



Paul Johnson

@PJTheEconomist

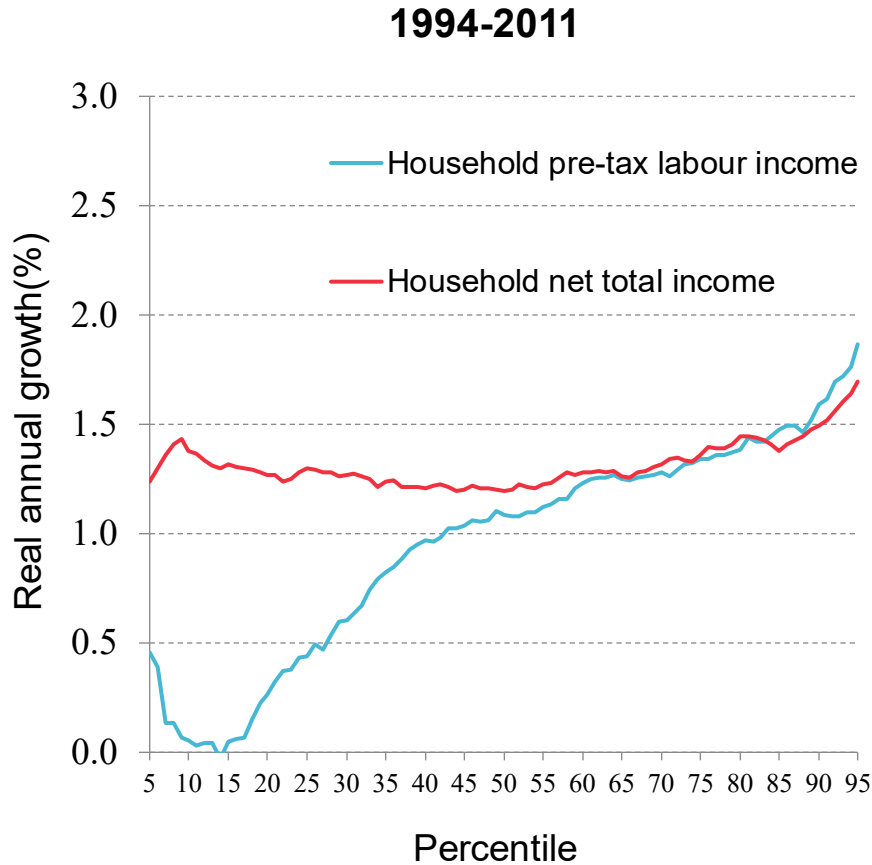
7 September 2022

@TheIFS

A quarter century of change

During the 2000s tax and benefit policy held back growing inequality

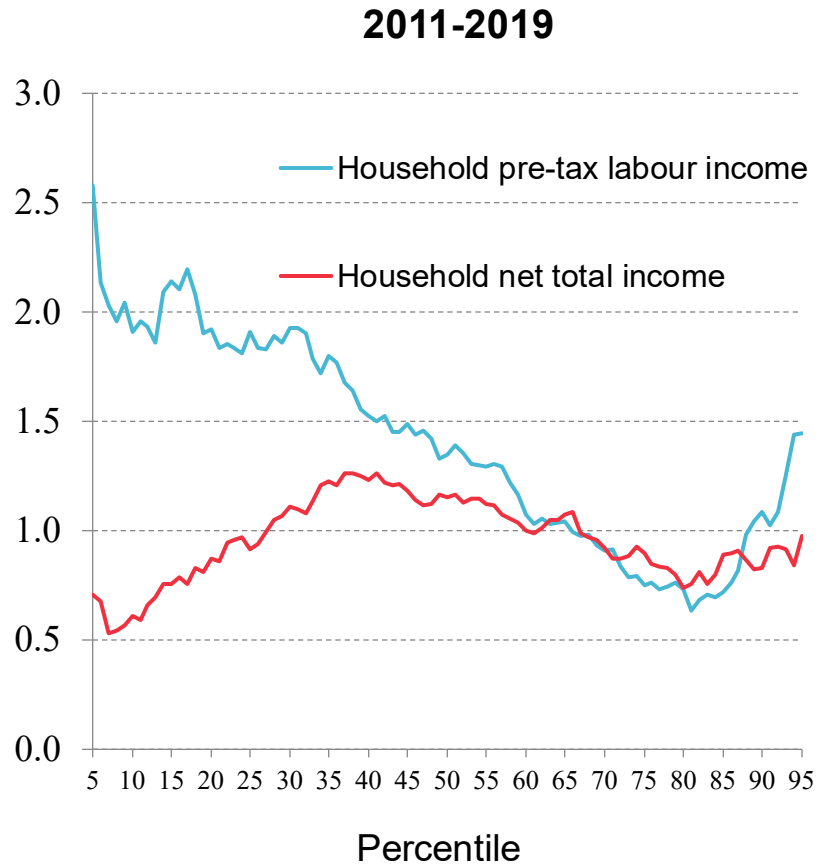
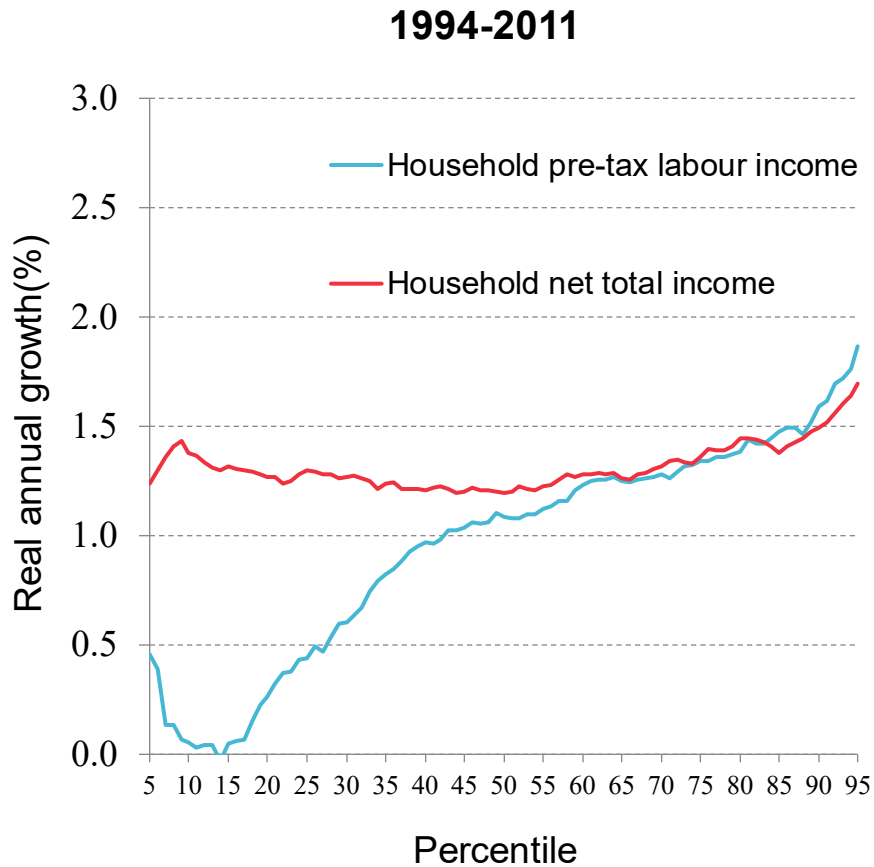
- Changes in household income by percentile, among households with 1+ adult in paid work



Source: Cribb, Joyce and Wernham (2022), 'Twenty-five years of income inequality in Britain: the role of wages, household earnings and redistribution', IFS Working Paper. Based on data from Family Resources Survey.

During 2010s the reverse occurred

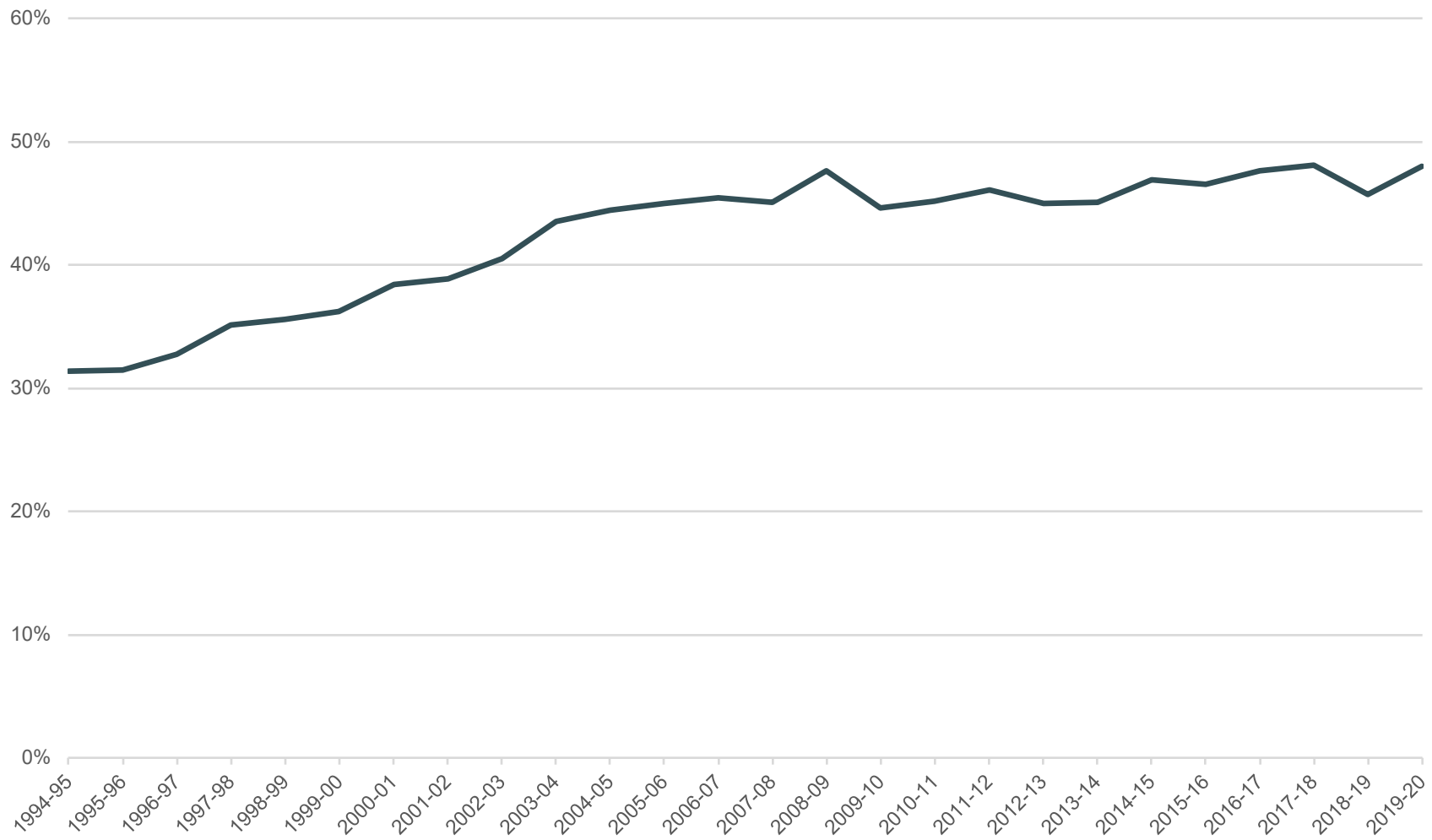
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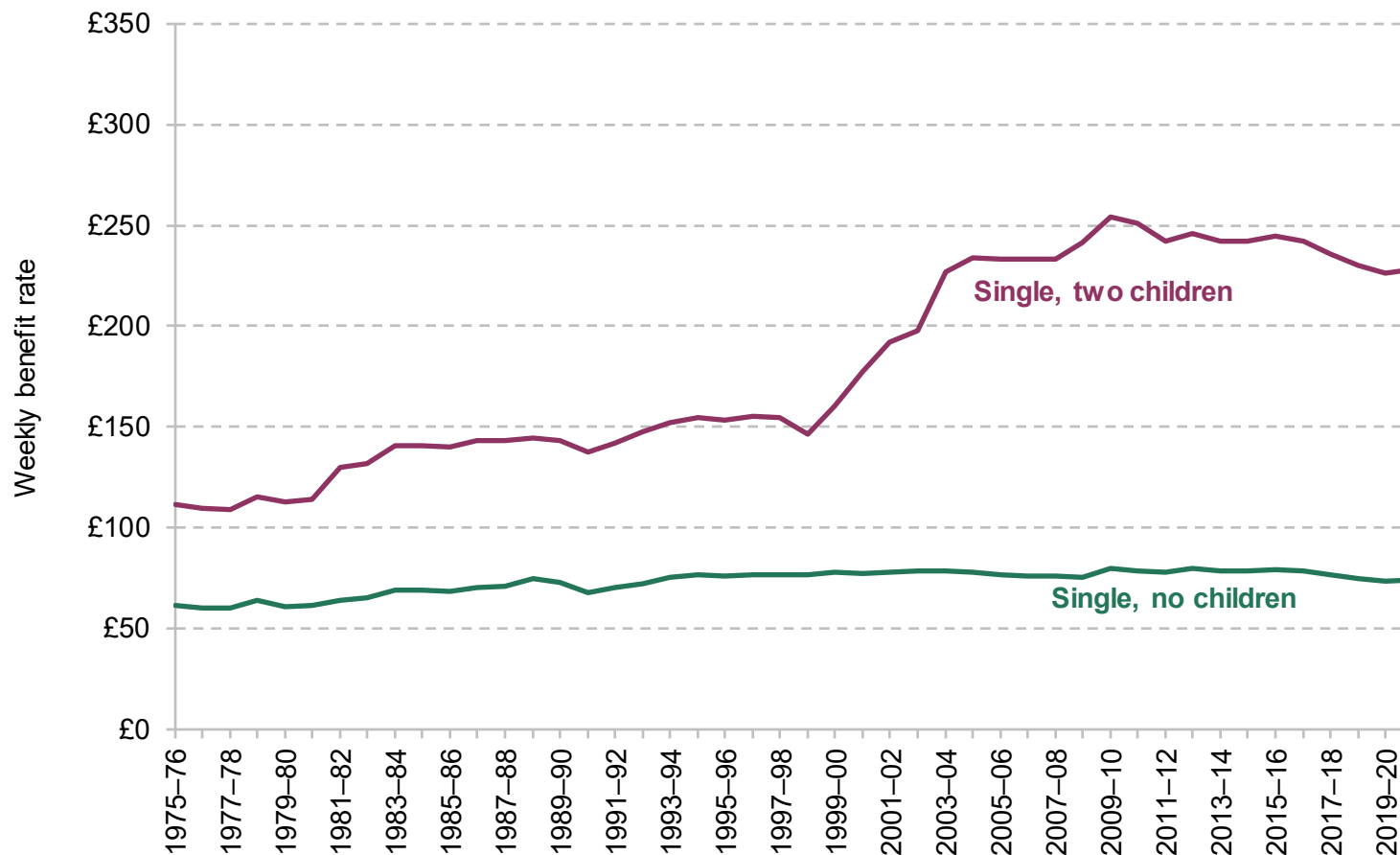
% of working-age benefits going to families with someone in work





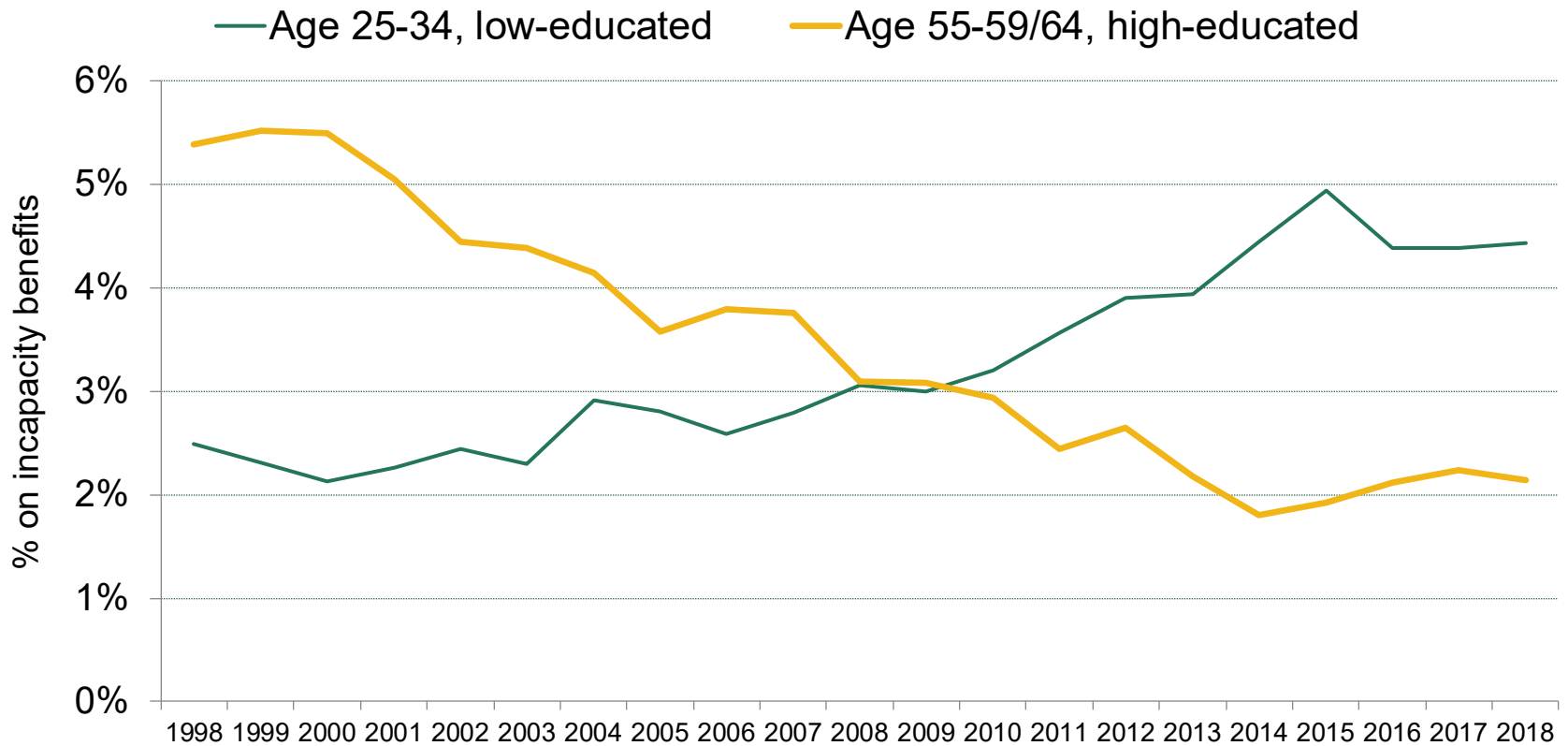
Shift towards families with children

Weekly benefit rates for out-of-work families (2020 prices)



Source: Authors' calculations using Family Resources Survey and TAXBEN

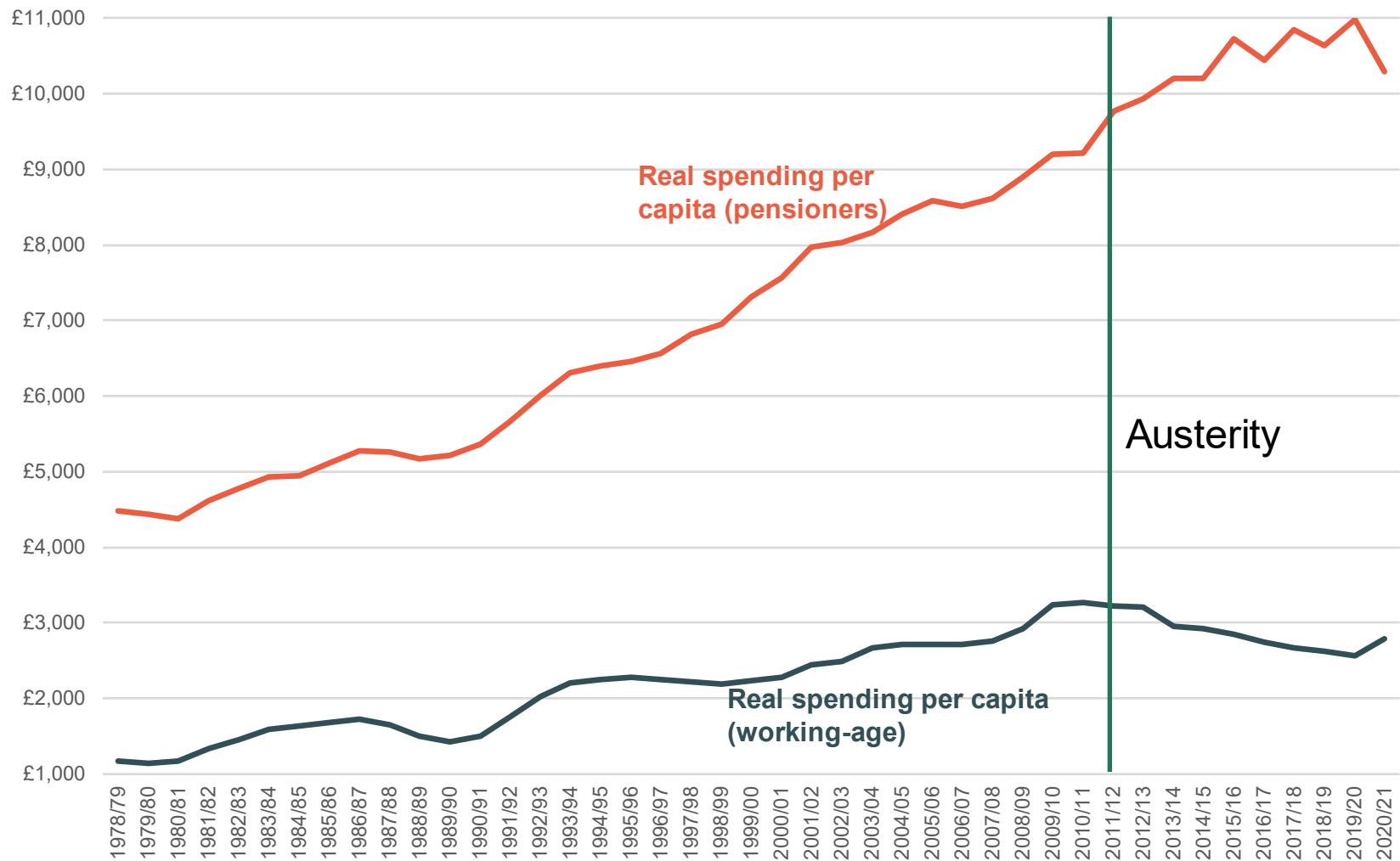
The changing role of incapacity benefits



Note: Data run to 2018Q3. 'Low education' means leaving education at or before the compulsory school-leaving age; 'high education' corresponds to leaving education after age 18. For the yellow series, the upper age limit is 59 for women and 64 for men.

Source: Labour Force Survey

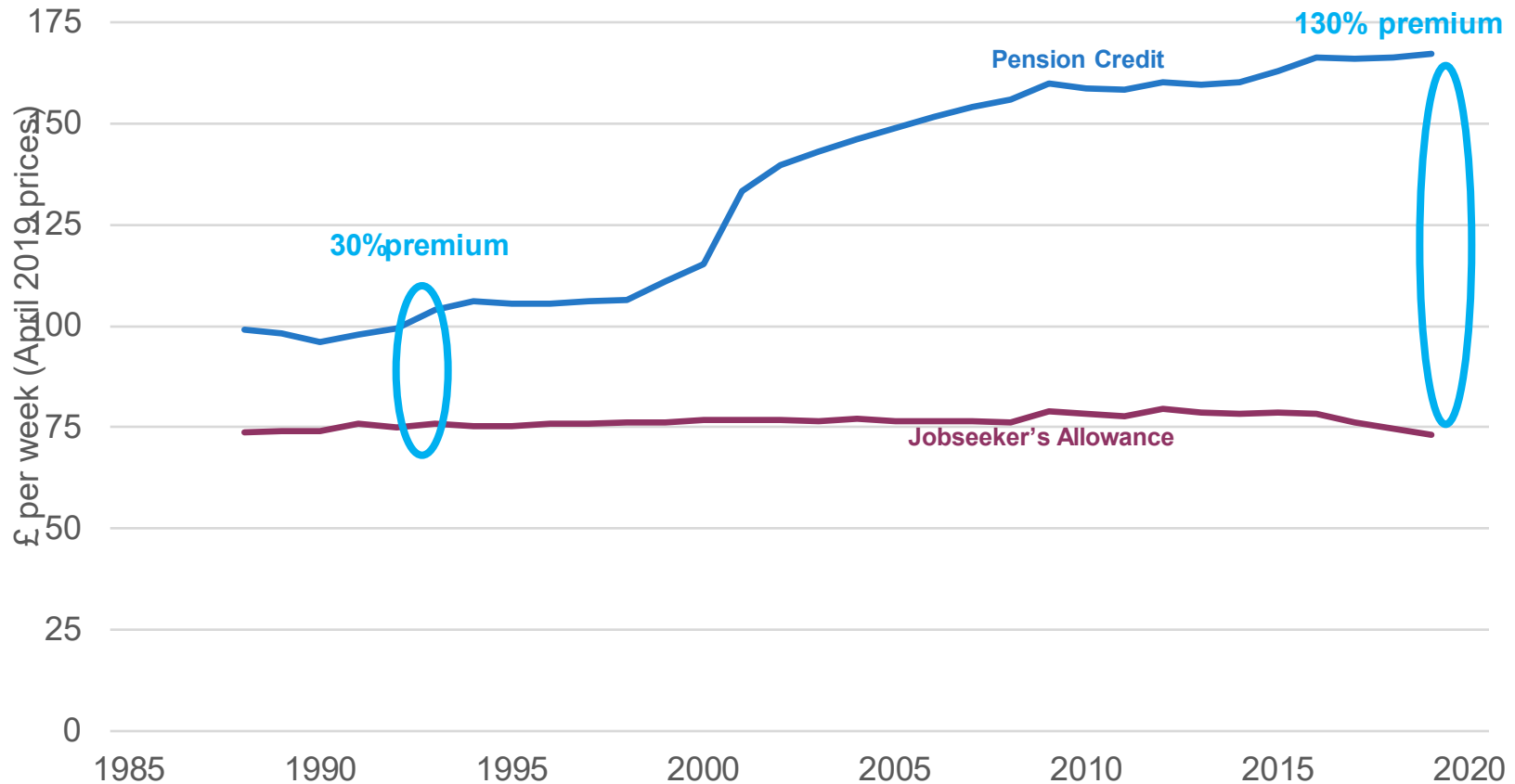
The difference between pensioner and working age benefits (1)



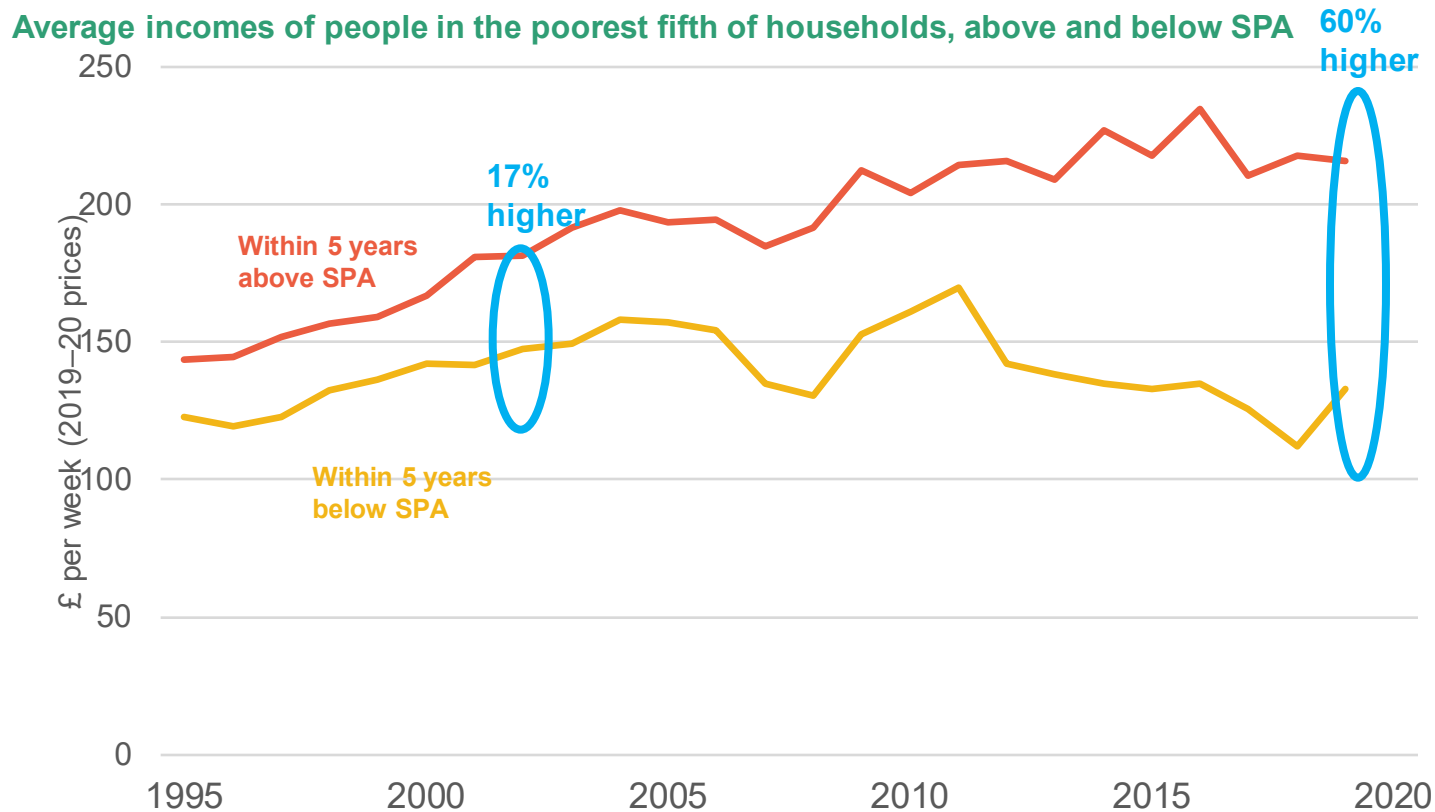
Source: Authors' calculations using DWP, "Benefit expenditure and caseload tables"

The difference between pensioner and working age benefits (2)

200 entitlements to pension credit and job seekers' allowance, 1998-2019

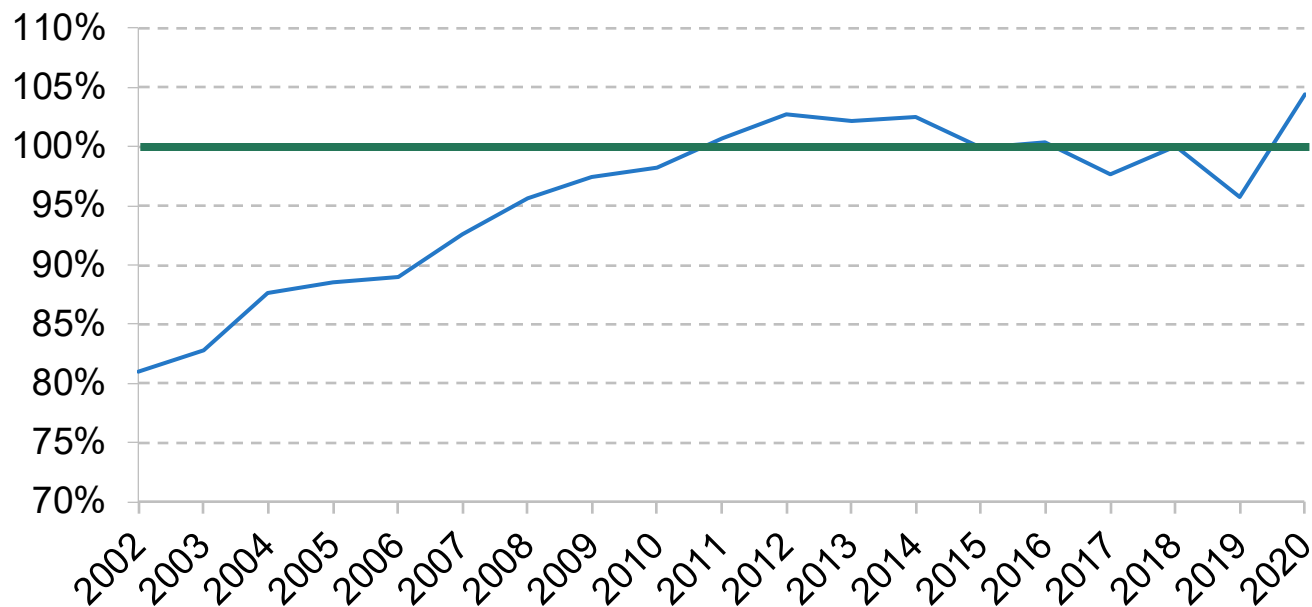


The difference between pensioner and working age benefits (3)



The triumph of the baby boomers

Median pensioner income as a percentage of median non-pensioner income, after deducting housing costs



Note: Pensioners defined as being over the state pension age, which rose for women from 60 to 66 from 2010 to 2020 and for men from 65 to 66 from 2018 to 2020. Using fixed age definitions of pensioner (at the pre-2010 or current state pension ages) makes essentially no difference to the result.

Source: IFS calculation using Family Resources Survey