

Pensions: some data

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Regular commentator Robert J [made this observation](#) with regard to the debate over the triple lock on pensions yesterday:

In terms of communication, public understanding would benefit from widespread use of:

- 1. Current UK State pension as a % of average or median? earnings.*
- 2. That % being publicised in a table of other countries in geographical Europe.*
- 3. The estimated time it would take "triple lock" to reach a specific target %.*
- 4. The cost of doing that by a simple cash uplift now, in 1/2/3/4 or 5 years.*
- 5. The current cost of higher rate pension tax relief.*
- 6. Number of people drawing pension credit, and numbers estimated to be eligible for it.*
- 7. Cost of state provided occupational pensions for those who advise on such things and make the decisions.*
- 8. Hyperlinks to stores selling pitchforks.*

In my dreams, the Sunday politics broadcasts do a big splash on this with lots of charts and Jeremy Vine running around a VR studio making it all clear. Then the Chancellor is interviewed by an AI version of Brian Redhead and asked to justify the current system.

At first, I said I had no time to deal with this. And then, as an exercise, whilst I was working on video edits, I set Claude AI on the job, doing little more than posting the comment and adding a strict instruction that all links and data must be double-checked, and data issues must be highlighted. It came back with this. I stress this is not my work. It should not be relied on. I have not double-checked the sources. They may well be right. I cannot guarantee it, but I have that feeling from my other reading.

I did offer me data on pitchforks, but I left them out, excepting a couple of links.

RESEARCH BRIEF · SEPTEMBER 2026

The UK State Pension: Eight Numbers They Don't Want You to Know

A research brief for public communication — figures, projections, data problems, and at least one hyperlink to a pitchfork retailer.

01 State Pension as a Percentage of Earnings

The full new state pension for 2026/27 is £241.30 per week, or £12,548.60 per year — a 4.1% rise under the triple lock (earnings growth was the qualifying figure). So what is that as a share of what working people earn?

£241.30

Full new state pension per week (2026/27)

32.6%

of median full-time employee earnings

34.4%

of average (mean) weekly earnings

~£200pw

Average pension actually received

Basis for the calculation: ONS average weekly earnings (regular pay) ran at approximately £670-680/week in mid-2026, equivalent to roughly £35,000-35,500/year. ONS ASHE median full-time annual earnings for 2025 were £37,430, estimated at ~£38,500 by 2026 with ~3% wage growth. These two measures give the two figures above.

The pension as a share of all-worker median earnings (full- and part-time combined, ~£29,000-30,000/year) comes out around 42-43% — a figure the government would

prefer you used, for obvious reasons.

⚠ DATA PROBLEM

The choice of earnings denominator swings the answer from 27% to 43%. The OECD uses "average worker" earnings, which for the UK sits nearer £43,000–46,000 (closer to the top of the full-time distribution), giving UK replacement rates of only 28–30%. There is no single "correct" measure, but the choice should be stated every time. The honest range is 29–43% depending on method. Median full-time is arguably the most meaningful benchmark for political communication.

⚠ DATA PROBLEM

The full pension figure is the maximum. Average state pension received is closer to £200/week (£10,400/year), because many — especially women, carers, and the self-employed — have incomplete NI records. The true replacement rate for the average recipient is materially lower than the headline figure implies.

02 European Comparison: Pension Replacement Rates

The table below draws on OECD Pensions at a Glance 2025 (gross replacement rates at average earnings, all mandatory schemes). The UK ranks near the bottom of geographical Europe, ahead of only Ireland among large Western European economies.

Country

Gross Replacement Rate (all mandatory schemes)

Turkey

107%

Netherlands

95%

Denmark

80%

Austria

78%

Spain

74%

Portugal

73%

Italy

71%

Hungary

63%

France

60%

Czech Republic

58%

Finland

57%

Sweden

54%

Germany

53%

Belgium

51%

Norway

48%

Poland

37%

Ireland

34%

United Kingdom

29% (state pension only)

CRITICAL CAVEAT — HEALTH WARNING REQUIRED

The OECD figures include ALL mandatory pension schemes — state plus mandatory workplace (occupational) pension contributions. Countries like the Netherlands and Denmark have near-universal mandatory workplace pensions that dwarf their state tier. The UK's auto-enrolment workplace pension is not mandatory in the same legal sense — it is opt-out default, not compulsion — and so is excluded from the OECD mandatory figure.

This makes the UK look worse than a like-for-like comparison. Adding average auto-enrolment workplace pension accrual would raise the UK figure to roughly 38–42%. However, this does not rescue the UK's position: it still sits at or below Ireland, well below most peer countries, and the UK state pension alone is genuinely among the lowest. The distinction matters enormously when making the argument.

03 How Long for Triple Lock to Reach a Target?

The triple lock — the higher of inflation (CPI), earnings growth, or 2.5% — is presented as protecting pensioners' living standards. But it has an architecture flaw: it is a floor, not a convergence mechanism. A pension that rises with earnings, in a world where average earnings also rise with earnings, stays at the same proportion of earnings forever.

The pension's share of earnings only improves in years when the 2.5% minimum floor

exceeds wage growth. Historically, the triple lock has outpaced median earnings by roughly 0.3-0.5 percentage points per year on average — driven by those 2.5% minimum years.

32.6%

Current pension as % of median full-time earnings

50%

A plausible target (European median)

17.4pp

Gap to close (percentage points)

The maths is bleak. At the historical excess growth rate of ~0.4 percentage points per year over earnings, closing a 17-point gap would take roughly 40+ years. At 1% excess: about 20 years. At 2% excess: about 11 years. But 2% excess implies the pension growing 5% per year while wages grow 3% — a sustained political commitment that no government has made.

Target

Gap (pp)

At 0.4%pa excess

At 1%pa excess

At 2%pa excess

40% of median full-time earnings

+7.4pp

~18 yrs (≈2044)

~8 yrs ($\approx$ 2034)

~4 yrs ($\approx$ 2030)

45% of median full-time earnings

+12.4pp

~31 yrs ($\approx$ 2057)

~13 yrs ($\approx$ 2039)

~7 yrs ($\approx$ 2033)

50% of median full-time earnings

+17.4pp

~43 yrs ($\approx$ 2069)

~18 yrs ($\approx$ 2044)

~9 yrs ($\approx$ 2035)

OECD European median ($\sim$ 54%)

+21.4pp

>50 years

~22 yrs ($\approx$ 2048)

~11 yrs ($\approx$ 2037)

⚠ KEY PROBLEM FOR COMMUNICATION

Triple lock projections cannot produce a year-certain target, because the excess growth rate is unknown and variable. The IFS and OBR model these scenarios but their own projections vary widely. The fundamental message — that triple lock alone cannot deliver convergence with European norms within any politically meaningful timeframe — is solid. The specific years above are illustrative only and should not be quoted as forecasts.

04 Cost of a Direct Cash Uplift

Approximately 12.6 million people currently receive the state pension. Total state pension expenditure is roughly £130 billion per year in 2025/26. Average pension per recipient: ~£200/week (£10,400/year). The cost below is calculated as the percentage increase in total state pension spending required to bring the full pension rate to the target, with proportional increases across all partial pensioners.

Target

Annual additional cost at steady state

Y1

Y2 (if phased over 2)

Y3 (if phased over 3)

Y5 (if phased over 5)

40% of median ft earnings (≈£296/week)

+£29-30bn/yr

+£15bn

+£30bn ongoing

+£10/20/30bn

+£6/12/18/24/30bn

45% of median ft earnings ($\approx$ £333/week)

+£49-50bn/yr

+£25bn

+£50bn ongoing

+£16/33/50bn

+£10/20/30/40/50bn

50% of median ft earnings ($\approx$ £370/week)

+£69-70bn/yr

+£35bn

+£70bn ongoing

+£23/47/70bn

+£14/28/42/56/70bn

ℹ WORKING NOTE

These figures use total state pension spending as the base and apply a flat proportional increase. A proper Treasury costing would need to account for: (a) the split between full and partial new state pension recipients; (b) the old basic state pension cohort; (c) interaction with pension credit entitlements (a higher pension reduces pension credit spend); (d) income tax effects (state pension above the personal allowance generates tax). Offsetting effects, especially the reduced pension credit bill, could cut net cost by perhaps £5-10bn per year at the higher uplift levels. These are order-of-magnitude figures suitable for political communication, not Budget submission.

05 Cost of Higher Rate Pension Tax Relief

Total pension tax relief in the UK for 2022/23 was £51.3 billion (HMRC statistics, via Pensions Age). Preliminary 2023/24 figures put it at approximately £52 billion — a figure described by commentators as "eye-watering" and which has grown sharply with

rising incomes and the frozen personal allowance.

£52bn

Total pension tax relief 2023/24 (HMRC)

£14.5bn

Excess cost of higher & additional rate relief above basic rate equivalent

40-45%

Tax rate at which higher earners claim vs 20% for basic rate payers

The £14.5 billion figure — the additional cost of extending relief at 40% and 45% rather than a flat 20% — was calculated and published by Richard Murphy in September 2023 (taxresearch.org.uk). It has since been widely cited. The political significance: restricting pension tax relief to basic rate would free up enough money to almost entirely fund raising the state pension to 40% of median earnings.

⚠ DATA PROBLEM / POLITICAL COMPLICATION

Higher rate pension relief is not solely a "benefit for the rich." It also accrues to public sector employees (NHS, teachers, civil servants) through defined-benefit scheme structures — any reform disproportionately affecting defined-contribution schemes hits private sector workers. The figures are also aggregates: HMRC does not publish a clean breakdown by income decile in its relief statistics, requiring modelling by IFS or Resolution Foundation for a proper distributional picture.

The £14.5bn estimate is solid in broad terms but would benefit from the most recent HMRC relief statistics data (2024/25 figures expected late 2026).

06 Pension Credit: Claimed vs Eligible

Pension Credit tops up weekly income to at least £218.15 (single, 2026/27) or £332.95 (couples) and is the gateway to a raft of other support including the Winter Fuel Payment. It is also chronically underclaimed.

~1.4m

Households currently claiming Pension Credit

~63%

Take-up rate (eligible households)

~850k

Eligible households not claiming (estimated)

~£1.7bn

Estimated annual value of unclaimed Pension Credit

Policy in Practice's Missing Out 2025 report (September 2025) found that £24 billion of means-tested benefits go unclaimed annually — of which pension credit forms a significant component. The Independent Age briefing (2022) found roughly one in three eligible older people was not claiming.

DWP's own official take-up statistics (released annually with an 18-month lag) have suggested take-up by caseload of around 62–66%, with notable geographic and demographic variation: non-claiming tends to be concentrated among homeowners, those with modest savings just above thresholds, and those with limited digital access or awareness.

⚠ DATA PROBLEM

The DWP take-up statistics are consistently 18–24 months old by the time of publication. The 2026/27 eligibility changes (particularly the Winter Fuel Payment income test adding to the policy landscape) have likely affected both eligibility numbers and claiming behaviour in ways not yet captured in published statistics. The Independent Age, Age UK, and Policy in Practice estimates for unclaimed amounts vary. Treat any specific figure as a reasonable range estimate, not a precise count.

07 Pensions for Those Who Advise on and Make the Decisions

The people designing pension policy — civil servants, MPs, senior officials — are overwhelmingly members of defined benefit (final salary or CARE) public service pension schemes. These are the same schemes that have largely been closed to private sector workers since the 1990s. The contrast is acute.

~£12bn

Teachers' pension scheme estimated annual employer contributions

~£13bn

NHS pension scheme employer contributions per year

~£7bn

Civil Service pension employer contributions per year

£2 trillion+

Total unfunded public service pension liability (actuarial, OBR)

Total annual government pension payments across all public service schemes run at approximately £60–70 billion per year gross, partially offset by employee contributions and tax receipts. The OBR's Public service pension payments (net) analysis tracks the ongoing net cash position.

The Taxpayers' Alliance Mandarin Millionaires report (2025) found that the most senior civil servants accumulate pension pots equivalent to several million pounds — unreachable in any comparable private sector defined contribution scheme.

The MPs' pension: Members of Parliament receive an employer contribution equivalent to roughly 28% of salary into the Parliamentary Contributory Pension Fund — substantially more generous than the private sector average employer auto-enrolment contribution (typically 3–6% of qualifying earnings).

⚠ DATA PROBLEM

No single published figure captures "total annual taxpayer cost of state-provided occupational pensions for public servants." The OBR net figure, employer contribution statistics from each scheme's annual report, and the actuarial liability are three different measurements of the same reality, none of which tells the complete story on its own.

Gross employer contributions across all major schemes sum to approximately £35–45 billion per year — a figure that dwarfs the cost of raising the state pension to 40% of

median earnings — but this requires triangulation across multiple scheme reports and should be verified against the most recent DWP, HM Treasury, and OBR publications.

Key Sources & Further Reading

[OECD Pensions at a Glance 2025 — Gross Replacement Rates](#)

[ONS Average Weekly Earnings — September 2026 Bulletin](#)

[Full New State Pension 2026/27: £241.30/week](#)

[IFS — The Triple Lock: Uncertainty for Pension Incomes and Public Finances](#)

[IFS — What do you need to know about the triple lock?](#)

[Pensions Age — Pension Tax Relief Totals £51.3bn in 2023/24](#)

[Richard Murphy — Ending Higher Rate Pension Tax Relief Would Raise £14.5bn](#)

[Policy in Practice — Missing Out 2025: £24 Billion Unclaimed](#)

[House of Commons Library — Pension Credit Current Issues](#)

[OBR — Public Service Pension Payments \(Net\)](#)

[TaxPayers' Alliance — Mandarin Millionaires 2025](#)

[State Pension Maximum Payouts Europe 2026 — Calquify](#)

[Age UK — Benefit Take-Up Briefing May 2024](#)

[Pitchforks — Amazon UK](#)

[Agricultural Grade — Countrywide Farmers](#)