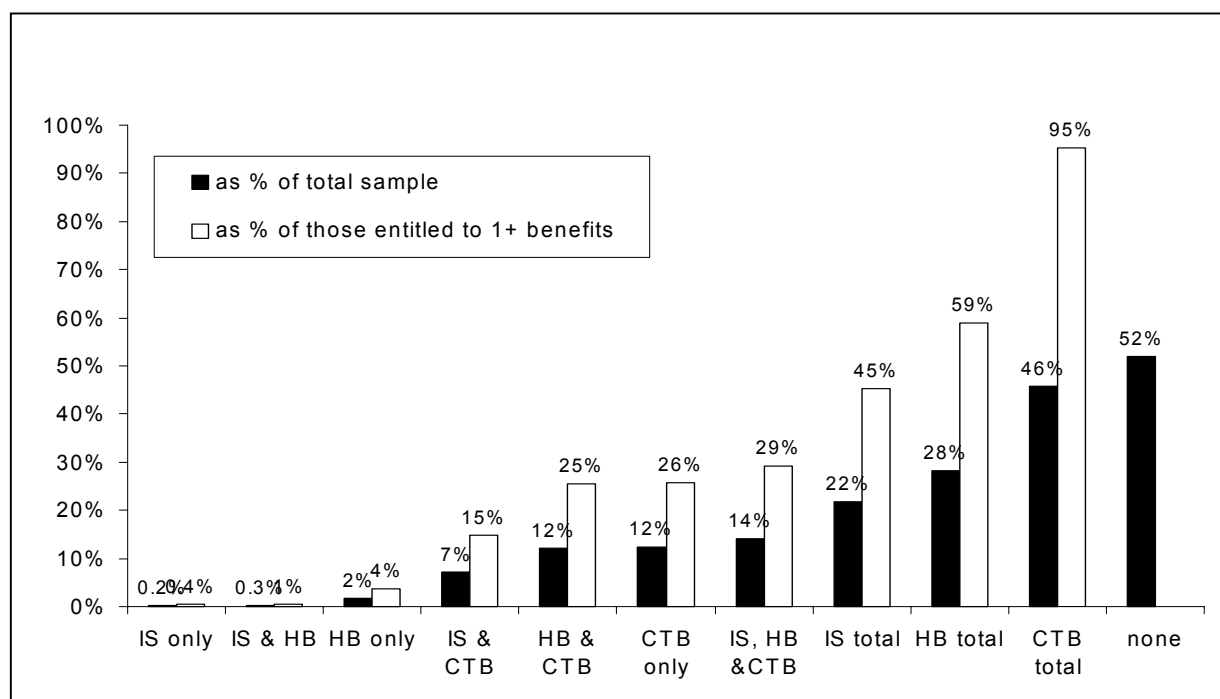
	IS	Entitled to HB	CTB
Proportion of those entitled who receive benefit	66%	90%	76%
mean claimed entitlement (£s pw)	21.80	37.70	7.50
mean unclaimed entitlement (£s pw)	15.30	21.70	5.40
proportion of total entitlement claimed	74%	94%	82%
Sample size	2,052	2,677	4,327

##### *Multiple benefit entitlements*

Many of those entitled to one of the three means-tested benefit, are also entitled to at least one other benefit (Figure 1 and Table 2). The most frequent combination is entitlement to all three benefits, followed closely by entitlement to CTB only or to CTB and HB. All pensioners entitled to IS are, by definition, entitled to HB and CTB unless they do not pay rent or council tax. In our sample, 64% of pensioners entitled to IS are entitled to all three benefits and 33% (non renters) to IS and CTB. Most pensioners entitled to HB are entitled to all three benefits (50%) or to HB and CTB (43%). It is more common to be not entitled to other benefits if entitled to CTB (27%) than if entitled to IS (1%) or to HB (6%). Nonetheless, nearly three-quarters of pensioners entitled to CTB are also entitled to HB or IS or both.

**Table 2:** Proportion entitled to individual benefits who are entitled to other benefits

	Entitled to		
	IS	HB	CTB
Entitled to only IS/HB/CTB	1%	6%	27%
Entitled to IS and HB	1%	1%	n.a.
Entitled to IS and CTB	33%	n.a.	16%
Entitled to HB and CTB	n.a.	43%	27%
Entitled to IS, HB and CTB	64%	50%	31%
Sample size	2,052	2,677	4,327



**Figure 1: Combined benefit entitlements**

*Multiple benefit receipt*

Table 3 shows what proportion of those entitled to each of the three benefits are recorded as receiving each benefit. Although a third of pensioners in our sample are recorded as receiving each benefit. Although a third of pensioners in our sample are not claiming their entitlement to Income Support, only 10% are not receiving any of



the three benefits<sup>3</sup>. In contrast most of those not taking up their entitlements to CTB or HB are not receiving any of the three benefits.

**Table 3:** Proportions entitled to and receiving individual benefits

	IS	Entitled to HB column %	CTB
Receiving			
benefit in question, with/without other benefits	66	90	76
other benefit(s) only	24	2	2
none	10	8	22
Sample size	2,052	2,677	4,327

Combined take-up rates are shown in Table 4. The percentages presented in the diagonal of the table are complete take-up rates, that is the proportions taking up everything to which they are entitled. Complete take-up is highest at 84% for those entitled to HB and CTB but not IS. It is lowest (44%) among those entitled only to CTB.

**Table 4:** Combined take-up rates: Income Support, Housing Benefit and Council Tax Benefit

Receiving	Entitled to:							All cases
	IS only	HB only	CTB only	IS+HB + CTB	IS+ HB	IS+ CTB	HB+ CTB	
none	(55)	43	56	3	(0)	24	10	63
IS only	<b>(45)</b>			*	(4)	2		*
HB only		<b>57</b>		1	(21)		4	2
CTB only			<b>44</b>	1		25	2	8
IS+HB+ CTB				<b>73</b>				10
IS+HB				*	<b>(75)</b>			*
IS+CTB				1		<b>49</b>		4
HB+CTB				22			<b>85</b>	13
All cases	100	100	100	100	100	100	100	100
Sample size	20	164	1,168	1,331	28	673	1,154	9,449

( ) indicates small sample size. \* less than 0.5

<sup>3</sup> Cases receiving HB and/or CTB but not taking up entitlements to IS were examined closely for evidence that they were incorrectly calculated to be entitled to IS due to measurement error in their income or capital. 65% of such cases were receiving maximum HB and/or CTB which is consistent with income and capital low enough to qualify for IS. The remainder were receiving less than maximum HB and CTB. This could result from measurement error in income or capital which would indicate that they might not be entitled to IS. Alternatively it could be the consequence of measurement error in rent or council tax, which would not in itself shed doubt on their entitlement to IS.

## **5. Measuring take-up rates in a multiple benefit system**

It is often argued that, in contrast with benefits which are not dependent on income or capital, means-tested benefits are an efficient way of targeting public resources on those in most need. In their recent pensions report, the UK House of Commons Work and Pensions Select Committee concluded ‘..... there is nothing inherently wrong with a means-tested approach which focuses available resources on the poorest pensioners if the issue of take-up is adequately addressed (House of Commons Work and Pensions Committee, 2003, paragraph 63). The analysis in the preceding section suggests that where there is more than one benefit to which people may be entitled and claims of partial entitlements are not uncommon, take-up rates for individual benefits are inappropriate measures of the effectiveness of the means-tested benefit system in reaching those in most need. Addressing ‘the issue of take-up’ involves something different from simply maximising individual benefit take-up rates.

Table 5 shows, for different groups of pensioners, what proportions claim all, some or none of their entitlements and the average proportionate increase in income that those who fail to claim some benefit are foregoing. For this purpose income includes claimed but not unclaimed entitlements to IS, HB and CTB and is constructed as IS assessable income, plus income which is disregarded in assessing IS (including investment income, Attendance Allowance and Disability Living Allowance), plus total claimed benefit entitlements less rent and council tax. Examining take-up by housing tenure shows that complete take-up is highest among those renting from local authorities and housing associations: 78% claim all the benefits to which they are entitled and only 8% claim none. The lowest take-up rates are among owner-occupiers where equal proportions (45%) claim all the benefits to which they are entitled and claim none of them<sup>4</sup>. However, at 41%, the average increase in income which non-claiming local authority and housing association tenants would achieve by claiming all their entitlements is much higher than that for owner-occupiers where it is only 13%. It is highest of all (88%) among non claiming private renters, although the sample size here is small and so this estimate is subject to a wide margin of error. Within pensioner type, the proportion claiming their full

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<sup>4</sup> Since owner-occupiers are not eligible for HB, they are more likely than renters to be entitled to only one benefit, that being CTB.

entitlement is lowest (54%) among single men aged 80 and over but it is non-claiming women aged 80+ who lose the largest amounts (40% of income on average) from incomplete take-up. Analysing by pensioner type, complete take-up is highest (69%) among single women aged under 80, but non claimants in this group are failing to claim amounts which on average would represent nearly a quarter of their income. Couples where the head is aged under 80 have an intermediate rate of complete take-up (60%) but those amongst them who fail to claim some benefit are losing out on an average of only 10% of their income.

**Table 5:** Take-up of total entitlements by housing tenure and by pensioner type: pensioner units entitled to at least one of IS, HB, CTB

	Claiming all entitlement	Claiming some of their entitlement	Claiming none of their entitlement	Sample size	Non-claimants of at least one benefit	
	Row %				Average % of income foregone by non claimants	Sample size
<b>Housing tenure</b>						
Renting from Local Authority/Housing Association	78	15	8	2,432	41.1	547
Renting from a private landlord	71	15	14	237	87.9	69
Owner-occupier	45	10	45	1,705	12.8	931
Other	50	9	41	127	12.7	64
<b>Pensioner type</b>						
Couple, head aged < 80	60	6	34	682	10.2	271
Couple, head aged 80+	58	13	29	293	14.8	122
Single man aged < 80	66	12	22	450	32.6	152
Single man aged 80+	54	22	24	280	29.5	129
Single woman aged < 80	69	11	20	1,861	23.8	583
Single woman aged 80+	62	18	20	935	39.7	354
<b>All entitled to at least one benefit</b>	<b>64</b>	<b>13</b>	<b>23</b>	<b>4,501</b>	<b>25.6</b>	<b>1,611</b>
Average % of income foregone by non claimants	-	28.0	21.2			
Sample size	2,890	567	1,044			

Income is IS assessable income, plus income which is disregarded in assessing IS (including investment income, Attendance Allowance and Disability Living Allowance), plus claimed entitlements to IS, HB and CTB less rent and council tax. There are some cases for whom benefit entitlement can be assessed but components of this income construct are missing so that sample sizes differ from previous tables.

Rather than just monitoring take-up rates for individual benefits, an alternative measure of non take-up might be the proportion of pensioners failing to claim

entitlements which would increase their incomes by substantial amounts. Figures 2 to 4 plot the distributions of percentages by which incomes would rise if all entitlements were claimed, for different groups of pensioners. Figure 2 indicates that although 36% are failing to claim some benefit entitlement, the proportions for whom complete take-up would add more than 5% and 10% of income are only 22% and 16% respectively. Less than 10% are failing to claim amounts worth more than 20% of income. The distributions of potential additions to income are quite similar for those taking-up some and taking-up none of their entitlements. Comparisons by housing tenure (figure 3) reveal that although complete take-up is lowest for owner-occupiers, the largest proportionate additions to income are for private tenants followed by local authority and housing association tenants. Within pensioner types (figure 4), single men and women aged 80+ have high rates of incomplete take-up and are failing to claim relatively large additions to their incomes. Couples where the head is aged under 80 also have a high rate of incomplete take-up (40%) but relatively few would increase their incomes much by claiming their entitlements.

## **6. The economics of benefit take-up: patterns of take-up and the marginal gains from claiming**

Economists start from the view that if an action (take-up) leads to some gain and if there are no tangible or intangible costs associated with it, then that action will always be taken. A corollary of this is that, if a potentially beneficial action is observed not to be taken, then there must exist some offsetting hidden costs outweighing the potential benefit. In the case of benefit take-up, there are many possible sources of such costs (Ritchie, 1988; Costigan *et. al.*, 1999). Tangible costs include the money and time that may be required by the benefit claim procedure. Intangible costs include: the fear of penalty for error; the unpleasantness of the claim process; lack of information giving rise to information search costs; perceived loss of self-respect; and social stigma associated with benefit dependence. The probability of take-up can be expected to rise with entitlement, provided claim costs are more or less constant.

There is a large econometric literature on take-up behaviour, almost all of it dealing with the take-up of a single type of benefit (see Hosek, 1980; Altmann, 1981; Moffitt, 1983; Fry and Stark, 1987, 1993; Blundell *et. al.*, 1988; Duclos, 1995; Kim and Mergoupis, 1997; Riphahn, 2001; Pudney *et. al.*, 2002). There has been much less analysis of the complex problems raised by multi-element benefit systems, but see

Fraker and Moffitt, 1988; Keane and Moffitt, 1998; Hernandez and Pudney, 2003. Econometric analyses of take-up generate a common strong finding: that the probability of take-up is significantly positively related to the amount of entitlement. This gives considerable support to the economic view of take-up behaviour, that emphasises the role of potential gains.

Figure 5 depicts the marginal incentives faced by pensioners in this multi-benefit world, by giving take-up rates for each of the three benefits among groups of pensioners classified by the other benefits they are receiving. The horizontal axis, measuring mean entitlement to the benefit in question, represents the marginal incentive for take-up: it is the additional income that would be generated by extending one's claim from the benefits already received to include also the benefit in question. For example, the point in Figure 5 labelled  $\{IS|HB,CTB,n=1,261\}$  indicates that there are 1,261 FRS respondents who were entitled to IS, and were also receiving payments of HB and CTB. Among this group, the marginal benefit of extending the claim from HB and CTB to include IS would be £20.45 per week on average. In the sample 77.2% of these respondents did indeed claim IS.<sup>5</sup>

The scatter of points in Figure 5 is broadly consistent with the general finding of a positive relationship between take-up and entitlement, indicating response to incentives. However, CTB is something of an outlier, since take-up is high relative to HB and IS despite the typically small CTB entitlement. There are four distinct groups of points in Figure 5. Those marked with the symbol  $\square$  refer to take-up of individual benefits by people receiving no other benefit income. These take-up rates are low (ranging from 10-40%) for two reasons. Firstly, people with a general reluctance or inability to claim benefits of any kind will tend to be in these groups, thus lowering average take-up rates. Secondly, there is a tendency for the 'escalation' of claims from one benefit to another. The process of claiming one benefit will often generate information on and opportunities to claim further benefits, so one would expect receipt of one benefit to raise the claim rates for others.

Points marked with the symbols  $\circ$  and  $\Delta$  refer respectively to take-up of CTB and HB among those who are entitled and who are also receiving some other benefit.

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<sup>5</sup> Note that these groups are not disjoint. For example, some of the individuals in the group  $\{IS|CTB;n=522\}$  will also appear as non-take-up cases in the groups  $\{HB|IS,CTB\}$  and  $\{HB|CTB\}$ .

Among these groups, take-up is close to perfect.<sup>6</sup> In contrast, the group marked with the symbol  $\diamond$ , representing those who are entitled to IS and also receiving some other benefit, have a significantly lower claim rate. Despite existing contact with the benefit system and reasonably high average IS entitlement, the take-up rate lies between 60% and 80%. There are two obvious explanations for the difference between IS and HB/CTB. One explanation involves the nature of the claims process. Making an IS claim can be expected to lead to a claim for HB and CTB, since the application forms are issued together and those entitled to IS are by definition entitled to HB/CTB if they pay rent/council tax. The reverse is not always true. A second possible explanation of the difference between IS and HB/CTB take-up is that IS carries negative associations, such as social stigma, which do not exist for the two housing-related benefits. Income supplements like IS/MIG are sometimes perceived as state 'handouts', while HB and CTB are seen more positively as a reduction in a charge for housing.

## **7. Conclusions**

This paper has examined take-up of multiple means-tested benefits by older pensioners, yielding a fuller picture of take-up patterns than is provided by analyses of take-up for individual benefits. A number of findings stand out. Considering benefits in isolation from one another, IS has the lowest take-up rate (66%). However, 90% of pensioners in our sample who are entitled to IS claim at least one of IS, HB or CTB. Complete take-up is highest (85%) amongst those entitled to HB and CTB but not IS, and lowest (44%) for pensioners entitled to CTB only. Within housing tenure, pensioners renting from local authorities or housing associations have the highest rates of complete take-up (78%) and owner-occupiers the lowest (45%). But non claiming local authority and housing association tenants are foregoing income supplements averaging of 41% of their incomes compared with just 13% for owner-occupiers. Among different age and marital status groups, single men aged 80+ have the lowest complete take-up rates (54%) and non claimants among this group lose out on average 30% of their income. Single women aged 80+ have higher complete take-up rates (62%) but non claimants among them are failing to claim additions to their incomes of 40% on average.

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<sup>6</sup> The HB|IS group has a lower take-up rate, but is numerically negligible.

Although 36% of all pensioners in our sample are failing to claim some means-tested benefit entitlement, as a percentage of all of them, only 16% could increase their incomes by more than 10% by claiming all their entitlements. Analyses of the distribution of proportions by which non claimants' incomes would rise if they claimed all their entitlements, provide a better picture than individual benefit take-up rates, of the effectiveness of means-tested benefits in reaching pensioners in most need.

In general take-up is high where entitlement is high. But there are exceptions to this which may reflect the claims process and/or a greater degree of social stigma associated with IS than with HB or CTB. In the case of the former, there would seem to be a strong argument for a claims process in which a claim for one means-tested benefit automatically triggers assessment of entitlement to other benefits. On the latter, this issue of the 'image' of different benefits is of crucial importance for Pension Credit, which will subsume the MIG from October 2003. In calculating entitlement to the Pension Credit, 60% of most forms of private income will be disregarded. The Government is presented this as a reward for thrift rather than as a reduction in the rate at which entitlement is withdrawn as private income rises. It is hard to predict how successful this 'rebranding' will prove to be.

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## APPENDIX

### *Derivation of the sample used in analysis*

In the three years of FRS data used in this paper there were 26,229 pensioner units consisting of single people aged 60+ or couples where either partner was aged 60+, who would therefore be eligible for the pensioner rates of IS, CTB and HB. The scope of the analysis in this paper was restricted, as follows, to a sub-sample of 12,801 pensioner units:

1. Only those at least five years above state pension age (i.e. men aged 70+ and women aged 65+) were used in the analysis. 10,339 younger pensioner units were excluded.
2. Those who had any income from employment or self-employment were excluded, reducing the sample by a further 525.
3. The sample was restricted to households containing a single pensioner aged 65/70+ or a couple where both partners were five or more years above state pension age were included. The presence of other household members considerably complicates the calculation of entitlements and increases the scope for measurement error. This restriction excluded another 2,140 pensioner units.
4. Households who were still re-paying a mortgage were excluded, reducing the sample by a further 413. Mortgage repayments exist for only a small minority of the age group of interest but affect the calculation of IS entitlement and are a potential source of measurement error.
5. Eleven cases who were in receipt of allowances from a spouse not in the household were also excluded.

An additional 3,352 cases were not included in the analysis due to data deficiencies:

- 1,330 for whom details on capital holdings were missing and entitlement to benefits could not be assessed
- 1,502 for whom other missing/ inconsistent data prevented entitlements being calculated reliably
- 520 who were receiving one or more benefit to which they were calculated to be not entitled.

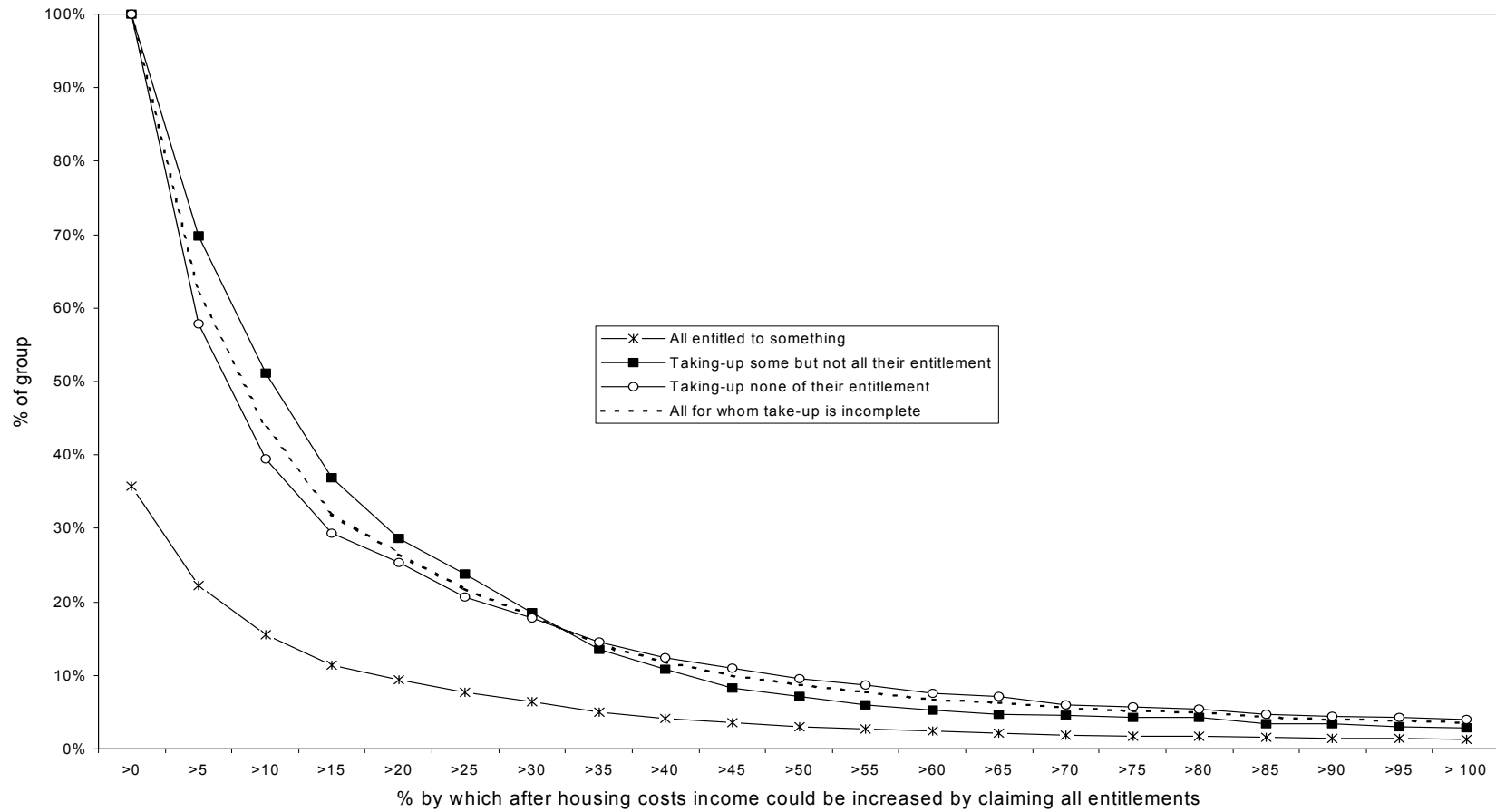
**Table A1: Weekly rates of principal social security benefits applicable to pensioners in the 1997-8, 1998-9 and 1999-2000 FRS**

		£s per week		
		From April: 1997	1998	1999
Basic state pension	Full rate	62.45	64.70	66.75
	'Married woman's' rate	37.35	38.70	39.35
Age addition to state pension, payable from age 80		0.25	0.25	0.25
Attendance Allowance	Higher rate	49.50	51.30	52.95
	Lower rate	33.10	34.30	35.40
Disability Living Allowance – care component	Highest rate	49.50	51.30	52.95
	Middle rate	33.10	34.30	35.40
	Lowest rate	13.15	13.60	14.05
Disability Living Allowance – mobility component	Higher rate	34.60	35.85	37.00
	Lower rate	13.15	13.60	14.05
IS/HB/CTB for pensioners	single pensioner aged under 75	68.80	70.45	75.00
	single pensioner aged 75-79	71.00	72.65	77.30
	single pensioner aged 80+	75.70	77.55	82.25
	single pensioner with severe disability premium	112.85	116.05	122.00
	couples, both partners aged under 75	106.80	109.35	116.60
	couples, older partner aged 75-79	109.90	112.55	119.85
	couples, older partner aged 80+	115.15	117.90	125.30
	couples, older partner aged 75-79, one partner qualifying for a carer premium	123.25	126.20	133.80
	couples, older partner aged 80+, qualifying for a carer premium	128.50	131.55	139.25
	couples, both qualifying for the severe disability premium	189.45	194.90	204.80
	lower capital threshold	3,000	3,000	3,000
	upper capital threshold - IS	8,000	8,000	8,000
	upper capital threshold – HB/CTB	16,000	16,000	16,000

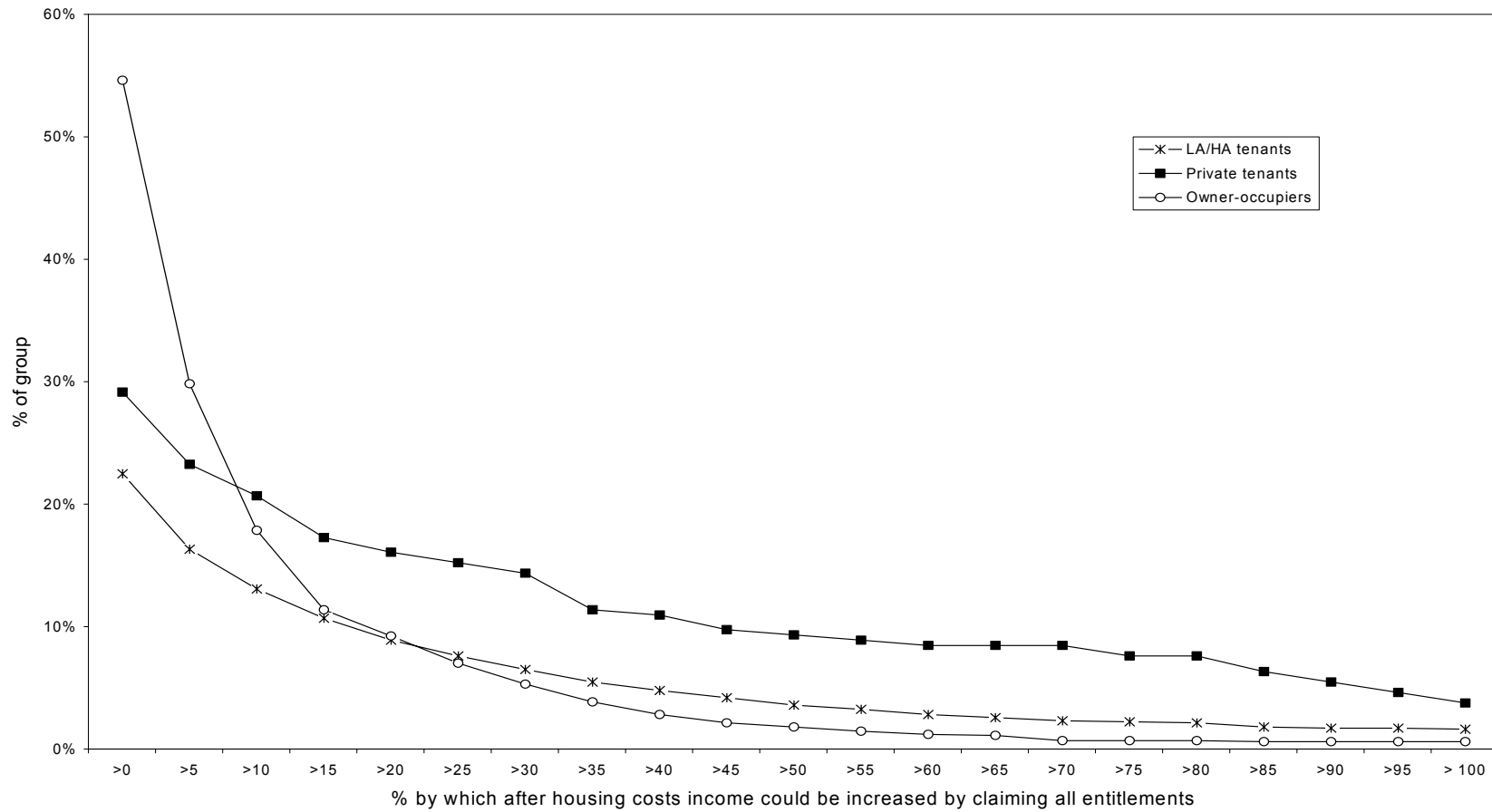
Notes:

(1) It is not possible to receive both Attendance Allowance and the care component of Disability Living Allowance. Disability Allowance (care and mobility component) is payable to people aged 65+ only if they started to receive it before reaching 65.

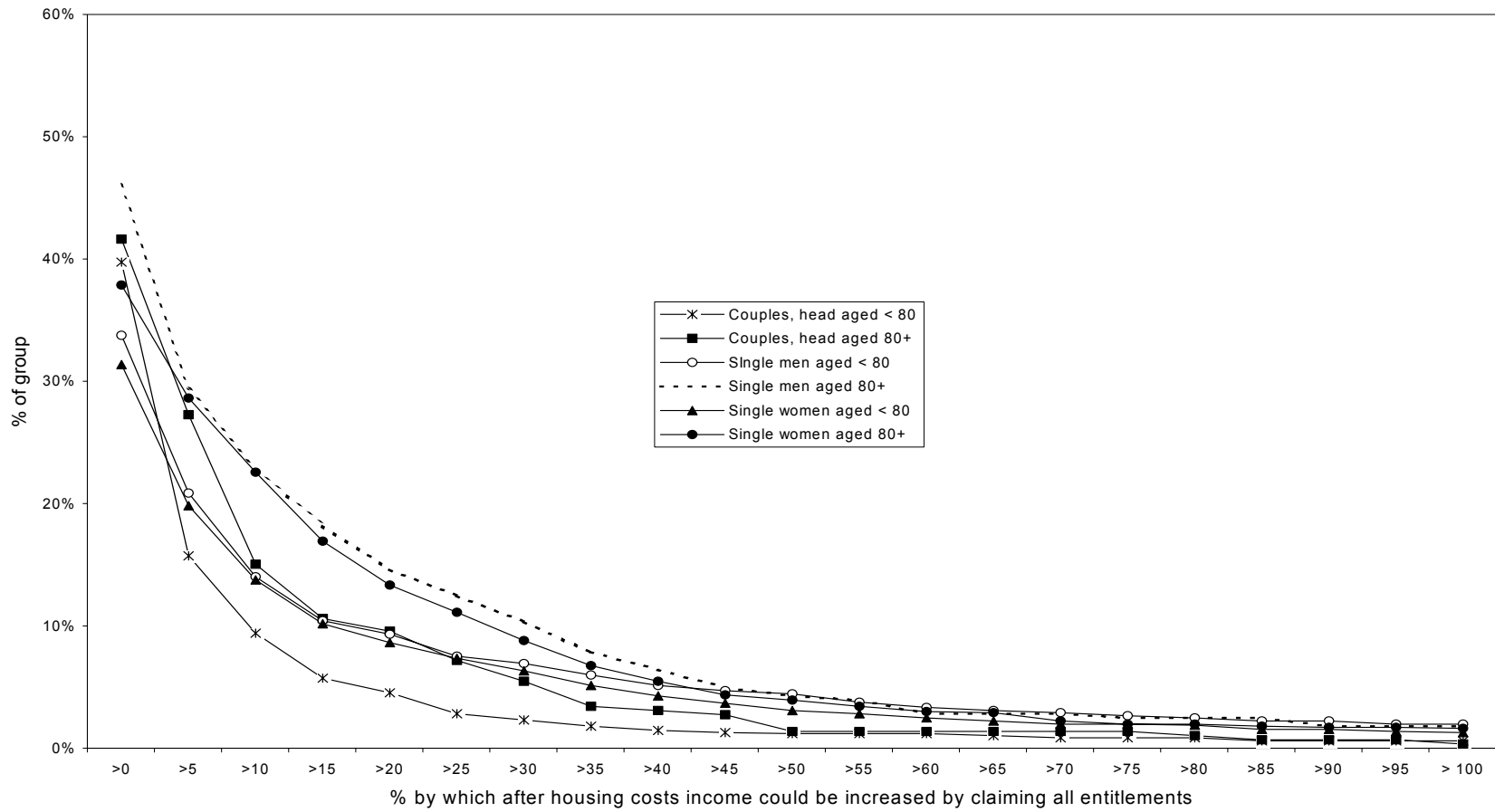
(2) The categories shown for Income Support are the main ones found in the FRS.



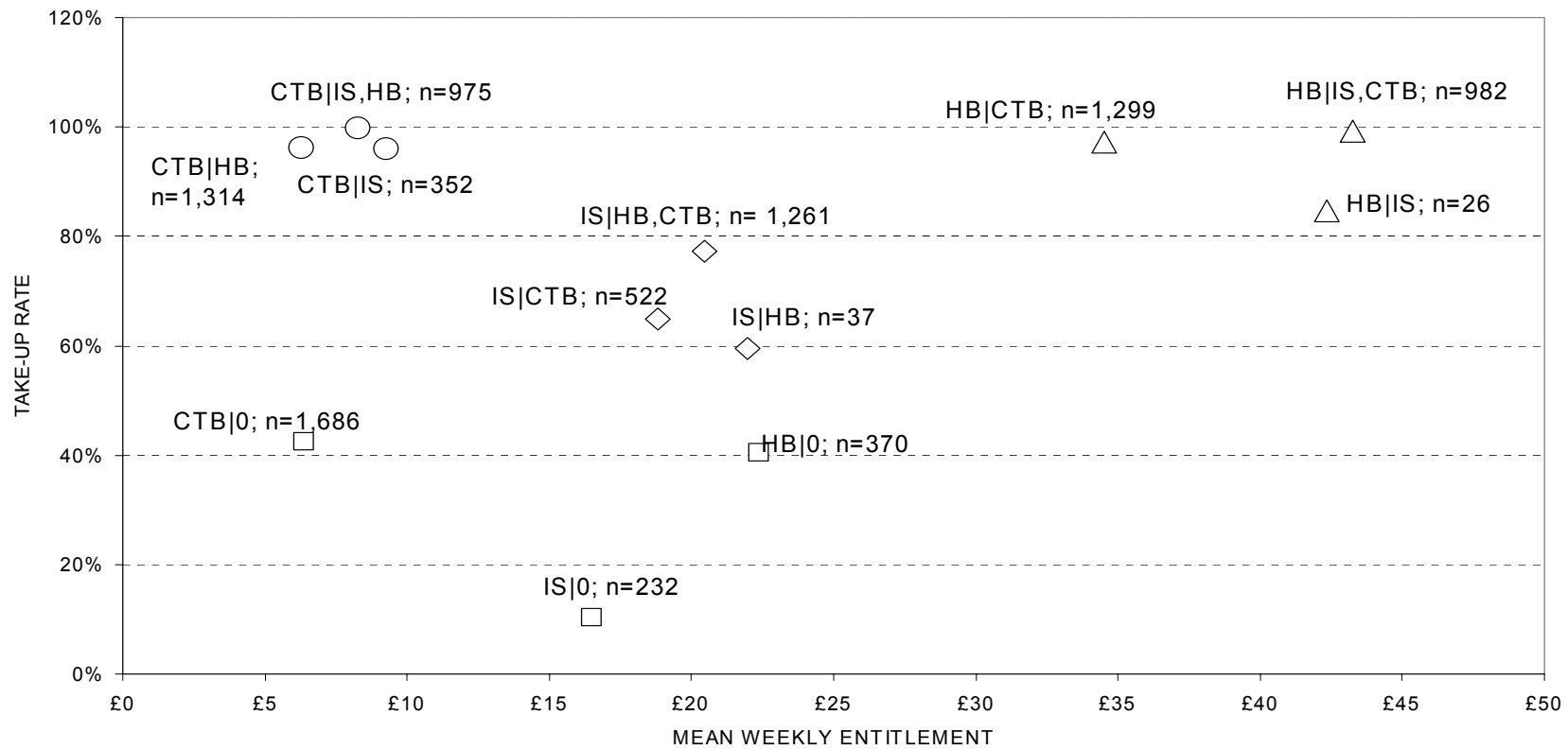
**Figure 2** Distribution of percentages by which after housing costs income would rise if take-up were complete, by whether claiming some or none of entitlements



**Figure 3** Distribution of percentages by which after housing costs income would rise if take-up were complete, by housing tenure



**Figure 4** Distribution of percentages by which after housing costs income would rise if take-up were complete, by pensioner type



**Figure 5** Mean benefit-specific take-up rates conditional on receipt of other benefits