LCP on point

Being single in retirement – a key issue for the Pensions Commission?

August 2026

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Executive Summary

The relative financial position of pensioners in the UK has improved since the late 1990s. But what has received little attention is the fact that pensioner poverty started rising again in 2012/13 and has continued to do so. This paper shows that this is predominantly a story about increasing poverty amongst single pensioners. Only by understanding what is happening at a more granular level to single pensioners can we develop policy proposals to help stem this tide.

We show that the population of single pensioners has risen by around one million since the turn of the century, but the composition of that group has changed significantly.

In particular:

- There are now around 1.5m divorced people in retirement, three times as many as in 2002;
- In the last eight years the number of people who are 'single, never married' has started to rise and now stands at around 0.8m. This may in part reflect growing numbers of people who have cohabited with a partner outside marriage, but are no longer in that relationship;
- The number of widows/widowers in the pensioner population has actually drifted down over time, reflecting longer life expectancies, though the numbers have risen slightly following the Covid pandemic.

Focusing on those on low incomes, official figures suggest that the poverty[1] rate for single people as a whole is now around 60% higher than for couples. But this has not always been the case.

In the last decade or so, the rate of poverty amongst couples has been relatively flat, but poverty has risen sharply amongst single pensioners. In particular, poverty amongst the 'single, never married' and 'divorced' groups has risen rapidly.

We also see that poverty amongst single pensioners is predominantly, though not exclusively, about women. We find that roughly two thirds of single pensioners in poverty are women.

Looking at subgroups of single pensioners, we find:

- **Not only is the size of the divorced population in retirement much larger than in the past, but the poverty rate amongst this group is also higher.** This is likely to reflect, at least in part, the failure of the system of 'pension sharing on divorce' to ensure that divorced retirees have adequate pension income[2].
- **As cohabitation (outside marriage) amongst people of working age has increased, the number of retirees who are 'single, never married' is now starting to rise.** Pension sharing on ending cohabitation is almost non-existent; those who planned their retirement finances on being part of a couple, only to see that relationship end, can find themselves financially at risk.

[1] Defined as having household income before housing costs below 60% of the contemporary median
[2] It seems likely that many are opting for property over pensions at the point of divorce, which provides a different sort of security, but does not help directly with day-to-day living costs.

- Amongst widows, poverty rates have not risen as quickly; this may reflect the fact that rising female participation in the labour market in previous decades has generated improved pensions in women's own right, meaning that even after the loss of a husband they have more income of their own to fall back on.

Many of these patterns reflect long-term trends in the economy and society and are not easily reversed. But we identify in this paper some policy levers which might help to improve the relative position of single pensioners, especially single women in retirement.

These include:

- **Improving the incentives for the higher earner (often a man) in a couple to pay into the pension of a lower earner (often a woman).** At present there may be little incentive for this to happen if the higher earner can get higher rate tax relief by paying into his own pension; so, we propose that if a higher rate taxpayer pays into the pension of his wife or partner, she should get the full tax relief added to her pension.
- **Looking at pension sharing rights following the break-up of a long-term cohabiting relationship.** The Government is currently looking at improving the rights of cohabiting couples, and we believe that this could go further to include pension sharing.
- **Reviewing whether recent changes to speed up divorce may have had a negative impact on pension sharing.**
- **Consider making 'joint life' annuities a default**: As we move to a world of Defined Contribution pensions, with pension providers increasingly looking at building annuities into their post-retirement DC offerings, we should look at making 'joint life' annuities the default solution. This would mean that a surviving spouse or partner would continue to get a pension.This may be increasingly important in a world where the state pension system no longer provides an uplift for widows or widowers.

We welcome the fact that the Second Pensions Commission explicitly flagged the issue of the challenges faced by single pensioners in its interim report. We hope that this analysis will be considered by the Commission in coming up with its final policy recommendations.

01 Introduction

The best antidote to poverty in retirement is to be part of a couple.

According to the DWP figures for 2024/25[3], the poverty rate amongst members of pensioner couples is 11%, compared with around 20% for single pensioners – not far off double the rate. This latter group includes those who have been part of a married couple in the past but are now widows/widowers or divorced as well as those who have never married.

As the Pensions Commission says in their initial report[4]:

“In terms of pensions adequacy, marriage tends to mean shared resources, cohabitation, and shared incomes and assets, to some degree. Living in a couple rather than as a single pensioner can have economic advantages.”[5]

It is obviously beyond the scope of pensions policy to influence the proportion of people who reach retirement as a single person (or who become single during the course of retirement), but pension policy can seek to mitigate the adverse financial effect of being single in retirement.

In this paper, we look at what we know about three groups of single pensioners, and how their marital status is likely to impact their living standards in retirement, both now and in the future.

These are:

- Those who reach retirement as divorced people, or who divorce in retirement
- Those who reach retirement as ‘single, never married’, some of whom may in the past have had one or more long-term cohabiting relationships which have now ended
- Those who reach retirement as part of a married couple (or as civil partners[6]), but who become a widow/widower during the course of retirement

We start with some context on overall trends in pensioner poverty before focusing specifically on single pensioners, who are most at risk of poverty.

We first look at how the number and composition of the single pensioner population has changed in recent decades.

[3] Households Below Average Income 2024/25, income Before Housing Costs below 60% of the contemporary median. Note that these figures reflect a recent restatement of the data by DWP. In the rest of this report, we use data on the old basis, up to and including 2023/24, as this is the only way to obtain a consistent measure over time.
[4] The Second Pensions Commission - Pensions 2050: Evidence and Future Priorities - Interim Report, para 5.96
[5] This statement does, of course, assume that within a couple there is broadly equal access to household resources. To the extent that this is not the case, then there may also be ‘hidden’ poverty within couple households which is not reflected in the official figures.
[6] For all practical purposes, those who are part of a civil partnership are in the same position as those who are married. For brevity, we will now refer simply to ‘married’ couples, but this should be read throughout as including civil partnerships.

We then look specifically at poverty rates amongst single pensioners and look separately at men and women and at those who are single because of divorce, widowhood or some other reason.

We then consider in turn those who are divorced, those who are widowed, and those who are single but may perhaps have been in an unmarried relationship in the past. We consider their current economic situation and how this is likely to evolve over time.

We then offer some reflections on potential policy directions.

02 Overall trends in pensioner poverty

Before we focus on the position of single pensioners, we set the scene and look at overall trends in pensioner poverty since the mid-1990s.

Figures on low incomes are published in the annual ‘Households Below Average Income’ (HBAI) report and are based on the Government’s ‘Family Resources Survey’. Because of problems with data collection during the Covid-19 pandemic and lockdown, we exclude figures for 2020/21.

The Government has recently identified a flaw in the underlying data used, which suggests that some pensioners are failing to report all the social security benefits which they receive. Once this income is added back in, overall levels of measured poverty are reduced[7]. For instance, in 2023/24, the change reduces recorded pensioner poverty by around three percentage points.

However, DWP has so far only re-worked results for 2021/22 onwards on the new basis, meaning that it is difficult to make judgments about longer term trends on a consistent basis.

To avoid this problem, we present results in this paper for all years up to and including 2023/24 on the old ‘unadjusted’ basis. We accept that this is likely to lead to an overstatement in the headline rate of pensioner poverty in all years. But unless under-reporting of benefit receipt has changed, we believe that the trend in pensioner poverty will still be broadly accurate. Until DWP produce a longer run of re-worked historic data (which is now promised for 2027), this is the only basis on which we can assess long-term trends on a consistent basis.

The standard definition of poverty used in international comparisons is the number of people in households with income below 60% of the contemporary median. DWP refer to this in their publications as people with ‘relative low incomes’.

On this basis, the results for levels of pensioner poverty, using income before housing costs, are shown in Figure 1.

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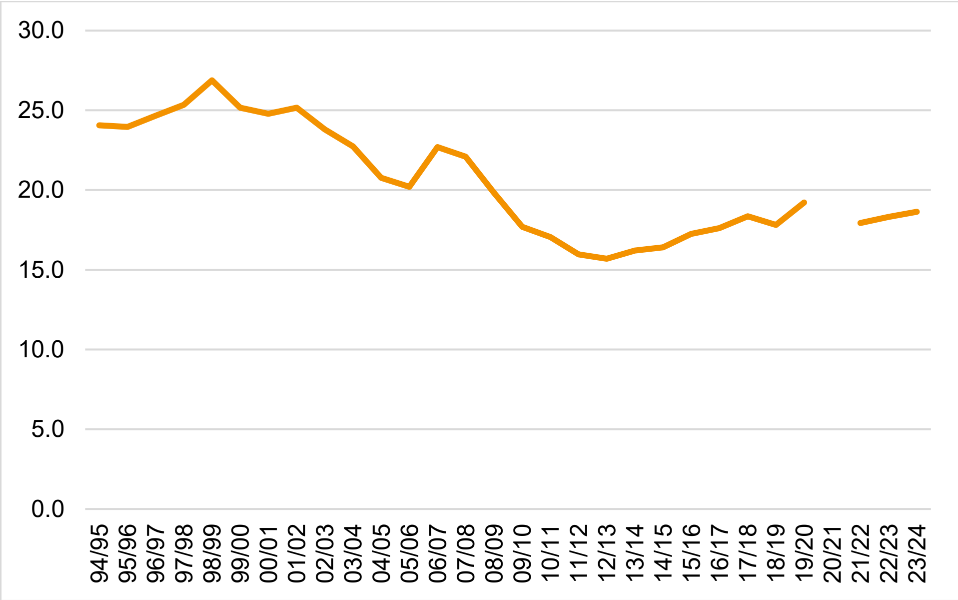
[7] More information on the methodological change can be found at: Households Below Average Income: Background Information and Methodology report FYE 2025 - GOV.UK

Figure 1. Poverty rates amongst pensioners (%) based on income before housing costs



Source: DWP https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2025

What is striking about Figure 1 is that it challenges the narrative that pensioners have 'never had it so good'. It is clear that there has indeed been a very sharp fall in pensioner poverty since the turn of the century, but that fall ended in 2012/13. Since then, on a consistent basis, pensioner poverty has gradually risen and is now up around three percentage points by 2023/24 from its low point[8]. In 2023/24 there were around a third of a million more pensioners living in relative poverty than there would have been if poverty rates had remained at the low level of the early 2010s.

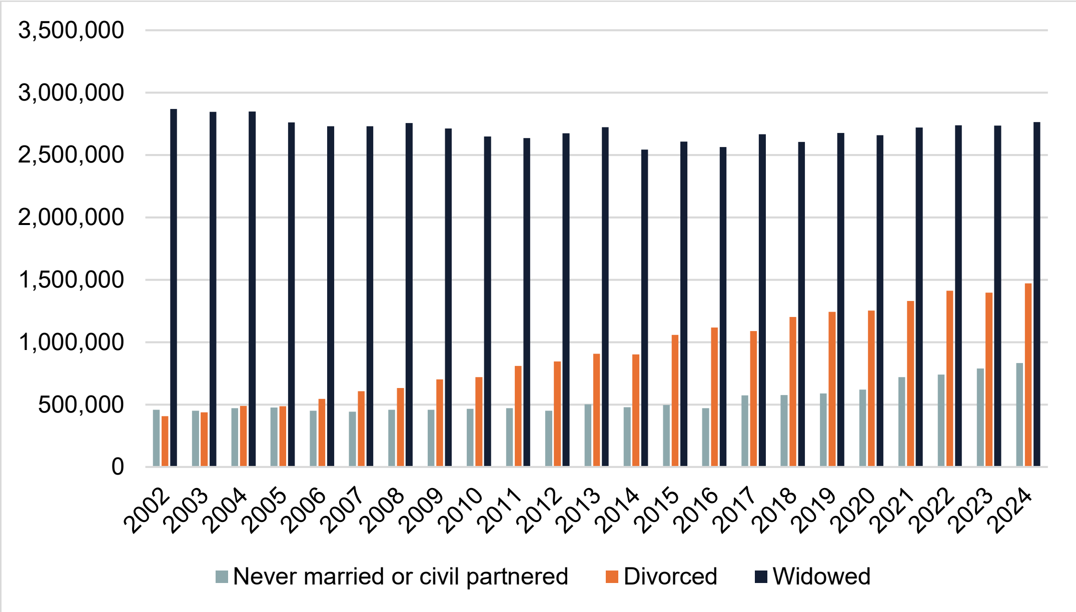
We should therefore be careful not to conclude that pensioner poverty has been 'solved'. We also need to understand the reasons for the increase, which we find to be largely driven by increased poverty rates amongst single pensioners. For that reason, single pensioners are the focus of the remainder of this paper.

1. The changing population of single pensioners

Figure 2 shows the total number of single people in England and Wales who are aged 65 or over, broken down by marital status.

[8] And this is without taking into account 2024/25 data, which suggest a further rise of nearly one percentage point – see Appendix for more details.

Figure 2. Population of England and Wales aged 65+, by marital status



Source: Author's calculation based on ONS data https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesbymaritalstatusandlivingarrangements

Three things are immediately striking about Figure 2:

1. The number of people aged 65+ who are divorced has been rising relentlessly for the last twenty years and is now around 1 million higher than in 2002.

2. The number of widows / widowers had been drifting down since the turn of the century (despite the overall growth in the size of the pensioner population) which may partly reflect the impact of improved life expectancy; but the number has risen again more recently, presumably due in part to the impact of deaths during the Covid-19 Pandemic.

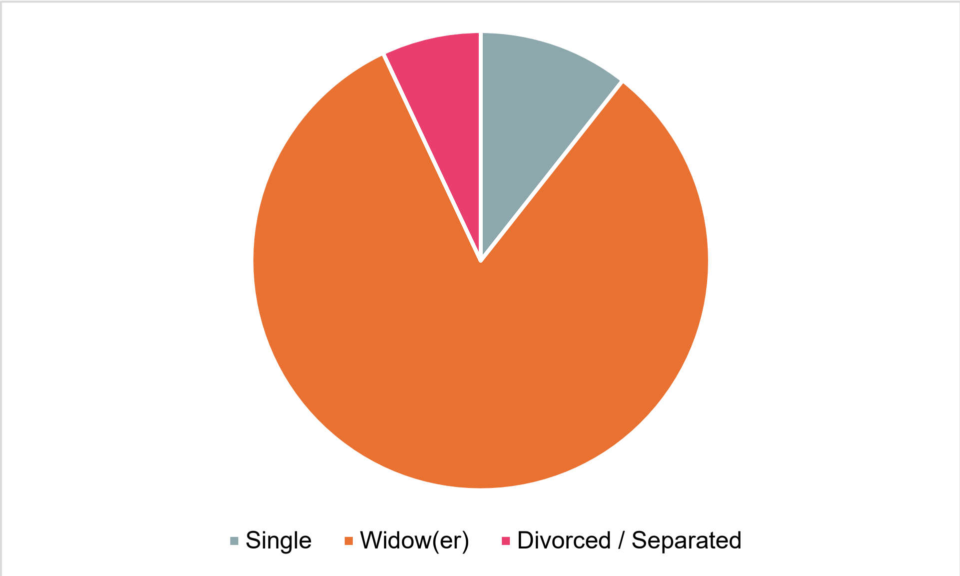
3. The number of 'single, never married' people was pretty flat from 2002 to around 2016, but has started to rise quite sharply since then. The data does not indicate whether these people were ever in a long-term cohabiting relationship (outside marriage), but with declining marriage rates and rising cohabitation rates among the working age population, it seems quite likely that many will have been; we consider later why this may be important for pension policy.

In terms of pensioner poverty, the originally published figures show that in 2023/24, 26% of all single pensioners were living in relative poverty, but do not provide a breakdown by marital status. However, by merging the Households Below Average Income dataset with the underlying Family Resources Survey (FRS) for the year in question, we are able to add this information.

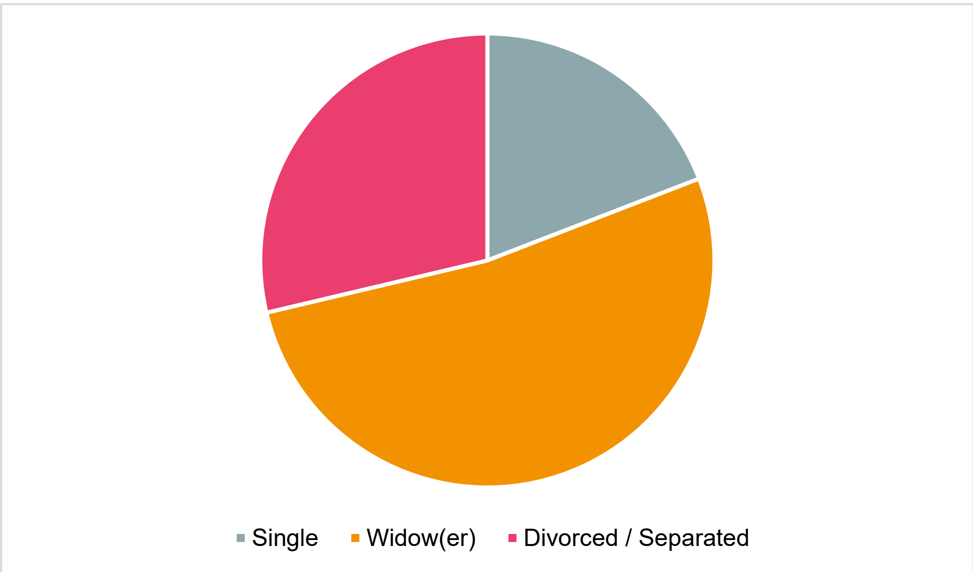
Our results are shown in Figure 3, both for 2023/24 and also for 1994/95, the first year in which the analysis was undertaken using the FRS[9].

Figure 3. Single pensioners in poverty, by marital status

a. 1994/95



b. 2023/24



Out of a total of around 1.2 million single pensioners in poverty in 2023/24, we find that more than half are widowed (and predominantly widows rather than widowers), just under a quarter are divorced, and just over one in six is single (never married).

[9] Note that the absolute number of pensioners in poverty is roughly the same in both charts (just over 1.2m in each case) though the pensioner poverty rate is much lower by 2023/24 because of the increase in the size of the pensioner population.

However, a comparison with the chart for 1994/95 shows that whilst being widowed has long been the primary reason why a single pensioner might be living in poverty, and even now accounts for just over half of all single pensioners in poverty, it is clear that there has been a major shift over the last three decades. Poor single pensioners are now increasingly likely to be divorced or to be 'single – never married' – and policy needs to reflect this important shift.

In addition, there is, of course, an important gender dimension to pensioner poverty. This tends to be concealed in the official figures, where women in couples are assigned an equal share of the combined income of the entire household. But it can be seen in the breakdown of single pensioners in poverty. This is shown in Table 1 which shows, for 2023/24, how the total of around 1.2m single pensioners in poverty splits by sex and marital status[10].

Table 1. Single pensioners living in relative poverty, 2023/24, by sex and marital status (thousands)

	Male	Female	Total
Single, never married	117	104	221
Widow(er)	141	518	659
Divorced / separated	112	219	331
All single pensioners in poverty	**370**	**841**	**1,211**

As table 1 shows, just over two thirds of the single pensioners who are living in poverty are women, and widows living in poverty are far more common than widowers. Amongst divorced retirees in poverty, women outnumber men by around 2 to 1, perhaps reflecting (amongst other things) unequal sharing of pension rights at divorce in some cases. The gender split of the 'single, never married' group is broadly even.

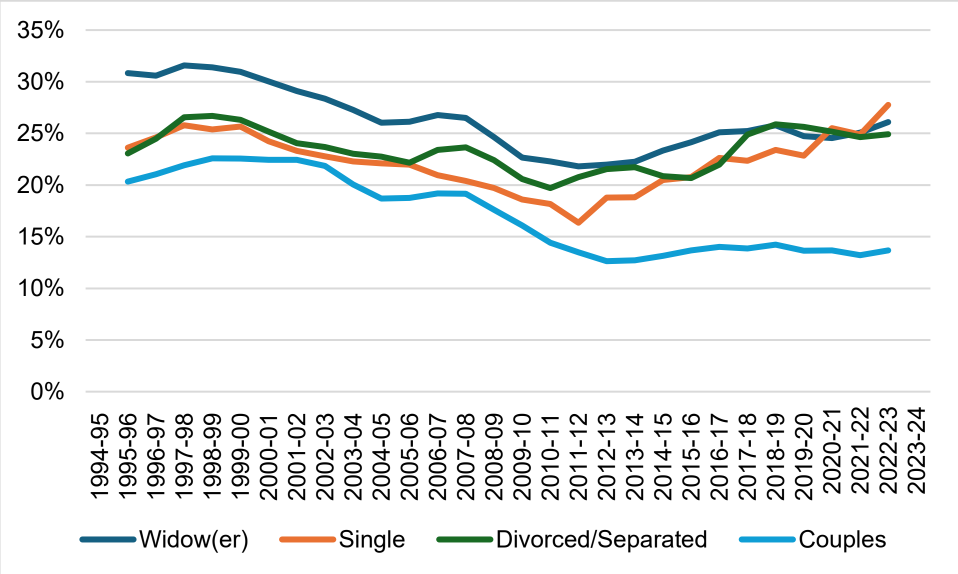
In the next section, we look separately at each group of single retirees in poverty, how their risk of poverty in retirement has changed, and how this might change further in the future.

[10] For example, in the early 1970s around 53% of all women aged 16-64 were in work, but that proportion has now risen to around 72%. See: Female employment rate (aged 16 to 64, seasonally adjusted): % - Office for National Statistics

2. Single pensioners in poverty – recent trends

The relative disadvantage of single pensioners as a group compared with couple pensioners is highlighted in Figure 4, which shows trends in pensioner poverty separately for couple pensioners and for different groups of single pensioners. A key finding from this analysis is that the overall rise in pensioner poverty since 2012/13 has been very largely driven by an increase in poverty amongst single pensioners.

Figure 4. Pensioner poverty rates by marital status, 1994-95 to 2023-24 (three year moving averages)



Source: LCP calculations based on Family Resources Survey and DWP HBAI data

Throughout the entire period we see that couples are at lower risk of being in poverty than single pensioners, but the relative disadvantage suffered by single pensioners has increased dramatically. All groups of pensioners saw a decline in poverty rates from the mid-1990s to the early 2010s, but whilst poverty amongst pensioner couples has remained relatively stable it has gone up again sharply for single pensioners, and particular for the single / never married group. We also see that widows/widowers used to be the most disadvantaged group of all, but that they are now 'in the pack' with other groups of single pensioners when it comes to poverty rates.

We now consider the potential causes of these trends.

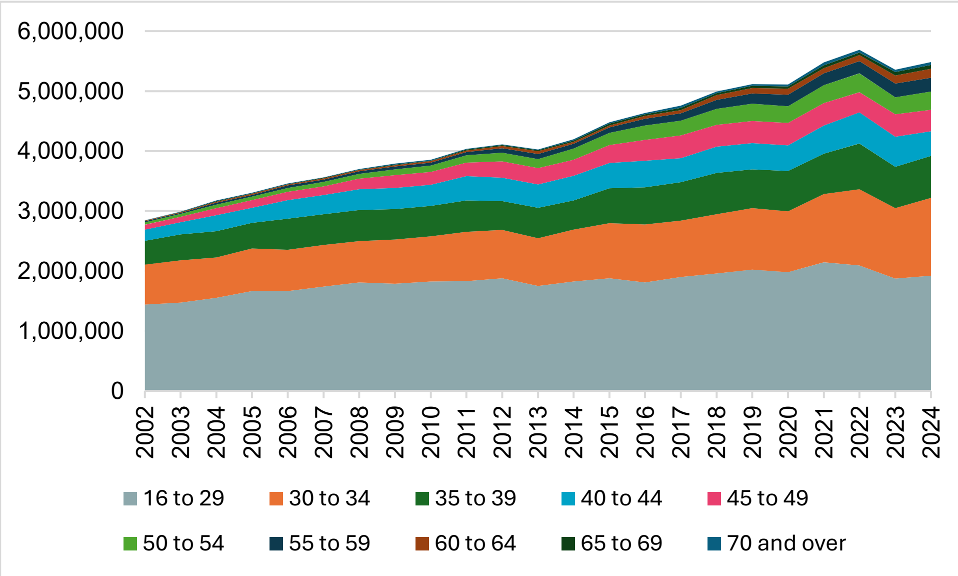
A. Single, never married

We have detailed information on the marital status of single pensioners from ONS data since 2002, and at that point single / never-married pensioners accounted for just under half a million people in England and Wales.

That number remained pretty stable until 2016, after which it has risen steadily to stand at just over 800,000 in 2024.

Whilst there has always been a set of people who reach pension age having never married, the size and composition of this group seem to have changed in recent years. The most obvious explanation for this is the rise in cohabitation amongst the working age population. This can be seen in Figure 5 which shows the number of people categorised as 'cohabiting, never married', broken down by age group, since 2002.

Figure 5. Number of never-married individuals cohabiting, by age, 2002-2024



Source: ONS

Over the period of just over two decades, the total number of people living in cohabiting relationships nearly doubled from around 2.8 million in 2002 to 5.4 million in 2024. Not surprisingly, the largest group is those aged under 30, followed by those aged 30 to 34. But there has been a notable rise in cohabitation amongst older people. For example, between 2002 and 2024, the proportion who are aged 50 or over rose dramatically from 2.6% to 14.5%.

The relevance of this is that a percentage of these cohabiting relationships will not survive intact to retirement, leaving these people potentially appearing in increasing numbers in the data as 'single, never married', despite one or more periods of cohabitation, possibly lasting for many years.

The growth in the size of this group is of more than academic interest when it comes to pension outcomes.

Where someone lives as part of an unmarried couple and intends this to be a long-term arrangement, this is likely to affect the way that the couple thinks about their financial planning.

For example, they may take the view that provided one of them has a decent pension, there is no need for the other to do so, as they will be financially interdependent in retirement.

However, where such a relationship breaks down, and especially where the breakdown happens close to retirement, this can leave the under-pensioned partner in a financially vulnerable position.

This financial vulnerability is further reinforced by the fact that there is at present no provision for separating unmarried partners to share out pension or other wealth. Whilst the system for pension sharing following a divorce is far from perfect, it does at least provide a framework of enforceable legal rights for both parties. But where a cohabiting relationship breaks down, each party is largely left to their own devices.

However, this is likely to be only part of the story.

The data in Table 1 shows that the absolute number of single / never-married pensioners living in poverty is similar for men and women, whereas issues around pension inequality following separation would be expected to have more of an adverse effect on women.

One potential reason for relatively high poverty rates amongst this group as a whole could be the ‘social class gradient’ associated with cohabitation compared with marriage. Although this is changing, it can be expensive to get married and assumptions about marriage versus cohabitation vary by social group. It may be in part that higher poverty rates amongst this group are less driven by marital status per se, but by other factors which correlate with being single / never-married, such as coming from a less affluent background.

B. Widows and widowers

In the mid-1990s, widows[11] were the group at highest risk of being in retirement poverty, with nearly 1 in 3 living below the poverty line. Since then, the poverty rate amongst this group (as with others) has fallen, and has risen only gradually in the last few years. As a result, widows are no more likely to be in retirement poverty than other groups of single pensioners, but still substantially more at risk than their married and cohabiting counterparts.

One reason for this modest relative improvement in the position of widows may be that more women are now retiring with independent income.

This can be from:

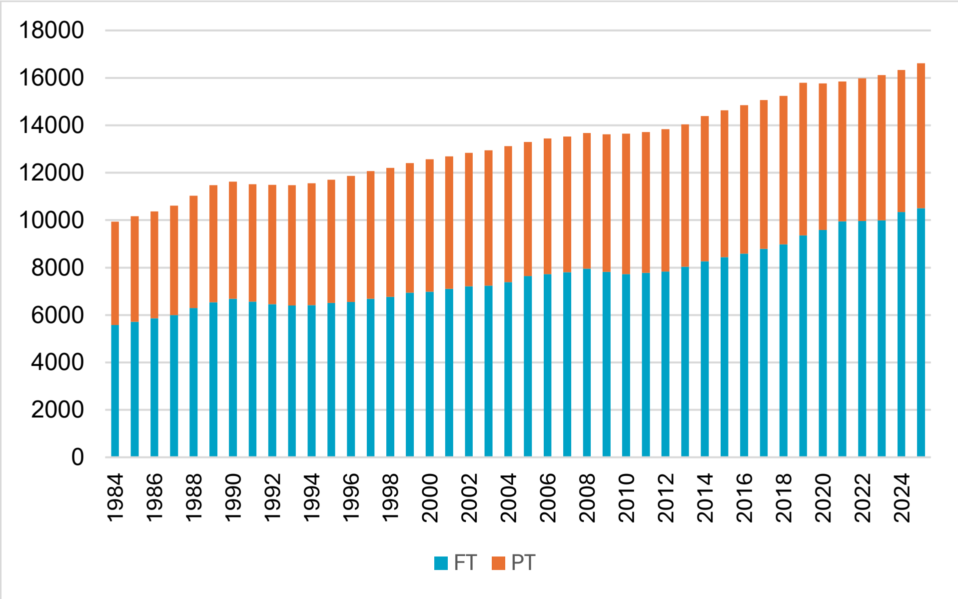
- Improved state pension rights, as more women are reaching retirement with many years of paid work, and as the impact of the married woman’s reduced rate of National Insurance Contributions works its way out of the system;

- Improved occupational pension rights, as the increase in women’s labour force participation, particularly in full time work, has brought with it both wider coverage and higher average amounts of occupational pension income.

[11] Out of all widows and widowers living in poverty in 2023/24, more than three quarters were widows, so we concentrate in this section primarily on the position of women.

The change in women's work histories in recent decades which is feeding through into retirement incomes can be seen in Figure 6.

Figure 6. Female employment in the UK (thousands) 1984-2024, by full-time v part-time



As the chart shows, the absolute number of women in paid employment has risen steadily and sharply over the past four decades. In the mid-1980s there were around 10 million women in work compared with over 16 million in 2024, and the proportion in full-time work has risen from 56% to 63%. Both of these trends will be reflected in improved state and private pensions for women who have retired in recent years. Even allowing for growth in the overall size of the female population, employment rates have increased considerably[12] .

However, there is one headwind for widows which will be relevant when we consider the policy implications of these trends. This is the reform of the state pension system which happened in 2016.

Prior to 2016, married women who lost their husband could potentially see a significant uplift in their state pension rates. Those with incomplete NI records and on less than 100% of the old basic state pension could see their pension uplifted to the full 100% rate using their late husband's contributions. In addition, where the deceased had entitlement under the state earnings-related pension scheme (SERPS), a widow could typically inherit at least 50% of this, on top of any SERPS pension she had built up in her own right.

Under the post 2016 regime, these 'derived' rights for widows have been largely abolished.

[12] For example, in the early 1970s around 53% of all women aged 16-64 were in work, but that proportion has now risen to around 72%. See: Female employment rate (aged 16 to 64, seasonally adjusted): % - Office for National Statistics

The new regime aims to deliver enhanced state pensions at pension age to women in their own right, such that the gender pension gap in state pensions at retirement has been largely eliminated. However, there is then essentially no inherited state pension (aside from some transitional rules) for a married woman when her husband dies. This change will need to be considered when designing the policy framework for older pensioners in future.

C. Divorced and separated

For those who spent a long time married and perhaps only divorced in later life, it is not hard to see why their retirement income could be negatively affected.

There is, of course, a legal framework to cover the sharing of assets on divorce, and specific rules on how ‘pension sharing’ on divorce can be implemented. For example, if one partner has a traditional ‘defined benefit’ pension, a proportion of this can be paid to the ex-spouse as part of the divorce settlement, or the value of the DB pension can be weighed in the balance alongside other marital assets such as a family home.

Similarly, if one partner has a ‘defined contribution’ pension, some of this pension could be moved to create a new pension in the name of the ex-spouse. More generally, pension assets should be valued in the same way as a house and other marital assets and should be fully taken into account as part of the divorce settlement.

However, notwithstanding these rules and processes, divorce can still leave one party with an adverse outcome when it comes to retirement.

Reasons can include:

- Wanting divorce to be as ‘quick’ as possible and not spending time and money getting pensions valued; recent changes to make the divorce process more streamlined, including the move to ‘no-fault’ divorces; and the shift to a largely online process, could increase this risk[13].

- Agreeing to prioritise other assets – notably the family home – over pensions; even in an entirely ‘fair’ and amicable divorce settlement, if one party ends up with the lion’s share of the family home in return for giving up any claim to the other party’s pensions, this can leave that person with low income in retirement.

- Divorce may happen late in someone’s working life, leaving them relatively little time to rebuild a pension in their own right.

- Whereas the old state pension system had provision for those who divorced before pension age to use their ex-spouse’s NI record to boost their basic state pension, the new state pension system has no such provision.

[13] We discuss this point further in the policy recommendations section.

A major study of financial arrangements post-divorce was published in 2023[14] which found that major inequalities in pension rights typically remain following a divorce, despite existing legal protections. Based on a sample of over 2,000 cases, key findings included:

- Pension sharing was uncommon amongst those yet to draw a pension, and pensions were only shared equally in a fifth of such cases.

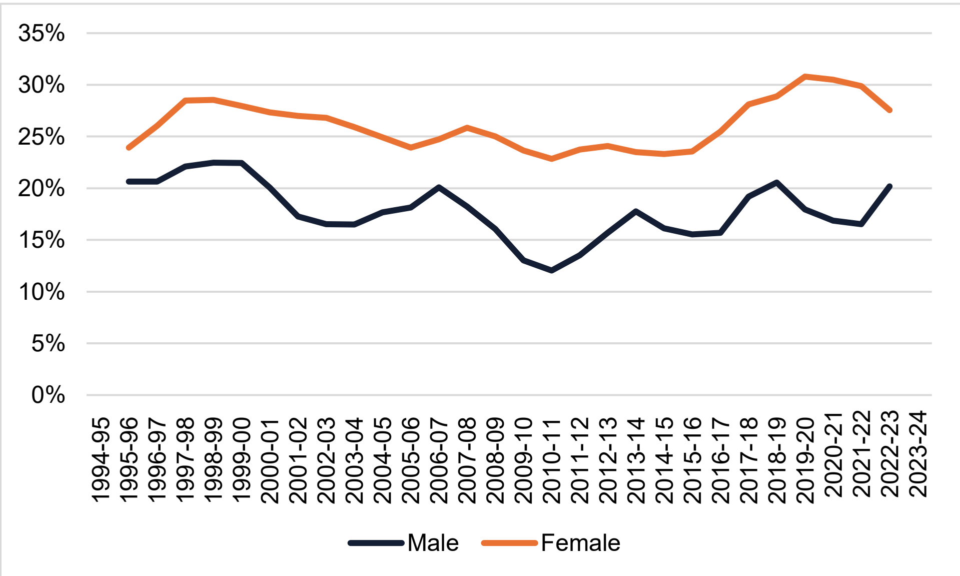
- There was a lack of awareness, understanding or interest in pensions amongst many divorcees which fed through into how far they had dealt with pensions in making their financial arrangements.

- Pensions were largely seen by interviewees as 'belonging' to the individual spouse rather than as a product of the marriage.

- Amongst divorcees where one or both spouses had a pension, they were not yet drawing, only one in nine (11%) had made an arrangement for pension sharing.

In principle, for the person who has the greater pension rights (typically the man), having to share some of your pension is likely to have an adverse effect on your own living standards in retirement compared with your married counterpart. But, for the reasons listed above, divorce is likely to have a more adverse effect on women. This is shown in Figure 7 which plots poverty rates separately for men and women who are divorced/separated in retirement.

Figure 7. Pensioner poverty rates among divorced/separated pensioners, by sex, 1994-95 to 2023-24 (three year moving averages)



The estimates shown in Figure 7 are somewhat volatile, even on the basis of three year moving averages, primarily because of small sample sizes. But the chart does show very clearly that it is divorced / separated women who are consistently at significantly greater risk of poverty in retirement than their male counterparts.

[14] See Fair-Shares-report-final.pdf, especially Chapter 7 on pensions.

It should also be noted that we have lumped together those who have been through a legal divorce process and those who are simply ‘separated’ (and presumably living apart) but have not yet divorced. In some cases, those who have separated but not yet divorced may be set to see an improved financial position, once any pension sharing on divorce has been completed, so this might overstate the poverty rates for this group. But as there are around five times as many divorced single pensioners as separated ones, this is unlikely to materially alter the results.

03 Policy considerations

It goes without saying that it is well beyond the scope of pensions policy to address the issue of relationships coming to an end, either before retirement or during retirement. But pension policy does have to 'pick up the financial pieces' after a relationship ends. So, in light of the analysis in the previous chapters, how far can policy mitigate the adverse impact of being a single person in retirement?

By far the most important way of insulating single people (and women in particular) against the risk of poverty in retirement is to make sure that as many of them as possible have decent pensions in their own right, rather than relying on a current spouse or partner who may not be a spouse or partner when they reach retirement.

Some of the reasons why women may have lower pensions are deep-seated structural features of the labour market and social structures[15]. Fixing some of these issues could take years if not generations.

But, in the interests of making more rapid progress, we consider in this section some policy ideas which could address this broad issue, some of which would benefit all of the single pensioners under consideration, and others of which would benefit particular groups.

A. Improved tax incentives for within-couple pension sharing

Where a woman is single all her life and does not spend a material amount of time as part of a couple, she is likely to have the opportunity to build up a pension in her own right through her own economic activity.

But things may not be quite so simple when a woman spends part of her life as part of a couple (once, or more than once). In this situation there may be times when her economic situation changes (for example, time out of paid work raising children or as a carer) in a way which damages her ability to build up a pension in her own right.

Another scenario could arise where the couple may plan their finances jointly and may decide that it makes sense for it to be the (often male) higher earner who saves into a pension, potentially enjoying higher rate tax relief, but where the lower earner's income is focused on the current consumption needs of the household. This may seem rational at the time, assuming that the relationship endures, but would put the woman at a disadvantage if she should find herself single in retirement.

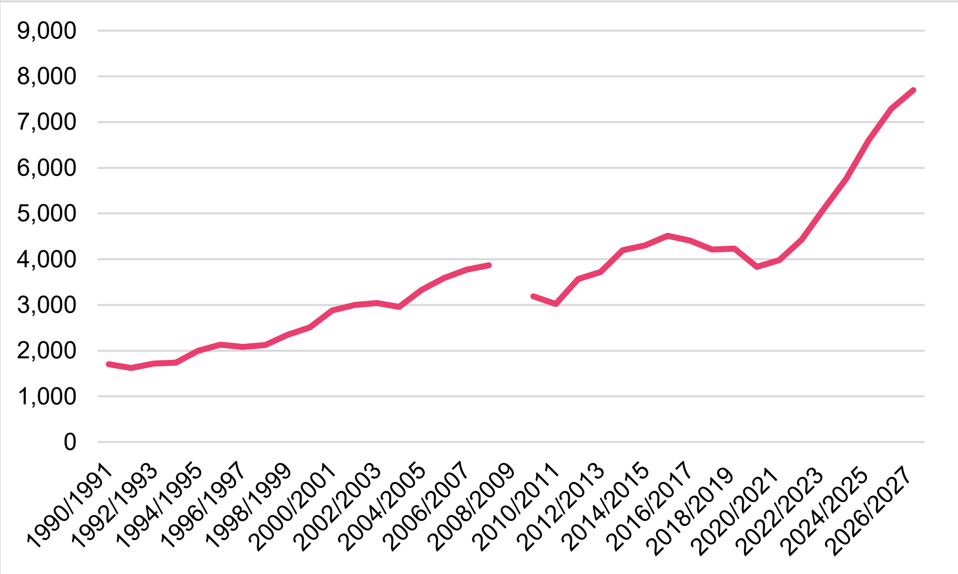
One potential amelioration of this issue would be to encourage higher earners in this scenario to pay directly into the pension pot of the lower earner in the couple.

[15] For a discussion of the causes of the gender pension gap see, for example, LCP's 2023 paper: The Gender Pension Gap - How did we get here, and where are we going?.

This is already perfectly possible, and such contributions would generate basic rate relief for the recipient. This means, for example, that a higher earner paying £80 into a partner's pension would trigger a £20 top-up in the form of basic rate relief, giving the lower earner £100 in total.

However, there is a reason why the couple may be reluctant to do this. Rapidly growing numbers of people are now higher rate taxpayers, as illustrated in Figure 8.

Figure 8. Number of individuals (thousands) paying higher rate income tax



Source: HMRC, note data for 2008/09 is not available

These people get extra tax relief (at 40% or 45%) on their pension contributions – **but only if they pay into their own pension.** If they pay into a partner's pension, it is treated as a contribution by the partner herself, and – assuming she is a basic rate taxpayer or non-taxpayer – generates only basic rate relief. This is less tax-efficient for the couple taken together than the higher earner taking full advantage of higher rate tax relief.

One potential solution to this would be for the woman to be awarded the higher rate relief if her husband or partner was a higher rate taxpayer.

It is fair to say that there would be considerable administrative challenges with this. The lower earner may not be aware of whether her spouse or partner is a higher rate taxpayer, and HMRC does not know whether or not two people are living together, especially if they are not married. One solution would be for the higher earner to tick a box on their tax return to say that they had made a payment into someone else's pension and to provide details of that person. The higher rate relief could then be paid across, ideally into the pension or, failing that, to the spouse or partner.

B. Improved financial rights following the ending of a cohabiting relationship

If we assume that the growth in the number of retirees who are 'single / never married' is due to the rise of (pre-retirement) cohabitation, this raises the question as to whether some form of pension sharing could be introduced where a long-term cohabitating relationship comes to an end. The rationale would be that the adverse effect on the pension position of the lower earner (who may have sacrificed career and pension accumulation in order to raise a family for the couple) would be just as great in the case of a cohabitating relationship as in a marriage.

Whilst this would be a big change and raises important issues about what would count as a cohabiting relationship in the absence of the formality of a marriage certificate, there are already moves underway to increase the rights of cohabiting couples.

In June 2026 the Ministry of Justice launched a consultation[16] on strengthening the rights of cohabitees. The consultation points out that the courts have a very limited role when it comes to sorting out a share of assets between (former) cohabitees, and that this does not extend to sharing of pensions:

"Compared to divorce proceedings, the civil courts are significantly more limited in the types of order they can make when resolving disputes between cohabitants. Unlike in family law proceedings, civil courts … cannot award maintenance, divide pensions or make lump sum payments. Their powers are largely confined to determining ownership of property and ordering its sale." (p23)

Encouragingly, the consultation goes on to say:

"The Government proposes that, where cohabitants meet the qualifying criteria under the new framework, the court should have access to a broad set of remedies which reflect what is available on divorce, including property adjustment orders, lump sum orders and pension sharing orders."

Whilst there is a long way to go before any such change comes into effect, this is an encouraging development and should be pursued if we want to tackle rising poverty amongst the 'single never married' group in particular.

[16] See: A fairer end to relationships: consultation document - GOV.UK

C. Assessing the impact of recent changes in divorce law on pension sharing

The current framework for pension sharing on divorce was largely established in the Welfare Reform and Pensions Act 1999 and came into force in late 2000.

The legal framework is still far from perfect, but it has helped to increase the likelihood that pension rights are properly taken into account alongside other matrimonial assets on divorce.

However, a much more recent change to the divorce process may have had an impact on the extent of pension sharing.

Since April 2022, we have seen a move to 'no-fault' divorce, supported by a streamlined online process which can be completed in as little as six months. Many will welcome these changes from a social policy point of view. However, t there is a risk[17] that the drive towards a speedy divorce with a 'clean break' post-divorce could work against pension sharing which can be complex, messy and time-consuming. The Ministry of Justice (MOJ) should undertake research as a matter of urgency to assess whether the change in divorce law has had a material impact on levels of pension sharing and should review what further changes might be needed to address this issue.

On a more positive note, the Ministry of Justice consultation referred to earlier is also looking at ways of ensuring that pensions are not neglected when courts are involved in a divorce settlement.

The MoJ say:

"Whilst the court must currently consider all relevant assets of a divorcing couple, including pensions, the Government also proposes that reform should include a specific obligation on the court to consider pensions accrued during the marriage when making financial orders. We consider that this would also support a cultural shift to ensure that pensions are not inadvertently overlooked by divorcing couples or the court." (p7)

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[17] See, for example, LCP's paper on this subject: You've got mail: the new divorce law and its potential impact on the sharing of pensions in England and Wales

D. Joint life annuities

One thing which has helped to protect the financial position of widows has been their ability to inherit a 'survivor's' pension from a traditional Defined Benefit occupational pension scheme. But with the shift from DB to DC pensions in the private sector, inheritance of a regular income is likely to diminish.

The reason for this is that where people with a DC pension use some or all of it to buy an annuity, this is typically done on a 'single life' basis, with no ongoing payment to a surviving spouse or partner[18]. Whilst DC pots are rarely used for annuities these days (following the introduction of 'pension freedoms' in 2015) many Master Trusts are currently designing post-retirement 'default' products which include an element of annuity. Those Master Trusts will need to decide the 'shape' of the annuity and, in particular, whether it should be single life or joint life by default.

If regulations required providers to make annuities joint life by default, the power of inertia is such that this would be likely to increase take-up of this option, with few members of couples actively opting out. As a result, more widows would be protected in future on the death of their spouse or partner.

These suggestions give a taster of policy options which could be considered if the government was looking to tackle the rising rate of poverty amongst single pensioners, and single women pensioners in particular.

[18] FCA retirement market data suggests that around 2 in 3 annuities are taken out on a single life basis. See: retirement-income-underlying-data-2024-25.xlsx

Appendix - What does the latest HBAI data tell us

As noted earlier, the official poverty statistics are published in a series known as Households Below Average Income (HBAI). This data is based on an annual large scale survey of households known as the Family Resources Survey. Unfortunately, DWP has recently established that some of the responses to that survey may be inaccurate. Matching the data of survey respondents with DWP administrative data suggests that some people may fail to report some of the benefits they are receiving[19].

DWP has therefore now corrected its estimates when publishing estimates for the latest year – 2024/25 – and also for each year back to 2021/22[20]. The figures for pensioner poverty in this revised data are shown in Table A1.

Table A1. Percentage of pensioners in households below 60% of median income before housing costs

	Single	Couple
2022/23	16.6%	11.3%
2023/24	16.5%	10.5%
2024/25	19.8%	11.2%

For 2022/23 and 2023/24, Table A1 confirms that even on corrected data, single pensioners tend to have a significantly higher rate of poverty than couples. Whilst we should not read too much into a single year's data, the figures for 2024/25 suggest that, if anything, this difference may have become even more stark.

DWP are planning to reissue some earlier years on a consistent basis with the new corrected data, but the timetable for doing so has slipped into 2027. To enable us to look at long-term trends, the bulk of this paper therefore uses the uncorrected data, which is available up to and including 2023/24. But there is nothing in the most recent (corrected) data which would lead us to think that in doing so we are not painting an accurate picture – and we may, if anything, be understating the scale of the problem of single pensioner poverty by stopping in 2023/24.

[19] There is no suggestion that survey respondents are deliberately under-reporting their incomes. But they may be confused as to which benefits they are receiving and may inadvertently fail to include everything.
[20] DWP note that the 2021/22 survey was undertaken when Covid restrictions were still in force, which affected the method of data collection and can affect comparability. So, we focus here on the last three years.

Contact us

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