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Ed Humpherson,
Director General for Regulation
Office for Statistics Regulation
1 Drummond Gate
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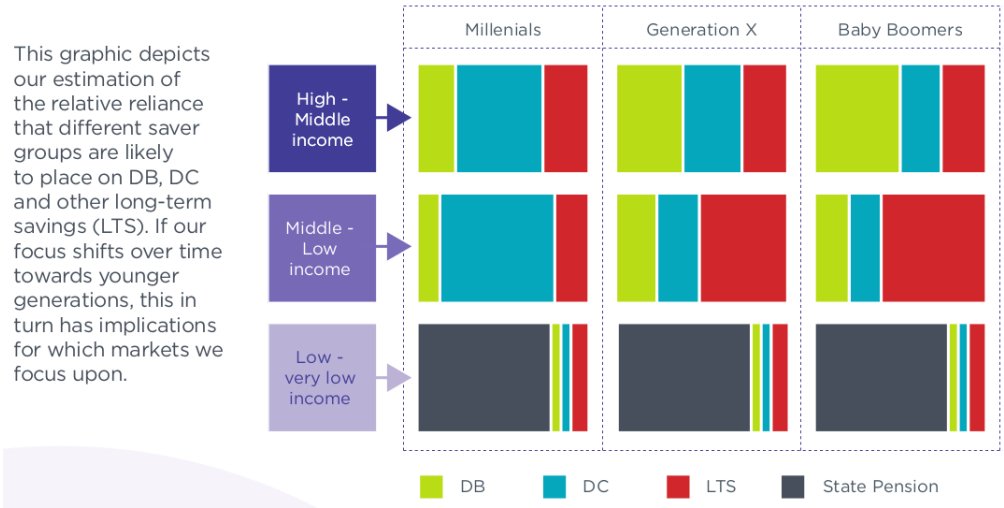
By email: regulation@statistics.gov.uk

Dear Mr Humpherson

In October, the Pensions Regulator published a corporate strategy discussion document, "Pensions of the future - A discussion on our strategy". It has the strapline "Putting the saver at the heart of all that we do", apparently ignoring the fact that other regulators (FCA, PRA, BoE) are supposed to look after "savers" while its remit is pensions and pensioners.

The graphic from p 5 gives us significant cause for concern:



The claim is that: "This graphic depicts our *estimation* of the relative reliance that different saver groups are likely to place on DB, DC and other long-term savings (LTS) . . . "
We wonder what method of estimation has been used to derive this misleading graphic.

There are no definitions of the row or column labels. One might assume that the three income categories in the rows are tertiles, but other definitions are plausible. It is difficult to guess what the column labels represent. Perhaps "Millenials" are those born from 2000 onwards, but they might be people born from 1982 onwards. "Generation X" might be people born 1965 to 1980, or 1960 to 1977, or 1960 to 1985. "Baby Boomers" were born post-war, and many use a 1946 to 1964 cohort. From the page 5 graphic alone, we do not know whether tPR regards one of us (JLH) as Baby Boomer or Generation X, as she was born in 1961.

More importantly, and regardless of the definitions of the generations, the claim made by tPR in the figure, that the state pension is only relevant [enough not to be *invisible* in the graphic] to the income of people on "Low - very low income" is demonstrably false.

The graphic shows the proportions of income from DB, DC, and other long-term savings to be 50%, 25% and 25% for Baby Boomers.

JLH has a very high income, and has been a member of a DB scheme from age 25. She will be at the high end of the "High - middle income" category. We estimate that the state pension will be 10% to 13% of her income in retirement, at least twice the proportion of the thinnest bar shown in the graphic. The DB component might be 50%-60% of her income.

SDJ has a high income and has been a member of a DB scheme from age 25. We estimate that the state pension will be 14% to 17% of his income in retirement. The DB component would constitute 60-70% of his retirement income.

The Department of Work and Pensions (DWP) publishes, as National Statistics, data on incomes, including the income of pensioners. Table 1 provides a summary of Department of Work and Pensions data. In 2016-2019, the state pension benefit was 78% gross income for pensioner couples in the lowest quartile of income, decreasing to 15% in the highest quintile, as shown in Table 2. Occupational pensions were highest at 38% of income for couples in the fourth quintile, and at 39% for single people in the fifth quintile. Both figures are well below the 75% shown in tPR's graphic.

The graphic shows the middle income band for Baby Boomers as DB 20%, DC 20%, LTS 60%. The DWP shows the highest proportion of income that arises neither from benefits nor from occupational pensions to be 50%, for couples in the fifth quintile. All remaining categories have less than 30% of income from other sources.

The only income band which includes state pension benefit, low to very low, shows State Pension 80%, DB 5%, DC 5%, LTS 10%.

How can such shoddy statistics, so poorly presented, be the basis for any consulation?

We have to agree with this comment:
"There are many brilliant people in our civil service, and I have never come across any civil servant who did not want to do his or her best for the country. But, nevertheless, there are a limited number, even in the Senior Civil Service, who have qualifications or expertise in mathematical, statistical and probability questions – and these are essential to public policy decisions. As governments in developed nations go, we in the UK are lagging behind many others in terms of numerical proficiency. But so many policy and implementation decisions depend on understanding mathematical reasoning." Michael Gove MP, Ditchley lecture, 2020.

Yours sincerely

Jane L Hutton

Professor J L Hutton, C.Stat

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Table 1: National Statistics: Department for Work and Pensions

Pensioners' incomes series: financial year 2018 to 2019
Source of mean gross weekly income by quintile

Couples	Basic state pension per week: £270					
Quintile	1st	2nd	3rd	4th	5th	mean
Gross income	298	443	571	779	1,708	760
Benefit income	231	288	301	282	252	271
Occupational pension	30	84	166	299	594	234
Personal pension	12	18	24	32	73	32
Invest income	7	12	17	37	253	65
Earned income	17	40	61	127	518	153
Other income	2	2	2	3	18	5
Single pensioner	Basic state pension per week: £135					
Quintile	1st	2nd	3rd	4th	5th	mean
Gross income	156	236	**294**	374	704	353
Benefit income	139	186	223	241	225	203
Occupational pension	8	32	49	99	277	93
Personal pension	3	6	6	8	26	10
Invest income	3	6	7	12	72	20
Earned income	2	4	7	11	95	24
Other income	2	2	2	3	10	4

Table 2: National Statistics: Department for Work and Pensions

Pensioners' incomes series: financial year 2018 to 2019
Percentage of income from benefits, pension, LT Savings, by quintile

Couples	Basic state pension per week: £270									
Income source	Q1st		Q2nd		Q3rd		Q4th		Q5th	
Benefit income	231	78%	288	65%	301	53%	282	36%	252	15%
Occupational pension	30	10%	84	19%	166	29%	299	38%	594	35%
LTS	38	13%	72	16%	104	18%	199	26%	862	50%
Gross income	298		443		571		779		1708	
Single pensioner	Basic state pension per week: £135									
Benefit income	139	89%	186	79%	223	76%	241	64%	225	32%
Occupational pension	8	5%	32	14%	49	17%	99	26%	277	39%
LTS	10	6%	18	8%	22	7%	34	9%	203	29%
Gross income	156		236		294		374		704	