

Life after 50

Issues for policy and research

Edited by Donald Hirsch

**Contributors: Donald Hirsch, Nick Donovan
and Cathy Street, Geraldine Barker and Ruth
Hancock, and Justin Davis Smith**

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Contributors

Donald Hirsch is Special Adviser, Joseph Rowntree Foundation.

Nick Donovan is a researcher at the New Policy Institute

Dr Cathy Street is a research associate at the New Policy Institute

Geraldine Barker is from the Nuffield Community Care Studies Unit, University of Leicester

Ruth Hancock is from the Nuffield Community Care Studies Unit, University of Leicester

Justin Davis Smith is Director, Institute for Volunteering Research.



Foreword

The Joseph Rowntree Foundation launched a new research programme, 'Transitions after 50', with a first call for proposals in March 2000.

The programme addresses the issues that arise for people making the transition from work to retirement, especially those for whom withdrawal from work becomes an issue before the state retirement age. As set out by Donald Hirsch in Chapter 1, there is a growing policy and research interest in this field, stimulated by changing patterns of work in later life.

Three issues that will be of particular interest in the years ahead concern:

- older people's opportunities in the workplace
- the effect of their working patterns on income into retirement
- the ways in which older people develop activities beyond paid work.

The Foundation commissioned reviews on what is known, and what are the gaps in our knowledge, in each of these areas. These reviews appear here. Between them they not only introduce the themes of the research programme, but also give a good overview of what we so far know about transitions after 50.

1

A new field of study

Donald Hirsch

Social scientists and government statisticians like to divide people's lives into neat compartments. Rather than Shakespeare's seven ages, they tend to use three: childhood, working age and retirement. For statistical purposes, 'working age' is deemed as 16–65, although women are often let off at 60. Of course, we do not expect that everybody in this age range should be working, yet we persist in viewing it as a norm for reference purposes, and tend to look separately at the issues confronting 'working-age' people and others.

However, over the past 20 years, it has come to be accepted that what was once a rather discrete transition from school to working life is now a more complex and drawn-out process in which features of the preceding and succeeding stages are combined. The study of this transition has therefore become a key interest of academics and policy makers around the world. As such study has matured, it has helped to bring together disciplines concerned with education and with the labour market, not just to work in parallel but also to develop new sub-disciplines (such as the study of work-based learning). At the policy level, the creation of the Department for Education and Employment is part of the same process – even if the joins still show.

At the other end of working life, transitions have also become much less neat. For a start, the timing of retirement no longer follows predictable patterns; for example, only about 40 per cent of men now work to age 65 (two-thirds did in 1979). Further, older workers with limited skills are in many cases drifting into retirement via unemployment and 'incapacity' rather than working one day and drawing a pension the next. A transitional phase can potentially be more positive; for example, for people who wind down from a lifetime job, via part-time consultancy, but such options at present are restricted to the mainly privileged few. As with the transition into work, the transition out of it may need to involve new kinds of bridges – periods during which working and non-working activities are combined in new ways – if people are to adapt

smoothly to the changes in activities and roles that they undergo in the course of their lives.

Yet, the transition from work to retirement has only recently started to become the focus of attention among academics, policy analysts and social commentators. For the Joseph Rowntree Foundation (JRF), the topic has arisen at the intersection of two of its close concerns. First, its interest in work and opportunity. Older people below retirement age have been finding it particularly difficult to keep a place in the workforce, and those who have drifted into long-term out-of-work benefits are among the hardest to help through welfare reform. Second, JRF is interested in seeking out the causes of poverty and social exclusion in later life. Potentially, events during the transition away from work can be an important influence, since work remains the single most important route to income and to social participation. In particular, since the level of the basic state pension relative to average earnings has fallen and inequality in retirement has increased, the adequacy of people's income in old age will in future be heavily influenced by their pension entitlements, which in turn are strongly affected by the timing of retirement.

There are, thus, several overlapping economic and social reasons for focusing on what is happening to older workers and to the process of transition to retirement.

- Concern about levels of participation in work among older people. These have been falling sharply for men, while older women have not shared in the rise of employment rates experienced by younger women. This trend could potentially undermine the productive capacity of the economy at a time when the proportion of adults aged under 50 continues to decline. (In the next 20 years, there will be a fall in the number of 'working-age' people under 50 and a rise in the number of those over 50, in both cases equivalent to about 10 per cent of today's workforce.) Looked at from the perspective of individuals, pressures to stop working relatively early, and the attitude of employers, can cut off options that could give them access to pay, self-respect and job satisfaction.

- Concern about how well we are providing for retirement. Again, there are collective and individual considerations. The proportion of the population who are working must at some level affect the overall ratio of pensions to earnings. If people are living longer and retiring earlier, there will be a downward pressure. For individuals, too, earlier retirement can have a compounded effect on well-being in old age, as fewer pension contributions or credits need to stretch to cover more expected years of retirement. (In some cases, however, individuals retiring early with occupational pensions have been cushioned from the full effect by being offered favourable terms. It can be argued that this is a perverse incentive, which is unsustainable across the economy in the longer term.)
- At a general level, the need to reassess the way in which society regards younger and older people and the contributions that they make. In employment, there is the danger of an imbalance in which people work very hard in their thirties and not at all in their fifties, even though family responsibilities may be greater in the former period. Outside paid work, it is in principle possible for older people to play different but highly valued roles, as they sometimes have done in the context of traditional extended families. However, it is not at all clear that in practice a growth in unpaid activities has replaced the decline in paid work – especially in the case of older men.
- More specifically, the combination of a number of trends among people in their fifties and early sixties which suggest that they are not finding it easy to replace the role of paid work. The most striking of these is a growth in the numbers on Incapacity Benefit, a limbo state in which people are not officially retired, have very little chance in practice of working again and, having been classified as ‘incapacitated’, are often disinclined to get involved in other activities. Another trend, which is harder to interpret, is that people in their fifties appear to have become the least likely to volunteer among adults of different ages. Many people in this age group do have caring responsibilities, but it is hard to account for a reduction in other activities by this factor alone.

All of these considerations are causing the United Kingdom, along with other countries, to start to take seriously the situation of older people in the process of withdrawing from work, rather than just looking on the one hand at policies for the labour market and on the other at policies affecting retired people. The Performance and Innovation Unit's (PIU's) report (PIU, 2000) on active ageing has analysed the trends and issues, and put a strategy for more active involvement of older people inside and outside employment close to the centre of government policy.

Yet, while the PIU gave a preliminary analysis of the situation, much more needs to be understood about what is happening to people in the transitions around the end of their working lives if policies to improve the situation are to be effective.

This must start with a better understanding of why it is that so many older people are becoming disenchanted with or excluded from work. If employers need in future to start hiring more older workers again – driven by simple demographics – it will be in their own interest to reverse the cycle of disillusion that often seems to set in. There is also a need to bring more information to bear on the decision to retire itself – insofar as people do have a choice, they need to understand very clearly the long-term income implications of cutting themselves off from earnings when they have perhaps 30 more years of life expectancy. Finally, the area where our knowledge is fuzziest at present concerns the activities of people beyond work: surveys, for example, of volunteering so far give us only a rough indication of what unpaid activities older people are engaging in.

In addressing such questions, it is important to consider the degree to which people's experiences are guided by *choices* and how much by *constraints*. The PIU report estimates that no more than one-third of the fall in employment rates over the past 20 years has arisen from people freely deciding to retire early. In fact, this figure has been arrived at through deduction rather than a detailed understanding of how the options available interact with older people's preferences. This interaction is worth researching, not just in terms of retirement decisions, but also, for example, in understanding whether more older people

would like to get involved in community-based activities if they had better understanding of and access to such activities.

These are just some of the ways in which the Joseph Rowntree Foundation's new research programme, *Transitions after 50*, aims to shed light on an important new area of research and policy interest. To find out in more detail what is known and what are the gaps in knowledge, the Foundation commissioned three literature reviews – on older people and work, on activity beyond employment and on the income dimension. These reviews are published as the following three chapters. Between them they set out a rich description of what is known and what we might investigate in this field.

When the Foundation was first developing its approach to this theme, there was some uncertainty about whether it posed a sufficiently wide range of questions to merit a programme of research. The chapters that follow illustrate why all such doubts have been dispelled. They set out an agenda for investigating a highly complex field, in which inquiry by a range of disciplines could help inform decisions that will affect older people's lives for many years ahead.

Reference

Performance and Innovation Unit (2000) *Winning The Generation Game*.
The Stationery Office

Introduction

Overview

The review presented here, which was undertaken by the New Policy Institute in the late summer of 1999, is largely focused on the *attitudes and ensuing behaviour* of employers, employees and employees' families towards retirement, staying in work, or possibly seeking some form of new employment, on either a part- or full-time basis. Older employees' personal experiences, the knowledge or beliefs on which they make decisions about paid work and the pressures they may face, possibly from their families/dependants, are other important areas of consideration.

The review considers all income groups and encompasses people taking early retirement, people moving frequently in and out of work, people working on a self-employed basis and those out of work for some time. Non-traditional forms of employment are also explored – although this excludes voluntary activities, which are considered in another chapter in this report. For a similar reason, only a very limited review of the literature on taxes, benefits and pensions is included here.

The material that follows is essentially based on a broad sweep of the literature concerning older people, paid work and their transition into retirement. This sought to:

- identify any significant gaps in the existing literature
- pick up on and briefly summarise any parts of key reports which have a focus on transition issues
- provide, where possible, some basic analysis of the key themes in the literature

- look at the kinds of working options being taken up by older workers
- identify any gender-based differences.

The Institute also examined the main databases held at the University of Essex such as the British Household Panel Survey (BHPS) to see what data might be extractable concerning patterns of movement out of and back into work for older people, and what calculations could be made in the future. Some information about these findings is presented, including a number of flow charts that were adapted from Tables 8 and 12 of the BHPS, and based on the 1999 work by Nigel Campbell, *The Decline of Employment among Older People in Britain*.

Review of the key texts

There is a large amount of literature relevant to the 'Older People and Paid Work' theme in the Joseph Rowntree Foundation's new programme, 'Transitions after 50'. It is concentrated in several areas: economic literature documenting and analysing the decline of employment among the over-fifties, particularly relating to the spread of occupational pensions; ageism, in particular the attitudes of employers towards older workers; and older men who are detached from the labour market. There are also several areas, which might be of importance, where there is little or no data or research: family pressures, in particular 'eldercare' responsibilities; the process of making a decision to withdraw from the labour market; the working options taken by individuals near the end of their working lives; and the labour market activity of older women.

The decline in the employment of the over-fifties has been analysed in several pieces of published research. The most directly relevant analysis is *The Decline of Employment among Older People in Britain* (1999) by Nigel Campbell. Campbell poses certain questions about the decline of employment and draws upon the Labour Force Survey, British Household Panel Survey and other research in order to attempt to answer them. Questions considered include the following. Are more people voluntarily choosing to retire early? Has there been a reduction in the labour supply? Does the more widespread availability of occupational pensions encourage early retirement? Has there been a shift

in the demand for labour away from older men? Has age discrimination increased? Particular attention was paid to the effect of occupational pensions and the reduction in labour supply.

Some of these questions are also the concern of *The Dynamics of Retirement: Analyses of the Retirement Survey* (1997) edited by Richard Disney, Emily Grundy and Paul Johnson. This provides a comprehensive picture of retirement patterns as well as income dynamics, disability and health status, financial assets, housing wealth, and occupational and private pensions. Follow-up work emerging from the analysis of the Retirement Survey, for example, 'The dynamics of male retirement behaviour' (1998) by Sarah Tanner, has concentrated upon the effects of occupational pensions on retirement patterns.

The above research has mostly examined the effect of occupational pensions on the behaviour of individuals (who are, after all, the objects of the surveys on which much of this literature is based). The three texts which touch upon the role of the employer in the growth of early retirement are *Retiring Nature: Early Retirement in Local Government* (1997) from the Audit Commission, *Lost Time: The Management of Sickness Absence and Medical Retirement in the Police Service* (Home Office, 1997) from Her Majesty's Inspectorate of Constabulary (HMIC), and C.J.M. Poole, 'Retirement on grounds of ill health: cross sectional survey in six organisations in the United Kingdom' (1997). The Audit Commission found that three out of four local government staff retire early – almost 40 per cent on health grounds. The HMIC found similar results in the police service. They also found wide disparities between the use of medical retirement in different forces: 16 per cent of retiring officers in Kent do so on medical grounds compared to 72 per cent in Merseyside.

Characteristics of Older Workers: Secondary Analysis of the Family and Working Lives Survey (1998) by Stephen McKay and Sue Middleton is also very relevant to the forthcoming JRF programme. McKay and Middleton explore many different aspects of older worker's lives. In particular, they analyse the chances of leaving employment, unemployment or inactivity at various ages. They also ask about people's experiences of age discrimination in making job applications – finding that only 5 per cent of

people believed that they had suffered from age discrimination in this area.

Age discrimination – in both searching for work and other areas – is the focus of a series of other surveys and research. Research looking at the attitudes of employers includes that conducted by Philip Taylor and Alan Walker: ‘Employers and older workers’ (1993); *The Ageing Workforce: Employers’ Attitudes towards Older People* (1994); and ‘Policies and practices towards older workers: a framework for comparative research’ (1997). It also includes Metcalf and Thompson, *Older Workers: Employers’ Attitudes and Practices* (1990), Cindy Russell and Keith Faulkner, *Age and Employment in the Rhondda Valley* (1997) and James Arrowsmith and Anne McGoldrick, *Breaking the Barriers* (1996). Research which asks individuals about their experience of age discrimination, rather than employers, includes the aforementioned *Characteristics of Older Workers* (1998) by Stephen McKay and Sue Middleton and also research conducted by outplacement consultants Sanders and Sidney, *Ageism in Employment* (1995). Finally, the Government has recently published its Code of Practice on age discrimination: *Age Diversity in Employment* (1999). The publication of the Code of Practice was preceded by that of *Action on Age: Report of the Consultation on Age Discrimination in Employment* (1998).

Another key concern that is the focus of the available literature is the detachment of older men from the labour market. The rise of economic inactivity among people of all ages is the focus of *Unemployment and Non-employment: Unpacking Economic Activity* (1998), by Paul Gregg and J. Wadsworth. Gregg and Wadsworth used the Labour Force Survey to delineate the national trends in labour market detachment. As outlined earlier, while older women have not shared in the rise in employment of women generally, the shocking story is that of the decline in employment and the rise in economic inactivity (as distinct from unemployment) of older men. As older men have contributed disproportionately to the rise in economic inactivity among men in general, they feature prominently in *The Detached Male Workforce* (1999a), by Christina Beatty and Stephen Fothergill. The focus of this work is those men who are neither employed nor recorded as unemployed. It

presents the results of a large-scale survey into the labour market activity, and financial and household circumstances, of men aged 25–64 who have not had a regular full-time job for most or all of the preceding six months. One in five of these men described themselves as retired while over one-third of these men's self-declared status is long-term sick or disabled. A companion report by Beatty and Fothergill, *Incapacity Benefit and Unemployment* (1999b), looks in more detail at the labour market activities of Incapacity Benefit recipients.

Possible gaps in this body of literature

By contrast, there is much less in the literature on the position of women in the labour market. Basic data are of course available from the main employment and household surveys. A comparative piece detailing older women's labour market activity in European countries is also available (Harrop, 1990). However, there is little else specifically focused on female employment. This perhaps reflects the fact that the main change over the last three decades has been the decline in employment of older males – rather than the fact that older women haven't shared in the wider increase of female employment.

There is also little research available on the attitudes of an individual at the point of withdrawal from the labour market. The Policy Studies Institute conducted a review on behalf of the Carnegie Inquiry into the Third Age, which covers some issues in this area (Casey *et al.*, 1991). The Retirement Survey also provides some basic reasons that people give for early retirement. But there is very little qualitative data or research that begins to untangle the many possible reasons which may cause someone to leave the labour market.

It also might be profitable to explore the process of labour market disengagement as it affects older people. Activists and organisations working in the field of older unemployed people describe a process of rejection and disenchantment, which worsens as people get closer to the formal retirement age. These psychological processes have been touched upon in research by Paul Jackson and Philip Taylor (1994). Some further research that explores the psychological pressures facing older people who are out of the labour market might be complementary to economic analyses of the benefits and pensions regimes.

There is also little research into the types of employment which people may enter as they get older. Labour force statistics are available which demonstrate that older people are more likely to be in part-time employment and/or in self-employment than their younger counterparts. However, we have little knowledge of why, how or when people enter these employment states.

It is possible that, in the ‘decision’ of an individual to withdraw from the labour market, there are pressures stemming from the individual’s family. Concerns about the worker’s health may prompt a spouse to persuade their partner to retire early; the individual may decide to wind down or end their career to spend more time with their family; the retirement of a spouse may prompt one’s own retirement – these are just some of the possible factors which may lie behind early withdrawal from the labour market. We have been unable to find any research that explores these areas.

There is, however, a small amount of literature on one of the pressures which may stem from one’s family – caring responsibilities. These are thought to be important in the decision to withdraw from the labour market for a significant minority of individuals. Data from the Retirement Survey reveal that 5 per cent of early retirees do so because of the ill-health of others. Other research carried out by Beatty and Fothergill (1999a,b) found that 21 per cent of the detached male workforce aged 55–64 described themselves as full-time carers. There are some other analyses, mostly using the supplementary questions asked in the 1985 General Household Survey, available on the impact of caring responsibilities on labour force participation among older people (Askham *et al.*, 1992; Evandrou and Winter, 1993; Philips, 1994). However, there is little research which examines either the extent of withdrawal from the labour market because of caring responsibilities or the circumstances surrounding an individual’s decision to withdraw.

Consultation

These findings have been supported by other organisations that we consulted during this review.

Our contacts included the following: the Industrial Relations Unit at the University of Warwick; the Audit Commission; UMIST; the Employers' Forum on Age and Age Concern; the Third Age Employment Network; the Pre-Retirement Association; the National Pensioners' Convention; the Association for Retired People (ARP.50); the Local Government Department of Warwick Business School; the Campaign against Age Discrimination in Employment (CAADE); the Carers' National Association; the Carnegie Third Age Programme; Sheffield University; the Open University Business School; Centre for Policy on Ageing; Loughborough University Centre for Research in Social Policy; and the Institute of Employment Studies.

Overall, the advice and information gathered from this array of organisations indicated the following.

- Whilst the overall body of literature about this age group is vast, the literature and research concerning employee attitudes and experiences is much smaller and less developed.
- The main focus of the existing literature is on issues concerning pensions, age discrimination and employers' attitudes towards older workers.
- It was suggested that data on the influences of employees' families were particularly limited and that this is one area which clearly warrants further research. This was also widely thought to be true for research into gender-based differences.
- Furthermore, a number of people suggested that the *suitability of available work* for older people requires greater attention – basing policy on simple counts of job vacancies misses the complexities of the situation completely ... the comment that 'not every older person wants to work in B&Q' was typical of some of the views expressed when discussing the difficulties of encouraging older people back into paid employment.

Background

Present context

There are around eight million people aged between 50 and the state pension age in Great Britain. Of these, 69 per cent are economically active – defined as those in employment plus the International Labour Organisation (ILO) unemployed (i.e. have looked for work in the last four weeks) – compared with 79 per cent for all those of working age (see Table 2.1).

Historical trends

These employment patterns have changed over time. Employment of men aged between 55 and 64 was relatively stable from the 1950s to the middle of the 1970s. Over the same period, female employment of those aged between 55 and 64 rose. However, from the late 1970s, employment of older men and women fell – dramatically in the case of older men. While unemployment increased slightly for older men (and remained unchanged for older women), economic inactivity increased markedly (see Table 2.2).

Table 2.1 Economic activity status: by gender and age, autumn 1998, UK percentages

	Men			Women		
	50–64	65+	All 50+	50–59	60+	All 50+
In employment						
Full-time employees	49	1	28	28	2	11
Part-time employees	4	3	4	28	5	1
Self-employed	15	3	10	6	1	3
All in employment	69	7	42	63	8	27
Unemployed	4	–	2	2	–	1
Economically inactive						
Seeking work	0	–	0	–	–	–
Not seeking work	27	93	56	35	92	72
All economically inactive	27	93	56	35	92	72
All (= 100%) (thousands)	4,828	3,713	8,541	3,507	6,551	10,058

Source: Table 2.1, *Social Focus on Older People*, ONS, 1999.

Table 2.2 Employment, unemployment and inactivity, 1979–1997 (%)

		Men all	Men 55–65	Women all	Women 55–60
Employment	1979	90.8	79.4	60.2	50.9
	1997	80.6	58.3	68.9	50.4
	Difference	-10.2	-21.2	+8.6	-0.5
Unemployment	1979	4.3	3.8	3.7	2.2
	1997	6.2	4.6	3.9	2.2
	Difference	+1.9	+0.9	+0.2	0.0
Economic inactivity	1979	4.9	16.8	36.0	46.9
	1997	13.3	37.1	27.2	47.4
	Difference	+8.4	+20.3	-8.8	+0.5

Source: Table 1, *The Decline of Employment among Older People* (Campbell, 1999).

Table 2.3 The percentage of men aged 55–64 working in ten countries, 1971–91

	1971	1975	1980	1985	1987	1988	1989	1990	1991	% change 71–91
US	77.3	71.4	68.8	64.4	64.5	64.1	64.3	64.5	62.5	-19.1
France	73.0	67.1	65.3	46.7	43.9	43.7	43.6	43.0	42.0	-42.5
Germany	77.1	66.7	64.1	53.6	54.1	52.5	51.7	-	-	-32.9
Netherlands	79.3	69.9	61.0	44.2	44.7	44.5	44.2	43.9	41.8	-47.3
Sweden	82.8	80.7	77.5	73.2	73.4	73.7	73.9	74.5	73.9	-10.7
UK	82.9	82.0	73.9	59.4	58.1	60.1	61.6	63.4	61.5	-25.8
Ireland	82.4	76.1	72.2	64.7	62.7	61.9	59.9	59.1	-	-28.3
Portugal	82.1	77.1	74.8	64.9	62.1	62.1	63.9	65.4	66.5	-19.0
Spain	82.7	76.7	71.5	59.1	57.0	56.1	56.7	57.2	56.2	-32.0
Canada	78.8	76.3	72.7	64.3	61.9	62.5	-	61.0	-	-23.6

Source: OECD statistics on the working population, in Stiehr and Schumacher (1996).

This pattern is reflected in most industrialised countries, as shown in Table 2.3.

Movement in and out of work

This section examines patterns of movement both out of and back into work for older people – the numbers involved, the relative incidence of sudden breaks of employment and gradual drift away from steady work, – and differences between male and female patterns.

The most useful sources for analysing movements in and out of work are panel surveys. Analysis of the British Household Panel Survey (BHPS) provides data directly relevant to this area. Also useful is the Retirement Survey – although only two waves of this survey are available. The main use of the BHPS has so far been in *The Decline of Employment among Older People in Britain* (Campbell, 1999). There follows a summary of his findings and a re-ordering of some of the data presented by Nigel Campbell.

Transitions between different labour market states

The ‘gradual drift away from steady work’ depends upon one’s age. Men aged over 55 are more likely to move from employment into retirement. Men aged between 45 and 54 are more likely to move into long-term sickness. Tables 2.4 and 2.5 provide some idea of the transitions between different labour force states.

Table 2.4 Men’s transitions between different labour force states (%)

Labour force state initially (1990)	Labour force state at end of BHPS period (1996)					Total
	Employed	Unemployed	Long-term sick	Retired	Student or other	
Employed	67	5	6	22	0	100
Unemployed	19	26	23	31	1	100
Long-term sick	3	3	62	31	1	100
Retired	5	0	2	93	0	100

Source: BHPS, Table 14; Campbell (1999).

Table 2.5 Women’s transitions between different labour force states (%)

Labour force state initially (1990)	Labour force state at end of BHPS period (1996)					Total
	Employed	Unemployed	Long-term sick	Retired	Looking after family	
Employed	66	4	4	20	6	100
Unemployed	33	15	4	19	30	100
Long-term sick	4	0	58	31	6	100
Retired	6	3	1	74	16	100
Looking after family	15	1	6	24	54	100

Source: BHPS, Table 15; Campbell (1999).

Patterns in and out of work

There are limitations to the usefulness of knowing people's official labour force status. As some of the research in this area indicates, the lines between status as long-term sick or disabled, unemployed or early retired are not clear-cut. More useful, perhaps, is to know people's movements in and out of employment.

We have designed several flow charts which show how people move in and out of the labour market and their chances of returning to work after various stages. Figures 2.1 to 2.7, derived from Campbell's analysis, provide an overall picture of different cohorts' movements between employment and non-employment over a six-year period.

We attempted to use the BHPS to look at reasons for moving out of work among older people. However, in our opinion, the sample size is too small to provide any meaningful data. However, although not attempted within this study, it would be possible to re-analyse the BHPS and break down these flows further to provide a picture of movements into self-employment and part-time working.

Working options

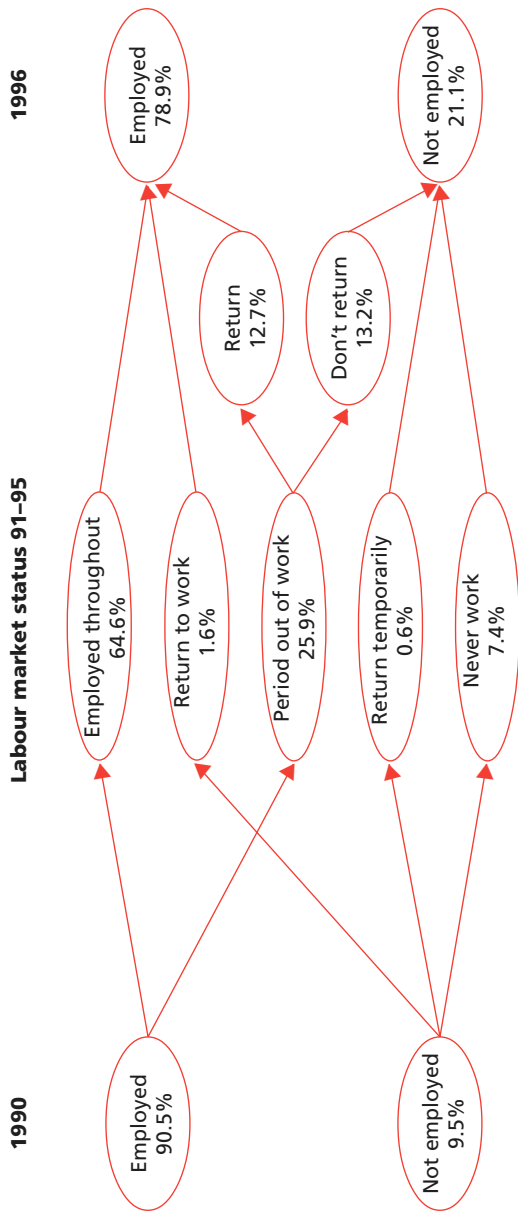
This section explores the kinds of working options being taken by people around the end of their working lives, including part-time and self-employed work.

The Labour Force Survey (LFS) provides a statistical picture of the types of working options being taken by older people. There is, to our knowledge, very little qualitative research into the types of working options being taken by people around the end of their working lives. Although not undertaken for this review, analysis of the BHPS could perhaps provide data on movements into and out of different forms of employment.

Part-time employment

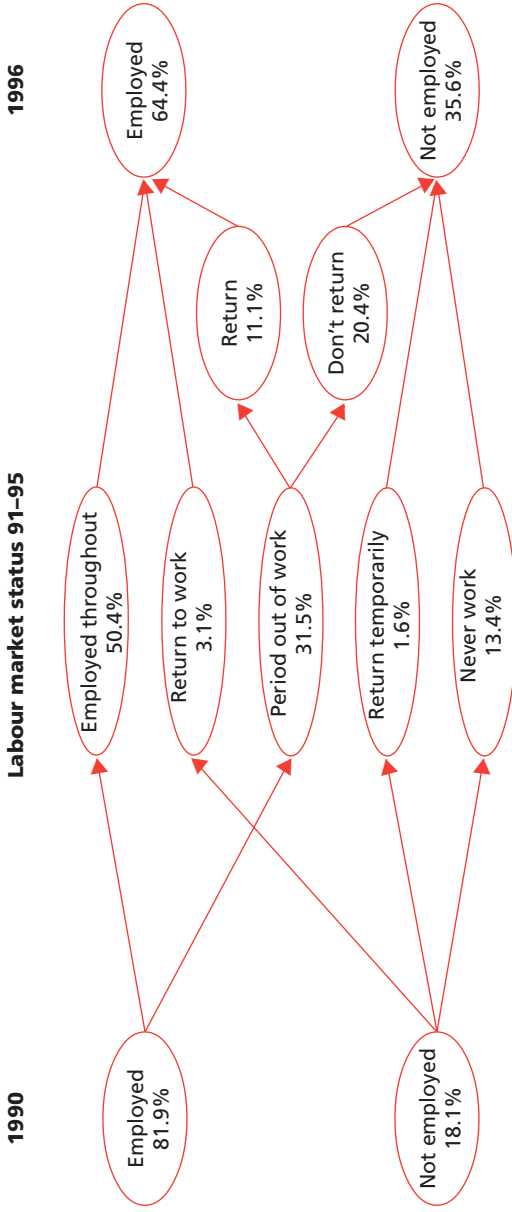
Older people are more likely to work part time than their younger counterparts. As Figure 2.8 shows, 27.1 per cent of 50–59 year olds and 35.5 per cent of 60–64 year olds work part time, as compared to 20.5 per

Figure 2.1 Movements of older people in and out of employment: men aged between 45 and 49 in September 1990



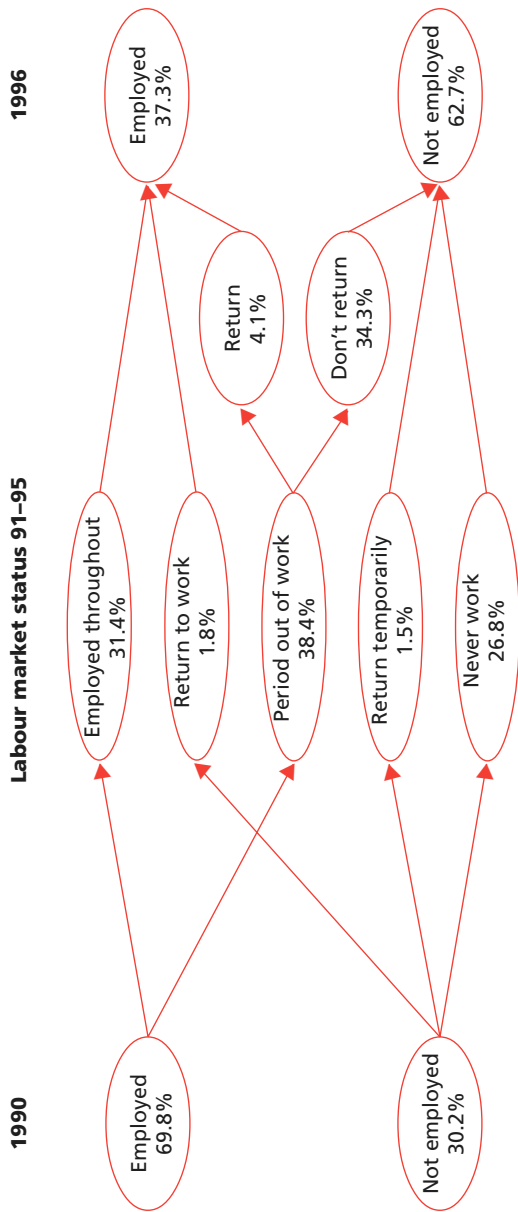
Source: BHPS, adapted from Tables 8 and 12; Nigel Campbell, *The Decline of Employment among Older People in Britain* (1999).

Figure 2.2 Movements of older people in and out of employment: men aged between 50 and 54 in September 1990



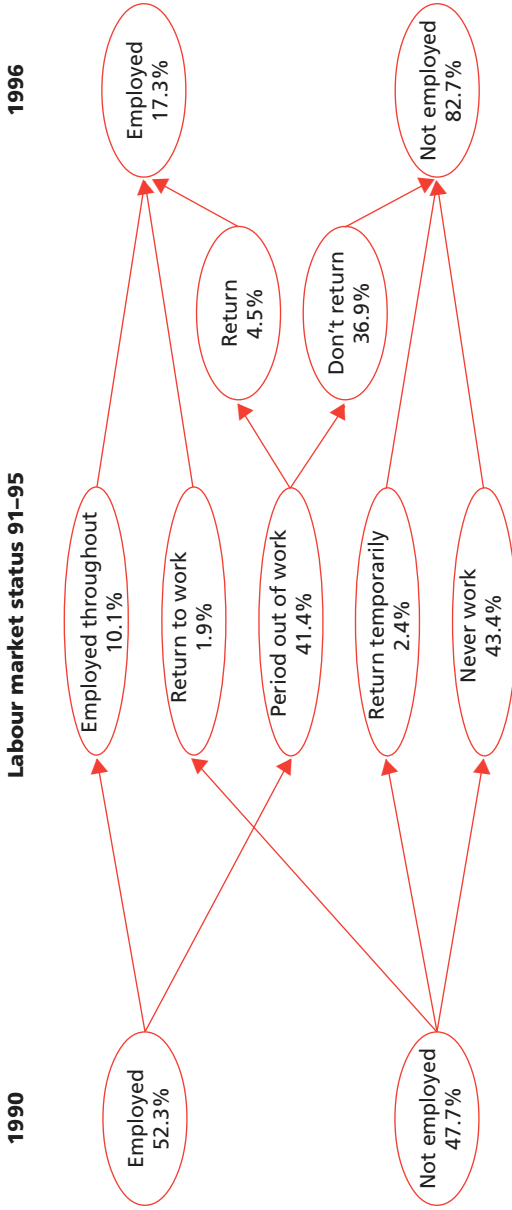
Source: BHPS, adapted from Tables 8 and 12; Nigel Campbell, *The Decline of Employment among Older People in Britain* (1999).

Figure 2.3 Movements of older people in and out of employment: men aged between 55 and 59 in September 1990



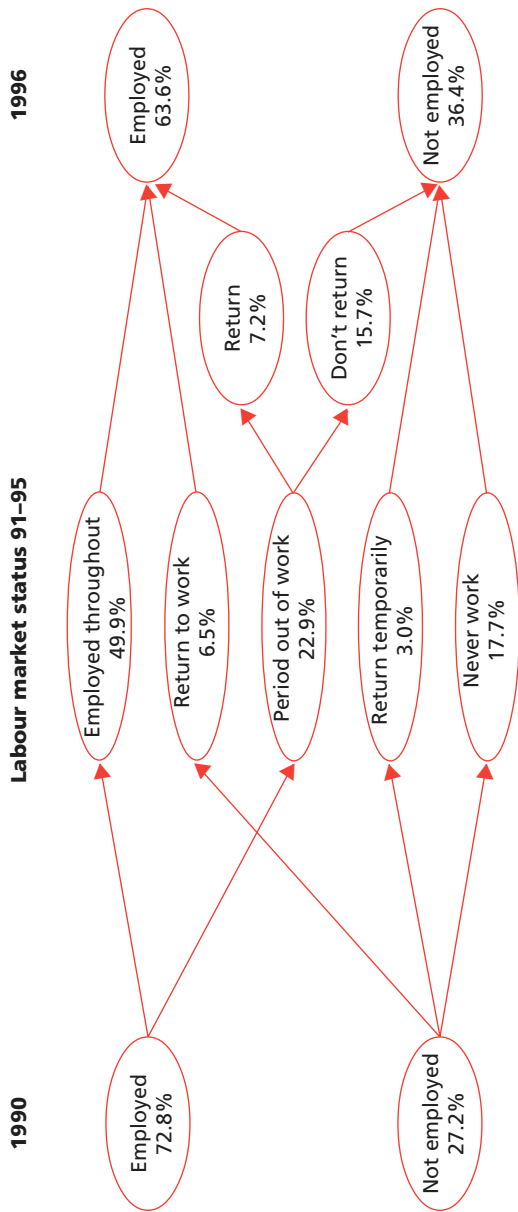
Source: BHPS, adapted from Tables 8 and 12; Nigel Campbell, *The Decline of Employment among Older People in Britain* (1999).

Figure 2.4 Movements of older people in and out of employment: men aged between 60 and 64 in September 1990



Source: BHPS, adapted from Tables 8 and 12; Nigel Campbell, *The Decline of Employment among Older People in Britain* (1999).

Figure 2.5 Movements of older people in and out of employment: women aged between 45 and 49 in September 1990



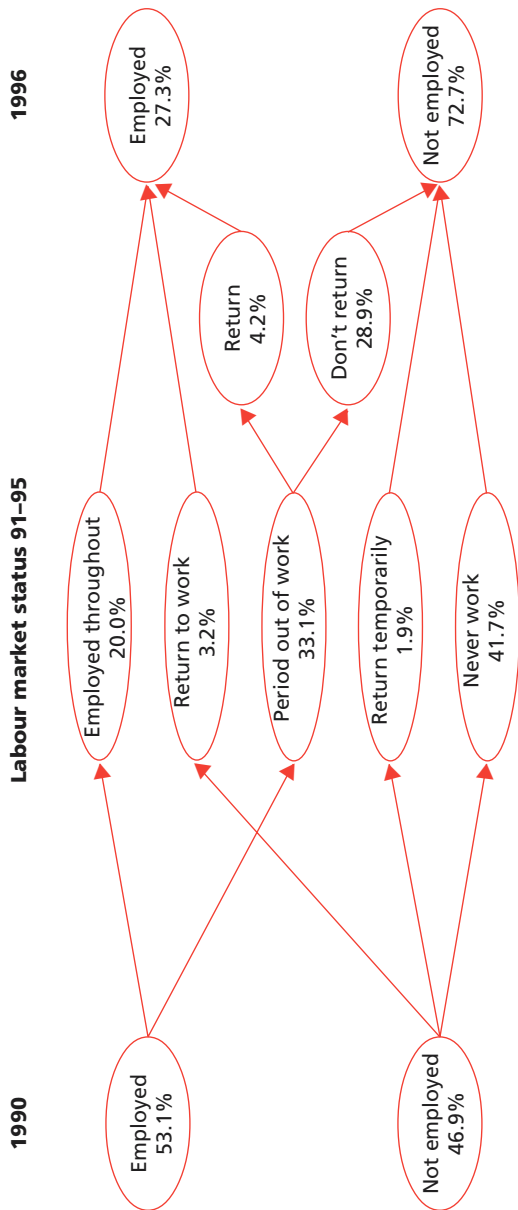
Source: BHPS, adapted from Tables 8 and 12; Nigel Campbell, *The Decline of Employment among Older People in Britain* (1999).

Figure 2.6 Movements of older people in and out of employment: women aged between 50 and 54 in September 1990



Source: BHPS, adapted from Tables 8 and 12; Nigel Campbell, *The Decline of Employment among Older People in Britain* (1999).

Figure 2.7 Movements of older people in and out of employment: women aged between 55 and 59 in September 1990



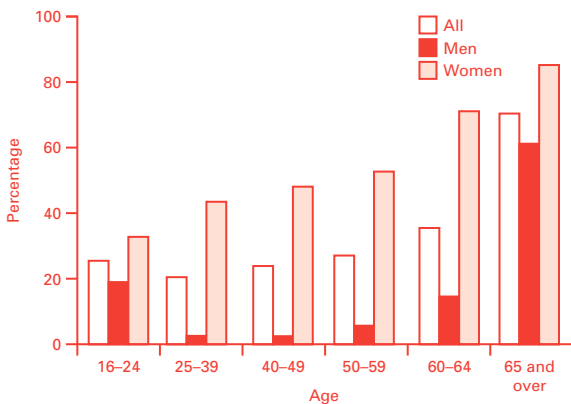
Source: BHPS, adapted from Tables 8 and 12; Nigel Campbell, *The Decline of Employment among Older People in Britain* (1999).

cent of the 25–39 age group. These figures hide significant differences between males and females. More women than men of all ages work part time – and the percentages of women working part time rises with age. The pattern with men is different: very few men aged between 25 and 59 work part time while significantly more of the under twenty-fives and over sixties do so (Tillsley, 1995).

Among these older people in part-time jobs, few report that their present job is the same as their lifetime’s work. Furthermore, such changes in employer or occupation are likely to be associated with occupational downgrading (Casey *et al.*, 1991, p. 11). This implies that the ideal of many people – to gradually wind down from their present job rather than run down the cliff face of standard retirement – is not being realised.

Despite this, most older people who are working part time are doing so voluntarily. According to the 1990 Labour Force Survey, fewer than 5 per cent of all part-time workers would have preferred a full-time job and almost no women reported that they would prefer working full-time (Casey *et al.*, 1991, p. 12).

Figure 2.8 Part-time employment by age (percentage of all in employment), spring 1994



Source: LFS, adapted from Tillsley (1995).

Self-employment

Older people are also more likely than younger people to be in self-employment. Of all people aged 16 or over in employment in spring 1994, 12.8 per cent were self-employed. This rises to 17 per cent among workers aged between 50 and the state pension age, and to 24.9 per cent of those over the state pension age (Tillsley, 1995).

The greater likelihood of older people to be self-employed partly reflects the fact that the self-employed tend to work longer than employees and to retire later (McKay and Middleton, 1998). Some 'push' factors, such as employees' personnel policies, and 'pull' factors, such as the existence of occupational pensions that encourage early retirement, are absent – encouraging later retirement.

Before starting a period of self-employment, 68 per cent of older people were working as employees, 11 per cent were unemployed and 21 per cent described themselves as inactive (McKay and Middleton, 1998). Reflecting on higher 1988 figures, Casey *et al.* (1991, p. 11) comment: "Just over 40% of these older entrants were previously retired or economically inactive. This suggests that some older people are making a positive choice to become self employed." When questioned in the Retirement Survey, most self-employed people confirmed this – giving positive reasons for having chosen to work in this way.

Attitudes

This section examines the attitudes of workers at the point of transition to retirement/continuing employment and the attitudes of employers and of employees' families.

There is a plethora of research into the attitudes of employers and organisations towards older employees. This research encompasses age discrimination in both job applications and promotion, and also the availability of vocational training.

There are some data available on the attitudes of people towards retirement generally (as opposed to their attitude towards their own retirement). For example, one survey, *The 'Midlifers' Generation: Attitudes*

to Work, Retirement, Money and Family of Men and Women approaching Retirement (Guardian Royal Exchange, 1992), provides a picture of people’s views on the advantages and disadvantages of retirement: for example, 60 per cent of people thought that the main disadvantage of retirement was a smaller income. Unfortunately, this particular survey suffers from an idiosyncratic design. The Policy Studies Institute in its report for the Carnegie Trust (Casey *et al.*, 1991) also cites a number of older surveys which provide certain insights into people’s attitude to retirement in general.

However, there is little research available on the attitudes of individual employees towards their own retirement. We still know little about the decision-making process which leads up to withdrawal from the labour market. For example, it may be useful to know, say, whether there are changes in how individuals value leisure time, or whether their satisfaction with their job declines with age.

Attitudes of individuals

Employees

Table 2.6 provides the reasons given for early retirement in the Retirement Survey.

Unfortunately, we don’t have statistics that enable us to examine the reasons for withdrawal from the labour market into all labour force

Table 2.6 Reasons for early retirement

	All (%)	Men (%)	Women (%)
Own ill-health	26.6	26.0	27.7
Ill-health of others	5.2	4.1	7.5
Involuntary redundancy	14.5	15.0	13.7
Voluntary redundancy – reasonable financial terms	17.8	23.6	7.1
Spend more time with family	5.4	2.5	10.7
Enjoy life while young and fit	5.7	5.8	5.4
Fed up with work or wanted a change	5.3	4.4	6.9
Other	12.7	8.5	20.5
Fixed retirement age	6.9	10.3	0.7

Source: Table 2.19, *The Dynamics of Retirement*, Disney *et al.* (1997).

states: unemployment, long-term sickness or disability and early retirement.

This lack of knowledge is obviously important when considering policy options designed to encourage workers to stay in the labour market for longer. For example, it is not known how workers would react to financial incentives to remain in work, because we are not certain of the role that non-financial motives play in retirement behaviour.

Those without work

It can be seen from Figures 2.1 to 2.7 that, once an older person is out of work, the chances of ever re-entering employment are slim and this situation worsens with age. These diminishing employment chances do not go unnoticed by older individuals who are looking for work. It is thought that there is a gradual withdrawal from the labour market by older people – the first experience of life without a job is disillusioning and every rejected job application detaches the individual still further from the labour market. One researcher working in this area believes that “many people over 50 may gradually write off their chances of employment, a trend which increases the nearer the 60 year old threshold approaches” (Ford, 1997).

This belief was confirmed in one piece of research into adult males – this showed a process of psychological withdrawal from the labour market prior to reaching the formal retirement age. The research drew upon longitudinal data from three interviews with 175 unemployed males aged over 50. It used the General Health Questionnaire – a self-administered screening test which covers a range of types of distress from anxiety, depression and low self-esteem – to measure well-being.

The researchers found that:

For those not 56 years old who labelled themselves as retired, it is possible to see a gradual withdrawal from the labour market at a psychological level before it becomes apparent in formal terms. At the first interview, all those contacted said they thought of themselves as unemployed and most were also actively seeking work. Although the prematurely retired still thought of themselves as unemployed at the time of the second interview,

many of them said they were no longer seeking work. The main reason given was that 'it wasn't worth it'. By the third interview, they had ceased to consider themselves as unemployed; rather they said they had retired, even though they were not eligible for a state pension by virtue of their age. (Jackson and Taylor, 1994)

Attitudes of employers

Age discrimination?

There is little quantitative evidence which could confirm that age discrimination is behind the drop in the employment of older people. McKay and Middleton (1998), in their analysis of the Family and Working Lives Survey (FWLS), found that 5 per cent of people aged between 45 and 69 believed that they had been victims of age discrimination in their job applications. This belief peaks between 50 and 54 years of age where 7.2 per cent believed they had ever been victims of age discrimination in job applications. The sense of discrimination in promotion and transfer opportunities was much less widespread than in application procedures. More men than women believed that they had been discriminated against (McKay and Middleton, 1998, p. 22).

Other research, conducted by outplacement consultants Sanders and Sidney (1995) into the views of both job candidates and employers on their database, found that age discrimination was thought to be a serious problem. Sixty per cent of the candidates (who were aged 35 or over) believed they had been excluded from job interviews because of their age and 19 per cent believed that they had been excluded from job offers. Candidates were also asked at what specific age they felt that their own prospects started to become limited in their particular jobs and industries – this 'mean age of limitation' was 42 years of age. It is fair to say that this research was based on a survey that was far less rigorous than the FWLS.

Of course, people may be victims of a variety of forms of age discrimination without being aware of it. People may also believe they have been discriminated against when this is not in fact the case. In any event, it is unlikely that quantitative surveys would pick up on age discrimination in a very meaningful way.

There is also an abundance of qualitative evidence on the attitudes of employers and managers towards older workers. Philip Taylor and Alan Walker (Taylor and Walker, 1993) have presented findings from a 1991 survey of employers. They found that 43 per cent of employers considered age to be an important consideration in the recruitment of staff and that 15.5% of all employers specified maximum recruitment ages in their job advertisements. Other views expressed are summarised in Table 2.7.

In 1992, Sheffield University conducted research into the attitudes of Institute of Personnel and Development members to older and younger workers (Taylor and Walker, 1993a). Respondents regarded people over 40 as shown in Table 2.8.

Table 2.7 Attitudes of employers and managers towards older workers (per cent of all employers)

	Thinking about the older workers in your company please state your agreement or disagreement with the following statements				
	Agree strongly	Agree Slightly	Not sure	Disagree slightly	Disagree strongly
Older workers ...					
Are hard to train	4	39	11	28	14
Do not want to train	2	23	10	36	26
Have a lot of mileage left in them	37	44	10	5	1
Lack creativity	3	19	17	37	21
Are too cautious	3	33	18	32	10
Are employees marking time until retirement	1	23	13	33	26
Are very productive employees	22	41	20	10	3
Cannot adapt to new technology	5	35	14	32	9
Are more reliable than young workers	31	43	15	5	2
Cannot do heavy physical work	8	40	19	24	5
Are interested in technological change	2	29	24	36	4
Are inflexible	1	26	12	43	14
Dislike taking orders from younger workers	5	33	14	31	12
Have fewer accidents	8	25	50	9	4
Are less likely to be promoted in this company	10	34	12	30	10

Source: Table 7, Taylor and Walker (1993).

Table 2.8 Attitudes of Institute of Personnel and Development members to people over 40

Negative	Positive
Less ready to accept the introduction of new technology	Having more experience which is useful in the job
Less able to adapt well to change	Thinking more before they act
Learning less quickly	Being more reliable
Less able to grasp new ideas	Being more interpersonally skilled
Less interested in training	Being more conscientious
	Being more confident
	Working harder
	Being more effective in their jobs
	Working better in teams
	Not taking things so easy

Elsewhere studies have been carried out into the adverts placed in job centres – which showed that 11 per cent of vacancies were not open to people aged over 60. Similarly, another survey of adverts in the press found adverts with age bars in 11 per cent of the national press and 9.5 per cent of the local press (Jones and Longstone, 1990; Tillsley, 1990).

Finally, older workers are far less likely to receive employer-paid training than their younger colleagues. Table 2.9, derived from the FWLS, shows the distribution of training by age.

Table 2.9 When people last received employer-paid training (percentage of all employees)

When received employer-paid training	16–29	30–39	40–49	50–59	60–69	All ages
In last 4 years	13	6	5	2	–	6
5–9 years ago	11	8	4	3	1	6
10–14 years ago	5	7	3	2	1	4
15–19 years ago	–	12	4	2	1	4
20–29 years ago	–	7	17	7	4	7
30+ years ago	–	–	9	24	24	9
Never	71	60	60	62	69	64

Source: FWLS, in Kerry Platman, *The Glass Precipice: Employability for a Mixed Age Workforce* (1999), page 50.

Early retirement

As well as the large amount of literature on the extent of age discrimination within organisations and employers, there is also a smaller and interesting body of literature on attitudes towards early retirement within different organisations.

The main theme to emerge from this research is that there are large differences in the extent of early retirement between organisations in the same industrial sector and between sectors. For example, in local government, while the proportion of early retirements – three in four – is already high, in some local authorities as many as 90 per cent retire early (Audit Commission, 1997).

Other research has explored the practice of medical retirements and finds that these also vary widely. For example, within police forces, there are great disparities between the regions: in 1996/97, 16 per cent of those retiring in Kent did so on medical grounds, but 77 per cent did so in Merseyside (Home Office, 1997). Poole (1997), in a study of six public and private sector organisations, found that some organisations routinely use the medical route to ending an employment relationship. This process is described as ‘medicalising dissatisfaction’.

The implication of this research is that early retirement is in large part a function of management practices and organisational culture.

Attitudes of families

Caring responsibilities

It is estimated that one in six employees has ‘eldercare’ responsibilities. Of the six million carers in the UK, it is thought that half are aged between 50 and 64 years old (Kodz *et al.*, 1999).

There are a significant number of older people, women in particular, who move away from full-time employment in order to give care to an adult:

Another important reason for high rates of economic inactivity, and indeed for reduced working hours, was the responsibility for providing

care. This was particularly common for women in their 40s and 50s. By their late 60s, almost one woman in three would have cared for an adult at some point in their life, as would more than one in every ten men.
(McKay and Middleton, 1998, p. iii)

Half of those providing care in the last three months were aged 50 or over (three-quarters of those providing care did so for more than ten hours per week) (McKay and Middleton, 1998, p. 62).

Caring responsibilities can be a reason for early retirement. Analysis of the Retirement Survey found that 5.2 per cent of people gave the ill-health of others as the main reason for their early retirement. Using wider categories than simply early retirement, it has been found that 21 per cent of the detached male workforce aged 55–64 described themselves as full-time carers (Beatty and Fothergill, 1999a). For a small number of older women, caring can also be a reason for economic inactivity among those who want a job but are not seeking work – 2 per cent of women in their fifties are in this position (ONS, 1999, Table 2.3).

It has been found that there are different relationships between employment and caring for men and women. It is suggested that there is a stronger link between withdrawal from the labour market and caring for men compared with women. The reasons may be that the greater availability of part-time work for women makes it easier for them to combine part-time work and caring responsibilities (Philips, 1994).

Information

This section examines the information available to workers that influences these attitudes. Are people making decisions based on accurate information?

There is very little literature and almost no data focused on the information that is available to older workers at the point of transition in the labour market.

The most relevant piece of research: Geoffrey Ford's *Career Guidance in the Third Age: a Mapping Exercise* (1997) is a worthy attempt to capture the

variety of projects and initiatives which focus upon providing career guidance to the over-fifties. However, it provides no evidence concerning the extent or availability of careers advice for older people.

Pre-retirement information can be provided by the state, by employers or by other non-state organisations. The Department of Social Security (DSS) provides some advice – particularly on pension and benefit entitlements. Ford (1997) lists and describes some of the more prominent schemes aimed at the over-fifties – often supported by local Training and Enterprise Councils (TECs): POPE in Bradford, the mature workers' register in Bournemouth and the East Midlands Third Age Challenge.

Large employers also sometimes prepare their employees with pre-retirement courses. Preparation for Retirement (PFR) programmes are sometimes provided by larger organisations. It is believed that their use peaked in the 1980s with the trend of many larger organisations towards shedding their older workforce: 'with rationalisation programmes complete, PFR has decreased in importance for many employers'. In 1987, PFR programmes were estimated to reach less than 10 per cent of people approaching retirement (PRA, 1990).

Taxes, benefits and pensions

This section examines tax, benefit and pension rule contributions that influence behaviour – especially with respect to perverse incentives.

One of the major themes of this body of literature is the influence of pensions on the employment of older people. It emerges as a major or minor focus in much of the literature. Two studies in particular are worthy of mention: *The Dynamics of Retirement: Analyses of the Retirement Survey* edited by Disney *et al.* (1997) and *The Decline of Employment among Older People in Britain* by Nigel Campbell (1999). There is also a focus upon Incapacity Benefit in some of the literature – the most thorough and recent examinations of the relationship between economic inactivity and receipt of Incapacity Benefit are provided by Christina Beatty and Stephen Fothergill in *Incapacity Benefit and Unemployment* (1999b), and Marilyn Howard in 'Disability dilemmas: welfare to work or early retirement?' (1998).

Occupational pensions

Theory

It is thought that the spread in the coverage and the increase in the value of occupational pensions lie behind some of the decline in employment of older people. There are two methods through which occupational pensions might affect retirement. First, the pension will provide an attractive financial incentive to retire (reducing the labour supply). Second, the existence of, and the structure of, occupational pension schemes might make an older person more expensive to employ (reducing labour demand).

Most occupational pensions are defined-benefit rather than defined-contribution schemes. In particular, most occupational pensions are linked to a person's final salary (others are linked to average salary). This creates three possible incentives – one on employers and the other two on employees. First, employers find that their contributions to the pension scheme rise when a person is close to retirement – maybe leading to the employer encouraging early retirement. Conversely, employees may find that by carrying on working they can increase the level of their pension by adding to their final salary (or, in a defined contribution scheme, adding to their total contributions). Third, employees might be discouraged from downshifting (working less hours or moving to a less well-paid position within the firm) because of the negative effect on their final salary. This may encourage people to retire early rather than wind down their working careers more gradually.

Evidence

Sarah Tanner (1998) has compared the retirement behaviour of older males with occupational pensions to that of those not belonging to such schemes. She found that those with an occupational pension are more likely to retire at younger ages. She concludes, though, that:

A comparison of the labour market experiences of those with and those without occupational pensions in the Retirement Survey suggests that this is not sufficient to explain the trend towards earlier retirement.

One question asked by Tanner was whether early retirement was related to increased levels of occupational pensions or to increased coverage. She found that the evidence from the Retirement Survey did not support an explanation of increasing coverage of occupational pensions. There is some evidence that different cohorts are drawing their occupational pensions at earlier ages. However, this is not conclusive proof that occupational pensions have become more generous – individuals may be taking advantage of one-off early retirement windows opened by particular macroeconomic shocks.

Nigel Campbell (1999) also found that occupational pensions are associated with lower employment rates among people in their forties, fifties and sixties – but only with those who are in the top half of the earnings distribution. He analysed those who were employed in 1990 but who subsequently became displaced from the labour market (perhaps a period of unemployment, ill-health or caring responsibilities) but were employed again in 1996.

Campbell also reanalysed Tanner's work to produce Table 2.10. He remarks:

... people with an occupational pension were more likely to be in work in wave 1 ... Five years on, however, this situation is reversed. People without an occupational pension have higher employment rates in wave 2 than their pensionable counterparts, whether or not they had been working in wave 1. (Campbell, 1999, p. 50)

It is, of course, worth noting that Tanner was asking whether workers retired (self-assessed retirement status) while Campbell was searching for those who become temporarily displaced from the labour market during a six year period of their later 'working life'.

Benefits

In the population as a whole, there are more people of working age who are classified as long-term sick or disabled than who are unemployed (claimant count measure) (Beatty and Fothergill, 1999b, p. 46). More and more older people are claiming Sickness/Invalidity Benefits. According

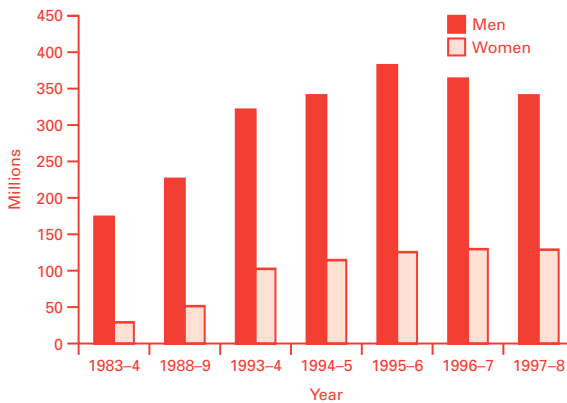
Table 2.10 Male labour market behaviour, with and without occupational pensions (OPs)

	% working in wave 1	% of those working in wave 1 who were still working in wave 2	% of those without work in wave 1 who were working in wave 2	% working in wave 2
With OP	76.4	50.2	3.5	39.2
Without OP	68.8	60.5	8.4	44.2

Source: Campbell, 1999, Table 17. Based on Tanner, 1998, Table 6 and Campbell's own calculations. Wave 1 collected in 1988–89, wave 2 collected in 1984. Analysis of men aged between 55 and 59 in first wave.

to the *Social Focus on Older People* (ONS, 1999), in 1987, 8 per cent of 55–64 year olds in Great Britain were in receipt of Sickness or Invalidity Benefits; in 1998, 12 per cent of this age group were receiving Incapacity Benefit (which replaced Sickness/Invalidity Benefit).

Figure 2.9 Days of certified incapacity, in claims to Sickness, Invalidity and Incapacity Benefit



Source: Social Security Statistics, 1998.

Some of those in receipt of Incapacity Benefit may be interested in re-entering the labour market. About a third of working-age disabled people who are economically inactive have indicated that they would like to work. However, very few do so: only 2 per cent of people move from one of the incapacity benefits into work (Howard, 1998).

The structure of Incapacity Benefit may be behind this. The most recent analysis of Incapacity Benefit (ICB) and unemployment found that the flow of ICB claimants who are actually unemployed is almost completely in one direction – few return to work:

ICB claimants are discouraged from looking for employment because to do so might prejudice their status as 'unfit for work' and thus their benefit entitlement. (Beatty and Fothergill, 1999b, p. 7)

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Appendix

Upcoming research

Beyond 2020 Vision: Formulating Social Policy within an Ageing Society

- London School of Economics (LSE)-led research team seeking to construct a microsimulation model which will enable the modelling of different policy options on the future demand for pensions, health and personal social services and long-term care.

Contact: Jane Falkingham, LSE.

Literature review of factors affecting retirement behaviour

- Department for Education and Employment (DfEE)-commissioned research from the Open University Business School.

Contact: Philip Taylor.

Attitudes and aspirations of older workers

- DSS-commissioned evaluation of attitudes and aspirations of older workers. Being conducted by the Warwick Business School. Due to be published shortly.

ESRC research into the older worker

- Awaiting details.

Contact: Professor Ivan Robertson, UMIST.

Resources: datasets

Family and Working Lives Survey

- Cross-sectional survey.
- Data collected in 1994–95.

- Data focus on the employment and family histories.
- Sample +11,000 people; 9,139 and booster sample of 2,098 from ethnic minority groups.
- Respondents were aged between 16 and 69. Partners of respondents also questioned.
- Two parts to the interview: first backward-looking record of events, second section focused on current situation in terms of benefits, employment, etc.
- Main use so far: *Characteristics of Older Workers: Secondary Analysis of the Family and Working Lives Survey*, McKay and Middleton, DfEE RR45, 1998.

Retirement Survey

- Panel survey.
- Data collected in two waves: 1988–89 and 1994.
- First wave sample of 3,543 key respondents aged between 55 and 69, together with 609 spouses outside this age range. About two-thirds of the sample were reinterviewed in 1994.
- Data focus upon labour market activity, retirement behaviour, assets and other personal characteristics.
- Main uses so far: *The Dynamics of Retirement: Analyses of the Retirement Survey* (Disney *et al.*, 1997); 'The dynamics of male retirement behaviour' (Tanner, 1998).

Labour Force Survey

- Cross-sectional survey
- Approximately 60,000 households questioned by telephone.

- Organised by the ONS.
- Collected every three months.

Lifetime Labour Market Database (LLMDB)

- Cross-sectional survey.
- LLMDB is longitudinal source, containing 15 years of National Insurance records for a sample of men aged between 25 and 44 on 1 January 1978.
- Data based upon Inland Revenue and National Insurance data.
- Main use so far: Ball and Marland, *Male Earnings Mobility in the Lifetime Labour Market Database*, DSS, ASD Working Paper 1, 1996.

British Household Panel Survey

- Panel survey.
- Data collected each year from 1990. Seven waves are so far available (latest 1997).
- Sample of 10,000.
- Data collected are wide-ranging: include personal characteristics and assets, labour market activity, health status, etc.
- Combined with the European Household Panel Survey since wave 5.
- Main use so far: *The Decline of Employment among Older People in Britain*, Nigel Campbell, CASEpaper 19, 1999.

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The income dimension

Geraldine Barker and Ruth Hancock

Introduction

At the beginning of the last century, life expectancy at birth was 46 years for a man and 49 years for a woman. By 1961, it had risen to 68 years and 74 years respectively (Falkingham, 1997). Today, male life expectancy has reached 75 years while the average woman can expect to live 80 years (Government Actuary's Department, 1998). Once, those who reached the age of 50 were close to the end of their lives. In contrast, today's 50 year olds are little more than halfway through their adult lives. For them, the next 30 years could see as many changes in their financial resources and material wants as employment changes, family formation and other life events may have produced in the preceding 30 years. This chapter concerns the income-related aspects of the changes that take place in people's lives after the age of 50 years. More specifically it concerns the paths of individuals' and families' economic resources in relation to their economic needs during this stage of their lives.

Where once the typical man continued in paid work until not long before he died, a substantial period spent in retirement from paid work is now the norm for both men and women, made financially possible by state and private pensions and other forms of saving. Indeed, despite increasing longevity, there has been a well-documented and substantial increase in early retirement, at least for men (Blöndal and Scarpetta, 1999; Campbell, 1999; Gruber and Wise, 1998). The existence of widespread early retirement is an important motivation for this paper, although the topic of older people and paid work is treated in its own right in the chapter by Donovan and Street.

Some of the main changes which have implications for economic resources and needs occur at the oldest ages. An obvious example is a need for potentially costly care, a topic which has been, and continues to be, the subject of a good deal of research, analysis and policy debate. The focus of this paper, however, is on changes occurring between 50 and 74¹

years of age, changes which seem to have received rather less attention. Despite this restriction, what may happen beyond 74 needs to be kept in view.

The term ‘transitions’ implies discrete changes. Some relevant changes take place more gradually (such as the possibility that the purchasing power of pensions may be eroded by inflation) and these are included here along with more discrete changes like retirement or widowhood. Also, although the title of the chapter refers to the ‘income dimension’, we shall be interested in individuals’ economic resources more generally, their use and their evolution in relation to economic needs after the age of 50.

This chapter is not intended to provide a comprehensive review of all potentially relevant literature. Its emphasis is on identifying key research questions and setting directions for future research, including prospects for new analyses of existing data sources.

The next section considers more fully why income-related changes after the age of 50 are of interest, and the potential role of, and key questions for, new research. This is followed by a review of some relevant literature (to gauge the extent to which evidence relevant to these questions is already available), and the presentation of some background statistics. The last section considers directions for future research with discussion of the potential of existing data sources, and the scope for collection of new qualitative and quantitative data.

Why is the income dimension of transitions after 50 of interest?

How might the findings of research on the income aspects of changes which people experience after the age of 50 be used? Three possibilities are to:

- 1 increase people’s understanding of the financial consequences of choices they make during this stage of their life and thereby increase the likelihood that those choices will be optimal for them as private individuals

- 2 suggest other ways in which government and non-governmental policies and practice could seek to change people's economic behaviour if doing so is judged to be better for the economy and/or for the individuals concerned
- 3 identify ways in which governments, markets and other institutions could respond better to any specific economic problems which the research may suggest that individuals face during this period of their lives.

The first two are therefore concerned with influencing individual behaviour, the third is concerned more with institutional responses.

Increasing people's understanding of the consequences of choices they make which may affect their economic resources and needs after 50

Under this heading, some of the key (and interdependent) choices facing people include decisions about:

- paid work (including job changes, hours of work and retirement)
- spending (in total and on different goods/services) and savings (again in total and in different forms)
- where to live, with whom and in what type/size of housing (because housing can be such a significant aspect of consumption and/or a form of wealth, it warrants separate consideration).

Identifying other ways in which relevant policy and practice might influence individuals' behaviour to good effect

The ways in which government and other mechanisms influence individuals' behaviour include the structure of state and private pension benefits, and the institutional framework for other savings and insurance vehicles. These may contain incentives which affect savings and retirement behaviour, and also employers' practice in employing and retaining older workers. Do the structures send the 'right' messages or do they contain incentives which may have 'perverse' effects?

Identifying ways in which governments, markets and other institutions could respond to problems identified by the research

Even if people are well informed about the financial consequences of their choices, they may still find themselves in economic difficulties because of uncertain or unforeseen events. What are the important uncertainties that affect people after the age of 50? Are there ways in which financial services could provide better opportunities for people to insure themselves against such events or, for example, exploit less liquid forms of assets such as housing wealth? What role should social security play? Can voluntary organisations do more?

Previous research and background data analysis

Relevant research includes analyses of both objective and subjective (e.g. self-assessed) indicators of the economic circumstances of people in the relevant age group. There are analyses based on purely cross-sectional survey data which provide snapshots of people's circumstances at a single time point. Surveys which provide a longitudinal perspective also exist. These record changes in respondents' circumstances retrospectively and/or are panel surveys which interview the same people periodically and record their circumstances at each interview. If detailed histories of financial circumstances are required, panel surveys are preferable to those which rely on retrospective recall. There have also been studies which contrast people's expected and actual economic circumstances, for example, before and after retirement.

As the chapter by Donovan and Street discusses, a considerable body of research exists which explores the role of income tax/social security contributions, private pensions, state pensions, disability and other social security benefits on the decision to retire and on the numbers in paid work in the age groups around 'normal' retirement age. Aspects of this literature which are most relevant to the income dimension of transitions after 50 are discussed here too.

The discussion concentrates on UK literature and the UK context. However, there are lessons from other countries, particularly on methods of analysis, for example, from the US where studies based on panel data are more long-standing than in the UK.

Cross-sectional comparisons of the financial circumstances of people in different age groups

In the discussion so far, there has been an implicit assumption that, after the age of 50, people face particular financial problems. One role for research is to test this assumption. Simple comparisons of the financial circumstances of people aged 50–74 with those in other age groups have a role to play here. But cross-sectional comparisons may not tell us much about the experiences of individuals as they pass through this stage of their life. At one point in time, many of the differences between age groups result from cohort differences: today's 50–59 year olds are likely to have rather different incomes in ten years' time from those of today's 60–69 year olds. We are likely to learn more from longitudinal or panel data in which the changing financial circumstances of the same people can be observed over time. However, there are some analyses of cross-sectional data which suggest directions for future research using longitudinal or panel data.

Incomes

Atkinson and Sutherland (1993) set out an interesting analysis based on Family Expenditure Survey data, of the incomes relative to needs, of men who were aged 55–64 and effectively retired, contrasting the situation in 1975 and 1985. They explore whether Titmuss' (1955) notion of 'two nations in retirement' (those with and without occupational pensions) also applied to those in early retirement. In fact, their analysis pointed to *three* important distinctions in early retirement: those with substantial proportions of their incomes from an occupational pension who were relatively advantaged, at least during this period of early retirement; those receiving substantial proportions of their income from disability-related income sources; and those substantially dependent on means-tested Supplementary Benefit (now Income Support) who had the lowest incomes relative to needs.

A second source is the Carnegie Inquiry into the Third Age. Undertaken in 1989, this programme of research investigated 'Life, work and livelihood in the third age' (Carnegie Third Age Programme, 1993) where for statistical purposes the third age was defined as aged 50–74 years. One part of the programme concerned income (Johnson *et al.*,

1992) and included analysis of the 1989 incomes and related circumstances of people within the third age, compared with earlier years. It drew attention to the:

- substantial increases in the average real incomes of the age group which had taken place in the 20 or so years prior to 1989
- change over the 20 years in the composition of the incomes of this age group, including the fall in the importance of earnings resulting from the decline in labour force participation, and the increased contribution of private pensions and investment income; in this age group unearned private income was more important than transfers from the state
- fact that the income of the third age group was just as widely dispersed as that of the population as a whole
- finding that the poorest people in this age group were not the oldest, but those unemployed and under pension age.

This last point concurs with Atkinson and Sutherland's analysis and suggests that the subsequent experiences of non-working people in the pre-retirement age group, especially those not drawing private pensions, may be an important subject for further investigation. Any longitudinal analysis of people who cease paid work before normal retirement age needs to distinguish groups such as those who draw a private pension during this period and those who receive disability-related benefits.

Table 3.1 to Table 3.6 (pages 74–79) provide more up-to-date background data on the relationship between incomes and labour force status of those aged 50–74 years, taken from the 1995–6 Family Resources Survey. The classification of labour force status gives priority to paid work (so people cannot be classified as retired and working). The category 'looking for work' includes those not actively seeking work but who say they would like a job. Among those under state pension age who are not in paid work, the categorisation between long-term sick and retired depends entirely on how the survey respondent classifies him- or

herself. All those over state pension age who are not doing any paid work are classified here as retired.

Receipt of non-state pensions

Table 3.1 and Table 3.2 show what proportions of men and women receive a non-state pension, according to labour force status and five-year age group, between the ages of 50 and 74. Occupational and personal pensions/retirement annuities are distinguished, and for women a distinction is drawn between own-right occupational pensions and those received from their husbands' former employers.

A number of features of the tables are interesting.

- Substantial proportions of men in the pre-retirement age groups who are working also receive an occupational pension. This is especially true for those working under 30 hours a week.
- The same is true of those who would like a job and the long-term sick. Nearly a quarter of men aged 50–54 who are seeking work or would like a job, and a fifth of those who are long-term sick in this age group, are drawing an occupational pension.
- Far fewer women receive occupational pensions, especially among those under pension age who are in work. Even so, among the long-term sick, 14 per cent of women aged 50–54 and 17 per cent of those aged 55–59 are drawing occupational pensions in their own right.

Receipt of means-tested social security benefits and Incapacity Benefits

Table 3.3 and Table 3.4 are similar to Table 3.1 and Table 3.2 but relate to receipt of means-tested benefits and Incapacity Benefit. High proportions of men and women in the pre-retirement age groups who are seeking work or who are long-term sick are dependent on Income Support and/or Housing and Council Tax Benefits. More than three-quarters of men aged 50–64 who are long-term sick are receiving Incapacity Benefit and in the age group 60–64 a fifth of all men are classified as long-term sick (see Table 3.1).

Income levels and variation

Table 3.5 and Table 3.6 provide information on levels of benefit unit income and the degree of variation in incomes for men and women, again by five-year age group and labour market status. Median equivalent benefit unit incomes (after deducting housing costs) are given along with the ratio of the 90th percentile to the 10th percentile of the distribution of income within the relevant age/gender group. The latter gives an indication of the variability of incomes. Not surprisingly, the highest incomes are to be found among those in work. The lowest incomes are among those who are looking for work, followed by the long-term sick and then the retired. Taking all labour force states together, the ratio of 90th to 10th percentile incomes decreases with age reflecting rather less inequality among the retired than other groups. But this measure of income inequality is also low, particularly for men, among the long-term sick, where low income appears widespread.

Financial and housing wealth

Banks and Tanner (1999) analyse trends in households' holdings of financial assets and home ownership. Households headed by someone aged 50–64 are distinguished. Between 1978 and 1996, there were substantial increases in the proportions of households in all age groups who held stocks and shares. The proportions with life assurance fell. For example, in 1978, 83 per cent of households headed by someone aged 50–64 had life assurance compared with only 70 per cent in 1996. Home-ownership has risen steadily in the 50–64 and 65+ age groups. For younger age groups, it peaked in 1988 for those aged 25–34 and in 1991 for those aged 35–49. Using the 1997–98 Financial Research Survey conducted by NOP, Banks and Tanner demonstrate that the distribution of financial wealth is heavily skewed. About a quarter of those in the age groups 50–59 and 60–69 have no financial wealth; the proportion for the 70+ age group is 30 per cent. The median level of financial wealth is £1,750 in each of the three age groups. The mean is much higher: approximately £10,000, £13,000 and £8,500 in the age groups 50–59, 60–69 and 70+ respectively. As other research has found (Disney, *et al.*, 1998, 1999; Hancock *et al.*, 1999), their analysis also suggests that those with no housing wealth and no pension wealth do not substitute other forms of savings.

A recent study (Hancock *et al.*, 1999) provides some data on home-ownership, housing wealth and housing expenditure of people aged 50–64 in comparison with those in older groups. The following points from it are relevant.

- More of today's 50–64 year-olds are owner-occupiers compared with older age groups and the difference is particularly marked for lower income groups.
- The extent to which this will translate in the future into more low-income people over the age of 65 owning their homes depends on whether the relative income position of owners and renters stays the same as they pass into retirement. It may be that owners experience smaller falls in their incomes than renters (e.g. there is evidence that owner-occupiers are more likely to have good occupational pension rights (Disney and Stears, 1997).

None of the analysis in that study distinguished the early retired. Analysis of the 1995–6 Family Resources Survey carried out for this paper shows some interesting relationships between owner-occupation and work status. For men in the pre-retirement age groups where there were substantial numbers of sample members who were retired (the age groups 55–59 and 60–64):

- men who were early retired were disproportionately likely to be owner-occupiers: 96 per cent of retired men aged 55–59 were owner-occupiers compared with 76 per cent for the age group as a whole; in the 60–64 age group the corresponding figures were 87 per cent and 74 per cent
- men who were long-term sick were the least likely to be owner-occupiers, followed by those seeking work²: just 46 per cent of men who were long-term sick in the 55–59 age group and 56 per cent in the 60–64 age group were owner-occupiers.

Similar patterns exist for women aged 55–59.

Spending levels and patterns

Expenditure levels and patterns are of interest for a number of reasons. First, expenditure may be a better indicator of economic well-being than income. Expenditure is closer to consumption, and consumption rather than income is generally considered to be the direct determinant of material well-being (see Blundell and Preston, 1995 for an overview of the arguments involved). There have been a number of UK studies which have substituted expenditure for income to assess the extent of poverty and inequality (Dawson and Evans, 1987; Goodman and Webb, 1995; Hancock, 1995; McGregor and Borooah, 1992; Smeaton and Hancock, 1995). In none of these has the 50–74 age group been distinguished.

A second interest in expenditure concerns the extent to which, during the stage of people's lives in which we are interested, expenditure is less than or more than income and the consequences for the accumulation or depletion of capital. The simplest interpretation of the life-cycle model of consumption in relation to income (which economists refer to as the 'Life-cycle Hypothesis') suggests that later life would be a period in which expenditure exceeds income, made possible by running down wealth accumulated earlier in life. However, simple comparisons of income and expenditure suggest that this is not generally the case. Attempts have been made to explain this apparent puzzle in terms of the desire to bequeath wealth, reductions in consumption because of the absence of work-related costs after retirement, uncertainty about remaining life expectancy (and hence how long capital has to last) and other precautionary motives for continued savings. One recent study (Banks *et al.*, 1998) concludes that a significant part of the explanation might lie in people overestimating their future pension entitlements and therefore cutting back their consumption more than they expected. Evidence on people's retirement income expectations is discussed below. The way in which uncertainty about post-retirement incomes and needs is felt and understood by individuals, and how that influences their labour market, savings and consumption behaviour in the years before and after retirement, is a subject worthy of further research.

A third area of interest in expenditure concerns the composition of people's expenditure and what this tells us about changing needs and preferences at this life stage. Again, there seems to have been relatively little analysis for the 50–74 age group. There is an important unanswered question concerning the relative cost of living over the life-cycle as a whole, where a focus on before and after retirement might be useful. It will not be possible to answer this question entirely from observing people's expenditure patterns, but some expenditure analysis would be a useful first start. The work by Banks *et al.* (1998) mentioned above found that, while work-related expenditure falls after retirement ages, as would be expected, so too does expenditure on basic necessities including food consumed at home.

Finally, there is a considerable literature on housing costs and expenditure in later life. This reflects the importance of housing for economic well-being, the potentially excessive burden of housing costs for older people if they are not willing or able to reduce their housing consumption in later life, the fact that housing can be an investment as well as a consumption good, and the role of state help with housing costs through Housing and Council Tax Benefits. Hancock *et al.* (1999) find that in the age group 50–64 the average level of housing expenditure for owner-occupiers is considerably higher than for renters; but the difference is much smaller for the older age groups where most owner-occupiers have repaid their mortgages. However, low-income renters can benefit from help with housing costs through Housing Benefit whereas there is no comparable help for owners. Disney *et al.* (1999) found that, among those aged 55–69 in 1988 who participated in both waves of the Retirement Survey (see below), 7 per cent of owners and 10 per cent of renters faced housing costs which accounted for more than 40 per cent of their incomes. They conclude that, for a significant minority of older home-owners, retaining substantial housing wealth results in high housing costs.

Some analyses of expenditure patterns by age of head of household from the Family Expenditure Survey are published regularly (see for example ONS, 1999) and these can be used as a starting point for research on the expenditure patterns after the age of 50.

Marital status, household composition and gender

Changes in marital status and household composition after the age of 50 affect the standard of living which can be derived from a given level of income or wealth. They are ways in which material needs may change during this period; and they are experienced to a different extent by men and women. Cross-sectional comparisons of marital status and household composition by age group need to be interpreted carefully. They may reflect differences between cohorts rather than changes which people from all cohorts are likely to experience as they age. Some simple analysis of the 1995–6 Family Resources Survey was carried out to illustrate how cross-sectional comparisons by age group might indicate the sorts of changes which longitudinal research could explore. Marital status and whether living (a) alone, (b) with spouse only, or (c) with spouse plus others or just others were cross-tabulated by age, in five-year age groups from 50–54 to 70–74, for men and women separately. The main transitions implied by the analysis can be summarised as follows.

Transition to widowhood

The period between the ages of 50 and 74 years is one when many married women will become widows. Married men in this age group also experience widowhood. However, because men tend to marry women younger than themselves, and women tend to live longer than men, men experience widowhood less, particularly at these ages. At the age of 50–54, the Family Resources Survey (FRS) shows 82 per cent of men to be married; by the age of 70–74, this has fallen to 74 per cent. Corresponding figures for women show a much larger fall, from 79 to 48 per cent. Although these differences will partly reflect cohort differences in marriage patterns and mortality, it is clear that many people do, and will continue to, experience this transition. The financial consequences of widowhood are therefore an important aspect of the income dimension of transitions after 50. Given greater mortality among the poor than the rich (see later), widowhood at relatively early ages may be particularly likely to result in poverty.

Household composition

Closely related to widowhood is the transition to living alone. The FRS shows that in the age group 50–54 just 12 per cent of people live alone;

by the age of 70–74 this has reached 34 per cent (Table 3.7). Again, this is a transition which affects women more than men. The proportion who live alone is the same (12 per cent) in the 50–54 age group, but, by the age of 70–74, 43 per cent of women live alone compared with 22 per cent of men.

The proportion of people who live with a spouse plus others or just others falls over this age range, from just under a half (49 per cent) to 13 per cent. It is likely that in many cases this fall is attributable to children leaving the parental home. The fall is slightly greater for men than women because, in the age group 50–54, a higher proportion of men (52 per cent) than women (45 per cent) live with a spouse plus others or just others.

The proportion living with a spouse and no one else (labelled ‘spouse only’ in the table) increases over the age range for men but for women it rises and then falls so that there is little difference between the age group 50–54 and 70–74. Thirty-six per cent of men aged 50–54 live with their spouse only, rising to 65 per cent for those aged 70–74. For women, the proportion starts at 42 per cent, peaks at 59 per cent in the age group 60–64 and then falls back to 44 per cent.

Thus, there are two household composition transitions occurring between the ages of 50 and 74 which have implications for incomes and needs: children leaving home and widowhood.

Disability

The onset of disability at any age can have significant financial consequences. If it restricts the amount or type of work that can be undertaken it may reduce income. It may bring additional costs as well. As we have already seen (Table 3.1), in the age group 60–64, there are as many men (around a fifth of the age group) who classify themselves as long-term sick as there are those who say they are retired. In the (younger) five-year age group before women’s state pension age, the proportion of women classified as long-term sick is smaller (13 per cent) but not negligible (Table 3.2). The prevalence of disability increases steadily with age from the age of about 40 onwards. Recent estimates for

Great Britain (Grundy *et al.*, 1999, Tables 3.2 and 3.3) show the prevalence of disability among men in ten-year age ranges rising from 126 per thousand in the age range 40–49, to 240 per thousand (50–59 years), 321 per thousand (60–69 years), to 466 per thousand (70–79 years). For women, the corresponding figures are 131 per thousand, 235 per thousand, 237 per thousand and 473 per thousand. Analysis of the first wave of the Retirement Survey (Bone *et al.*, 1992, Chapter 8) showed that, for retired men, those who had had some pre-retirement disability, median current incomes were considerably below those who were not disabled before retirement. The same was true of those not yet retired where disability before the age of 50 was associated with a markedly lower current (i.e. pre-retirement) income. The effect of pre-retirement disability on the current incomes of retired women was less than for men. There was a greater effect on the incomes of women who were not yet retired. Clearly, a transition to disability before retirement is an important influence on later incomes.

Studies of income and wealth based on panel data

There are two sources of recent panel data for Britain that permit analysis of the changes in financial circumstances experienced by sample members. The first is the British Household Panel Survey (BHPS) which has interviewed sample members at yearly intervals since 1991, also collecting some longer-term retrospective information on work and family formation histories (see Taylor, 1996 for details). The BHPS contains about 10,000 adults of whom around 4,000 were aged 50 or more in the first wave. The second is the Survey of Retirement and Retirement Plans (or the 'Retirement Survey' or RS) which interviewed around 3,500 people aged between 55 and 69 years in 1988 and re-interviewed them in 1994. The RS also collected work, pension and family formation histories. Bone *et al.* (1992) provide methodological details of the first wave of the RS; for the second wave see Disney *et al.* (1997).

These two surveys are important sources of data because of their combination of panel and retrospective data. They can be used to monitor changes in financial circumstances which occur after people reach the age of 50/55 years. They can also be used to compare the financial circumstances of people in this age group and older groups according to their circumstances earlier in life, such as when they retired.

Analyses of the British Household Panel Study

The advent of the BHPS has generated a considerable volume of analysis of changes in income experienced by sample members and subsequent debate about the policy implications. Examples include studies of movements in and out of low income (Jarvis and Jenkins, 1997, 1998) and low pay (Gosling *et al.*, 1997; Stewart and Swaffield, 1999) and the consequences of marital splits (Jarvis and Jenkins, 1999). Older people in general and those aged 50 and over have not received much special attention in studies which have been published so far. Jarvis and Jenkins (1998) analyse income mobility in the first four waves of the BHPS but their age analysis draws a distinction between under and over 60 years.

Also relevant is some analysis of housing adjustments by people in the BHPS who were aged 54 and over, in 1991 (Ermisch and Jenkins, 1997). This found that housing mobility in the one to four years after 1991 was rare in Britain for this age group, and house moves tended to respond to events such as the loss of a spouse, retirement and one's spouse leaving employment. There was some evidence of a wealth effect perhaps from retirement lump sums: owner-occupiers who moved house after recently retiring were more likely to increase rather than decrease the value of the homes. Whether this turns out to be a good move financially in the longer run is an interesting question. The financial consequences of housing changes after 50 might be an area for further research (although see Disney *et al.*, 1999 and Disney and Stears, 1997, which are discussed below).

A recent and as yet unpublished paper (Bardasi *et al.*, 1999) contains some novel analysis of the first seven waves of the BHPS, which explores the relationship between income dynamics and retirement. It contains an analysis of 720 panel members, aged between 50 and 69 years who were observed to retire during the panel. The paper reports income levels (household income adjusted for household composition), composition of income and incidence of low incomes³ in the years before and after retirement took place, alongside changes in work status in the three years before retirement. The authors present evidence that retirement is a gradual process: the proportion of people in paid work (especially full-time work) falls gradually over the three years prior to retirement, the

contribution of earnings to total income declines too and mean and median levels of income start to fall in the years before retirement. The BHPS analysis in this paper also provides evidence on the extent to which husbands and wives retire together. The authors present multivariate analysis of the probability of movement into low income on retirement, conditional on not being in the low-income group before retirement. Controlling for other factors, retirement before state pension age increases the probability of movement into the low-income group, possession of an occupational pension reduces the probability and home-owners are less likely than renters to move into low income.

Accompanying the analysis of the BHPS, a considerable literature on the methods of studying income dynamics has emerged. A recent contribution which summarises the issues is Jenkins (1998). This emphasises the importance of measuring changes in income *relative to needs* although does not explore the measurement of need in great depth. When analysing the population as a whole, a relatively simple measure of needs may be adequate. In focusing on a particular group, it may be necessary to develop alternative measures. Typically, needs are measured in terms of household composition where the numbers and ages of household members are taken into account. Usually, detailed age differentiation occurs only for children. But, for a study relating specifically to income change after 50, it may be necessary to consider the effect on needs of, for example, age, disability, gender and work status. Work-related expenses may decrease while expenses stemming from spending more time at home, such as heating, may increase. It may also be appropriate to take account of financial help given to (or received from) non-household members. For example, parents in this age group may incur costs in connection with the education of children who are not living with them. New research which addressed the changing economic needs of people after the age of 50 might be a valuable part of the proposed programme.

Analyses of the two waves of the Retirement Survey

The most directly relevant analyses of the Retirement Survey are those which have analysed the changes in incomes and assets of sample members as they aged the five or six years (starting in the age range 55–

69) between the two waves of the study (Disney *et al.*, 1997, 1998; Johnson *et al.*, 1998). Important substantive and methodological findings relate to changes in incomes; changes in financial assets and housing wealth; and comparisons of anticipated with actual income and wealth in retirement.

Changes in income levels and sources, and associated events

The analysis of income changes between the two waves of the Retirement Survey highlights just how many different factors are at work, for different groups within the age group surveyed. In one analysis (Johnson *et al.*, 1998), the authors summarise their findings as ‘... we confirm the relative stability of pensioners’ incomes, at least in the first few years after retirement. But we also elucidate the complexity that underlies this overall stability’ (p. 198). Even restricting attention to those who had reached state pension age in the first wave and were retired throughout the following 5–6 years, the authors conclude:

Overall, then, the picture is rather complex, with gains associated with higher social security benefits and some quite substantial losses associated with lower earnings and investment incomes. Mean occupational pension income rose and, while the median level fell somewhat, the median difference was nil ... (p. 202)

Reasons for the absence of a simple pattern of change and the need for careful interpretation of observed changes include:

- differences in the paths of individual and family /household income
- the age from which pensions can be paid (in the UK, most early retired people will receive an increase in their incomes on reaching the age from which the state pension can be drawn, which is not repeated in subsequent years; women drawing a state pension on their husbands’ contributions will receive this when their husband reaches 65)
- the distinction between absolute and proportionate changes in income: many women may have had only very small personal

incomes before receiving a state pension which, although small in absolute terms, produces a large proportionate increase in their incomes

- those eligible for sickness and disability benefits in the years immediately before being able to draw a state pension may see only a small increase in income on drawing a state pension
- for women, widowhood tends to result in a reduction in household income and an increase in personal income which taken together may imply an increase or decrease in income relative to needs
- the importance of the relationship between mortality and income; there is considerable evidence of a tendency for poorer people to die younger than richer people and this has a bearing on the interpretation of the changes experienced by people who survive over a given period and for the sorts of people who experience widowhood at relatively early ages
- the possibility of artefacts attributable to the period over which people are observed, for example, real increases in social security income observed between the two waves of the RS were partly attributable to the timing of social security upratings
- the role of macroeconomic factors (interest rates, house price movements and general inflation) which may make generalisation to other time periods difficult; but they indicate the genuine uncertainties which influence the real changes in people's financial resources.

Changes in financial assets and housing wealth

Disney *et al.* (1998) examine levels and changes in the financial assets, housing wealth and state and private pension wealth⁴ of Retirement Survey respondents. They demonstrate a clear inverse relationship between mortality and wealth. This underlines the problems in establishing the transitions people experience from cross-sectional data and the need for true panel data. In terms of the transitions observed between the two waves of the Retirement Survey, the authors find that:

remaining in employment tends to increase pension wealth (although the rate of increase tends to slow at older ages as earnings reach a plateau); housing wealth generally fell but this was due to falling house prices during the period; there was a doubling of average financial wealth for those who were non-retired throughout the period, and no evidence of dissaving among the retired although the rate of financial wealth accumulation declined with age. Generally, reductions in housing wealth were rare, although there was some evidence of 'downsizing' of housing wealth among owner-occupiers who experienced widowhood.

Disney *et al.* (1999) develop further this analysis providing additional evidence that housing and other wealth are correlated. Retirement Survey members who rented their homes had little financial wealth and saw little increase in it between the surveys. Owners with more valuable homes tended also to accumulate financial assets faster than others. For owners, house moves were positively associated with income and negatively associated with a high ratio of housing costs to income. Thus, there was little evidence of people with high housing costs releasing equity to reduce these costs and/or supplement their incomes. Some of this could be explained by the fall in house prices which occurred during the period and perhaps discouraged people from releasing housing equity. But the findings accord with other evidence that reductions in housing size are rare in later life.

Expectations and reality in retirement income and wealth

Analysis based on retired people in the first wave of the Retirement Survey suggests that people are far more likely to receive pensions which are lower than expected (40 per cent) than to receive pensions which are higher than they had expected (10 per cent) (Dilnot *et al.*, 1994, Chapter 5). This is despite the fact that people's expectations before retirement were low when expressed in relation to their pre-retirement incomes. Drawing on US studies, the authors also say that employees have unrealistic expectations of the benefits which their occupational pensions will provide.

Analysing data on respondents to the Retirement Survey who retired between its two waves, Tanner (1997) found that nearly two-thirds over-

or underestimated the level of financial wealth they would have in retirement with more tending to underestimate than overestimate it. Correct anticipation was greatest for the extremes of the wealth distribution: those who were going to be asset-poor knew it as did those who were destined to be asset-rich. Assets were less than expected most frequently (29 per cent) amongst those who retired before state pension age and more than expected most frequently (52 per cent) amongst those who retired after state pension age. However, even among those who retired early, more underestimated (49 per cent) than overestimated their financial wealth in retirement. There is a similar pattern when respondents are classified according to whether they retired before, when or later than they had expected to do.

Early retirement

As already mentioned, there is a substantial literature on the factors which determine whether people retire early and in particular the way in which pension rules appear to influence the timing of retirement. Studies focusing on state benefits (Blöndal and Scarpetta, 1999; Gruber and Wise, 1998) have concluded that the earliest age at which retirement benefits can be taken and the financial penalties of continuing in work act as strong incentives to retire at the earliest allowable age and discourage work beyond normal retirement age. These financial penalties include the foregone pension benefits if a pension cannot be drawn while continuing to work but nor is the pension increased in an actuarially fair manner; and the tax/social security contributions payable on earnings. However, these penalties are less severe in the case of the UK's state pension system than in other countries (Blundell and Johnson, 1998) partly because continuing in work after drawing a state pension no longer reduces the state pension payment; it is not possible to draw a state pension early (although disability benefits fulfil this role to some extent) and people do not pay National Insurance Contributions once they have reached state pension age.

There is considerable evidence that the ability to draw an occupational pension early – and often on actuarially favourable terms – provides a strong incentive to retire early. But evidence from the Retirement Survey (Tanner, 1997) suggests that, although those with an occupational

pension are, generally, more likely than those without to retire early, they are less likely to retire before the age of 55. Also, the difference between the proportions with and without occupational pensions who retire early is smaller for women than men. Again, this reinforces the need to recognise variability in the circumstances of the early retired in considering the long-term evolution of their subsequent incomes and wealth.

An interesting study is that by Maule *et al.* (1996) which investigated the early retirement decisions of men working in Britain for a large multinational company in the manufacturing sector. The study was in two parts – one relating to a group of men on the point of deciding to take early retirement and the other to a group who had taken early retirement 18 months to three years previously. Both parts are interesting although we concentrate on the latter here. Its object was to investigate factors affecting the subsequent quality of life of men who had taken early retirement. Financial aspects of quality of life were investigated by assessing participants' assessments of the adequacy of their early retirement financial package and their satisfaction with their use of the retirement lump sum. The majority of respondents (64 per cent) found their retirement package 'adequate' or 'more than adequate'. Salaried employees expressed more satisfaction than hourly paid employees. Only 11 per cent of respondents were not satisfied with the way they used their lump sum. However, the authors conclude overall that 'satisfying employment aspirations at the point of choice was the most important factor in determining quality of life in retirement' (p. 202). From the first part of the study it was found that one-third of the sample were intending to undertake some work after retirement (this was more common among salaried than hourly paid employees) and that those seeking work after retirement had more financial worries at the time of retirement than others. In the second part of the study, 28 per cent had expected to work after retirement but about a half of these did not have their expectations fulfilled, although a high proportion of those who had expected to work on a self-employed basis did so.

In a slightly different vein, there is considerable evidence on the detrimental effects of job loss in late career. Often these effects are expressed in terms of the low rates of return to paid work of older

workers who lose their jobs, but the short- and longer-term financial consequences may also be severe. A US study (Chan and Stevens, 1999) concluded: 'Our findings point to large and lasting effects of late-career job loss on wages, assets, employment expectations, and actual employment' (p. 215).

Other studies and data sources

Studies using the Family and Working Lives Survey

The Family and Working Lives Survey (FWLS) was carried out in 1994 and 1995. It interviewed around 9,000 people aged 16–69 years. It collected details of respondents' current circumstances including demographic characteristics, economic status and income. Respondents also provided retrospective information relating to their life events (employment, unemployment, marital history, children, caring and pensions). Two, as yet unpublished, studies undertaken using the survey are relevant to the discussion here. Both have been commissioned by the Department of Social Security. The first was carried out at the Centre for Research in Social Policy at the University of Loughborough by Stephen McKay and colleagues. It concerns the accumulation of pension rights. The second was carried out at the Policy Studies Institute (by Genevieve Knight and Stephen McKay) and concerns lifetime experiences of self-employment, including the consequences for pensions. These studies will need to be examined once they are published. Transitions into self-employment (whether from employment or economic inactivity) are not uncommon after the age of 50 and the consequences for subsequent income and pensions are of interest. That said, there is some concern over the quality of the income information collected in the FWLS, compared with surveys such as the Family Resources and Family Expenditure Surveys and the BHPS.

Studies of subjective assessments of income and living standards

A number of surveys including the BHPS, the British Social Attitudes Survey and the Retirement Survey ask respondents how they assess their income or living standards, how they are managing financially, whether they find it hard to make ends meet and so forth. There seems to be relatively little published specifically for the age group of interest here. The potential for future analysis is discussed later.

The proposed English Longitudinal Study on Ageing

There are currently proposals to start a longitudinal (panel) study on ageing for England. The survey would start with people aged 50 and over and follow them over a period of time to monitor changes in their health, economic and family circumstances. Such a survey would be expensive and current proposals are partly dependent on collaborative funding from the US National Institute on Ageing. If the study does go ahead, the lead-time before any data were available is probably four to five years. However, research conducted for the Foundation's programme on transitions after 50, particularly if it intends to collect new panel data, needs to take account of developments on this front.

Directions for future research

Which transitions?

A theme throughout this paper has been the necessity of analysing income changes in relation to changes in economic needs. The transition after 50 that has probably received most attention in the past is that of withdrawal from the labour market. Clearly, this transition has major short- and long-run implications for income and probably for needs too. However, when we consider the likely determinants of economic needs, the relevance of other types of transitions which are experienced after the age of 50 becomes clear. The previous discussion has highlighted:

- changes in household composition, often involving a transition as children leave home and subsequently when one partner dies; these transitions are experienced differently by men and women
- the onset of disability
- changes in housing and housing needs
- changes in income levels and sources, levels of financial assets and housing wealth, some of which will be related to the timing of retirement.

Thinking back to the potential uses of research which were mentioned earlier, it is clear that an important distinction is between those transitions where individuals may be able to exercise choice (retirement, housing) and those which are not generally the result of choice (widowhood, disability). Changes in levels of income and wealth may result from choices concerning retirement, housing and other matters (e.g. spending) or from events over which the individual has no control.

Areas for future research

Some areas for future research include:

- the longer-term economic consequences for individuals of early cessation of paid work
- dealing with uncertainty over late-career employment, pensions and retirement needs
- changes in needs after 50
- the financial consequences of housing changes after 50
- women and financial changes after 50 (the emphasis on early retirement in previous studies has tended to be focused on the experiences of men)
- the financial implications of relatively early widowhood
- the longer-term effects on income and needs of illness and disability after 50.

Some prospects for further analysis of existing data sources

For the purposes of this chapter, we have thought particularly about the first potential area for future research: the longer-term economic consequences for individuals of early cessation of paid work. In thinking about cross-sectional surveys which contain good information on financial resources there are two considerations.

- 1 Whether it is possible to identify people who are currently retired and under state pension age for cross-sectional comparisons of their incomes and other financial resources. For most of the regular surveys (Family Resources Survey, Family Expenditure Survey, General Household Survey) this is possible although subject to variations in the definition of labour force status used. As we have seen, the main value of any analysis of this kind is in establishing the degree of variation in the incomes and related circumstances of the early retired. It does not tell us directly about transitions but there is scope for some updating and development of previous analysis (Atkinson and Sutherland, 1993; Johnson *et al.*, 1992 and the FRS-based analysis presented earlier).

- 2 Whether it is possible to identify people over state pension age who retired before they reached state pension age. Cross-sectional surveys could identify such people if they asked 'How old were you when you retired?' or 'How long ago did you retire?' If so, one could contrast the incomes of people who are the same age (beyond state pension age) according to whether they retired before or after state pension age. This would be a relatively simple way to explore the later financial circumstances of early withdrawal from the labour force. However, few of the regular cross-sectional surveys which collect income information ask this question. An exception is the British Social Attitudes Survey (BSAS). The BSAS does not record detailed income information although it does ask respondents their total household income to within bands and includes subjective measures of how respondents are managing financially, and of attitudes to paid work which could be exploited. The BHPS and Retirement Survey could also be used in this way, drawing on their retrospective work-history data to establish when retired respondents were first retired. A quick analysis of the first wave of the Retirement Survey identified 200 men aged 65–69 who had retired before the age of 65 whose current incomes could be compared with those of 165 retired men in the same age group who retired at 65. For women, there were 303 retired women aged 60–69 who had retired before the age of 60 and 356 who had retired at the age of 60.

Because we are interested in transitions, it is natural to think about the potential for further research using panel or other longitudinal data. Clearly, such data are of great value. They are, however, costly to collect and panel data take time to accumulate. Exploiting the panel aspects of existing panel data sources, like the BHPS and the Retirement Survey, is thus important. Again, using the example of the longer-term economic consequences of early withdrawal from the labour market, we considered the critical pieces of information which would be needed for the relevant analysis to be done and identified sample numbers in the BHPS. We considered

- 1 people who were retired and under state pension age at one wave so their financial circumstances could be compared with those at one or more later waves
- 2 people who retired at or after state pension age at one wave who appear in one or more later waves so we can compare changes in their financial situation with the changes experienced by those who retired early.

In each case we wanted to establish:

- sample numbers and in how many subsequent waves the relevant sample members were included
- information available at each wave on: income relative to needs, spending patterns, self-assessed living standards, etc.; reasons for early retirement (if relevant) – was it voluntary or involuntary, on grounds of ill-health, etc.?; pension arrangements on retirement.

The first six waves of the BHPS were used and we focused on people aged 50 or more at any of these waves. Later waves will bring on more retired people and allow longer tracking of sample members who were retired in one of the first six waves. To establish the sample numbers for (1) above, we identified people who were retired and aged under state pension age at each of waves 1 to 5 for whom there was information at one or more subsequent waves.

Sample numbers in the BHPS

The tables in the Appendix give some of the sample numbers in the BHPS which would be relevant to a study of the longer-term consequences for individuals of early retirement.

Tables A1.1 and A1.2 relate to people who were aged 50 or more in any one of the first six waves of the BHPS (1991 to 1996) and show their work status by age group at each wave. In the first wave, there were 4,507 people interviewed who were already aged at least 50, or would attain that age by 1996. Of those in the 50–59/64 age group, 11 per cent were retired and 62 per cent were in employment or self-employment. The numbers interviewed at subsequent waves fall as a result of non-response and death, although they are supplemented by any people who join a participating household at a later wave.

Tables A1.3 and A1.4 again refer to people aged 50 or more in at least one wave, but are restricted to those interviewed at all six waves. There are 2,976 such people.

In Tables A1.5 and A1.6, the numbers and proportions in each work status are shown for those who were aged at least 50 in one or more waves, were observed to be retired and under state pension age in one or more waves, and who took part in at least one wave after that where they were first observed to be early retired. This gives an idea of the sample sizes available for examining income changes for early-retired people. They are not large – 392 in wave 1 falling to 359 by wave 6; and some of these have will have only one follow-up interview after first being observed as early retired.

The final appendix table (A1.7) shows the number of cases who were observed to be early retired in at least one wave, and observed in at least one later wave, by the wave in which they were first observed to be early retired and the number of subsequent waves in which they were observed. For example, there were 156 cases interviewed in the first wave who were early retired, of which 132 were observed in all five subsequent waves. Another 91 were first observed as early retired in wave 2 (87 of them were observed in wave 1 but not retired at that

point), of which 76 were observed in all four subsequent waves. Combining these 76 with those with at least four follow-ups who were first early retired in wave 1 gives 213 cases of early retirement with at least four subsequent follow-ups; and so on. In all, there are 403 cases with a one-year follow-up; 324 with a one- and two-year follow-up; and 269 with a one-, two- and three-year follow-up. In most cases, it would be possible to determine ages/dates of retirement for the early retired from the work history information collected in the second and third waves of the BHPS. The work history information can also be used to identify sample members who were over state pension age throughout the BHPS but had retired before reaching state pension age. These would supplement the sample numbers set out above.

Similar tables were drawn up (but not included here) for the 'not early retired' whom one would want to compare with the early retired in any analysis. Sample numbers are much larger for them. For example, there are 1,221 BHPS sample members who were aged 50+ in at least one wave, observed to be retired and of state pension age (having not previously been early retired) for whom four subsequent follow-up interviews are available.

Topics covered in the BHPS

The BHPS is rich in much of the information relevant to the income-related changes one might want to examine. However, there is one important gap. There seems to be little if any information relating to the reasons for early retirement. It is not possible to tell whether respondents took early retirement voluntarily or involuntarily, or on grounds of ill-health.

Relevant information which is covered includes the following.

1 Employment/pension related:

- lifetime work histories for respondents included in waves 2 and/or 3 (in these histories, 'took retirement' may be given as a reason for leaving a job but there is no indication of why the respondent took retirement)

- pension arrangements including current membership of schemes and current receipt of pensions
- attitudes to work/employment.

2 *Financial resources:*

- income (amounts and sources)
- savings and bank accounts (mostly just for wave 6)
- housing benefits
- windfall income (waves 5 and 7)
- self-assessment of financial situation (whether improved since last year, expectations for next year)
- problems in managing financially (mostly just waves 6 and 7).

3 *Expenditure:*

- expenditure on: consumer durables (amount spent in last year); food; heating and fuel; home improvements; rent, mortgages and other loans; Local Authority charges and services; amount spent per month on leisure activities (wave 7).

4 *Other possible indicators of economic need (apart from the usual measure of household composition):*

- leisure activities undertaken and time spent on them (do older people need less money than younger people to enjoy themselves, for example?)
- satisfaction with income, life, etc.
- self-reported health and informal caring.

The BHPS is thus a tantalising data source for a study of income and related aspects of transition after retirement. It has two limitations: (1) relatively small sample sizes, especially if one wants to distinguish the early retired and categories within them; and (2) as yet, a relatively short period over which people have been observed.

Some possible areas where the collection of new data may be worthwhile

Large-scale data collection is expensive. More modest possibilities might include the following.

- Small-scale studies to explore certain issues using a qualitative approach. Of the topics listed earlier, those amenable to this approach could include dealing with financial uncertainty; the financial impact of changing needs (as a result of widowhood, retirement or changes in tastes as people age). (This is not intended to give the impression that qualitative data collection is cheap.)
- The placement of questions in an omnibus survey such as that conducted by the Office for National Statistics (ONS). These might be simple factual questions (e.g. to ascertain when retired people took retirement) and attitudinal questions to explore, for example, factors which had affected whether early retirement had been a good or bad financial experience.
- Asking the sponsors of regular cross-sectional surveys to include questions such as how long retired respondents had been retired and when widow(er)s became widowed.

Table 3.1 Receipt of non-state pensions by age group and labour market status: men aged 50–74; GB 1995-96

	Age group				
	50–54	55–59	60–64	65–69	70–74
Working 30+ hrs, sample size	1,051	1,072	515	77	27
% of age group	74	58	34	5	2
% receiving occupational pension	5	11	18	33	...
% receiving personal pension/retirement annuity	<0.5	<0.5	3	17	...
Working < 30 hrs, sample size	48	91	95	88	42
% of age group	3	5	6	6	3
% receiving occupational pension	42	57	54	67	...
% receiving personal pension/retirement annuity	2	4	5	10	...
Looking for work/would like a job, sample size	169	285	203	3	1
% of age group	12	15	14	...	...
% receiving occupational pension	23	38	43	...	...
% receiving personal pension/retirement annuity	1	2	1	...	...
Long-term sick, sample size	97	232	298	n.a.	n.a.
% of age group	7	13	20		
% receiving occupational pension	20	32	43		
% receiving personal pension/retirement annuity	2	*	4		
Retired, sample size	18	114	321	1,248	1,175
% of age group	1	6	21	88	94
% receiving occupational pension	...	90	84	68	70
% receiving personal pension/retirement annuity	...	7	7	7	8
Other, sample size	29	41	60	n.a.	n.a.
% of age group	2	2	4	–	–
% receiving occupational pension	...	...	43	–	–
% receiving personal pension/retirement annuity	...	...	2	–	–
All work states, sample size[†]	1,417	1,824	1,498	1,417	1,246
% of age group	100	100	100	100	100
% receiving occupational pension	11	26	44	66	69
% receiving personal pension/retirement annuity	1	1	4	8	8

Source: 1995–6 Family Resources Survey.

Notes: n.a. = not asked of those over state pension age; ... small sample size; [†] includes a few sample members for whom a labour force status could not be assigned.

* Less than 0.5%.

Table 3.2 Receipt of non-state pensions by age group and labour market status: women aged 50–74; GB 1995–96

	Age group				
	50–54	55–59	60–64	65–69	70–74
Working 30+ hrs, sample size	541	478	105	15	4
% of age group	36	24	7	1	<0.5
% receiving occupational pension, own right	2	3	19	...	...
% receiving occupational pension, husband's right	1	3	4	...	...
% receiving personal pension/retirement annuity	1	0	5	...	...
Working < 30 hrs, sample size	413	495	203	82	26
% of age group	28	24	14	5	2
% receiving occupational pension, own right	2	9	19	26	...
% receiving occupational pension, husband's right	2	4	5	11	...
% receiving personal pension/retirement annuity	<0.5	1	2	6	...
Looking for work/would like a job, sample size	138	187	15	3	0
% of age group	9	9	1	<0.5	0
% receiving occupational pension, own right	8	18	...	...	...
% receiving occupational pension, husband's right	1	4	...	...	...
% receiving personal pension/retirement annuity	0	2	...	...	...
Long-term sick, sample size	114	273	n.a.	n.a.	n.a.
% of age group	8	13	–	–	–
% receiving occupational pension, own right	14	17	–	–	–
% receiving occupational pension, husband's right	1	2	–	–	–
% receiving personal pension/retirement annuity	0	1	–	–	–
Retired, sample size	27	132	1,173	1,424	1,592
% of age group	2	7	78	93	98
% receiving occupational pension, own right	...	50	30	28	25
% receiving occupational pension, husband's right	...	5	6	11	16
% receiving personal pension/retirement annuity	...	4	2	2	3
Other, sample size	258	456	n.a.	n.a.	n.a.
% of age group	17	23	–	–	–
% receiving occupational pension, own right	3	6	–	–	–
% receiving occupational pension, husband's right	2	6	–	–	–
% receiving personal pension/retirement annuity	1	<0.5	–	–	–
All work states, sample size[†]	1,491	2,024	1,497	1,524	1,623
% of age group	100	100	100	100	100
% receiving occupational pension, own right	4	12	28	28	25
% receiving occupational pension, husband's right	2	4	6	11	16
% receiving personal pension/retirement annuity	1	1	3	3	3

Source: 1995–6 Family Resources Survey.

Notes: n.a. = not asked of those over state pension age; ... small sample size; [†] includes a few sample members for whom a labour force status could not be assigned.

Table 3.3 Receipt of means-tested social security benefits and Incapacity Benefit by age group and labour market status: men aged 50–74; GB 1995–96

	Age group				
	50–54	55–59	60–64	65–69	70–74
Working 30+ hrs					
% receiving Income Support (IS)	0	0	1	0	...
% receiving IS, Housing or Council Tax Benefit	3	3	5	3	...
% receiving Incapacity Benefit	1	1	2	0	...
Working < 30 hrs					
% receiving Income Support	4	6	5	0	0
% receiving IS, Housing or Council Tax Benefit	10	12	12	7	5
% receiving Incapacity Benefit	4	3	5	1	2
Looking for work/would like a job					
% receiving Income Support	49	39	46	...	...
% receiving IS, Housing or Council Tax Benefit	59	53	55	...	...
% receiving Incapacity Benefit	24	27	25	...	...
Long-term sick					
% receiving Income Support	33	28	23	–	–
% receiving IS, Housing or Council Tax Benefit	56	55	46	–	–
% receiving Incapacity Benefit	74	75	80	–	–
Retired					
% receiving Income Support	...	1	9	10	5
% receiving IS, Housing or Council Tax Benefit	...	3	12	27	31
% receiving Incapacity Benefit	...	14	17	17	3
Other					
% receiving Income Support	...	...	37	...	–
% receiving IS, Housing or Council Tax Benefit	...	...	45	...	–
% receiving Incapacity Benefit	...	...	18	...	–
All work states					
% receiving Income Support	9	11	15	9	5
% receiving IS, Housing or Council Tax Benefit	15	19	24	25	30
% receiving Incapacity Benefit	10	16	25	15	3

Source: 1995–6 Family Resources Survey.

Notes: n.a. = not asked of those over state pension age; ... small sample size.

Table 3.4 Receipt of means-tested social security benefits and Incapacity Benefit by age group and labour market status: women aged 50–74; GB 1995–96

	Age group				
	50–54	55–59	60–64	65–69	70–74
Working 30+ hrs					
% receiving Income Support	1	0	0	...	...
% receiving IS, Housing or Council Tax Benefit	7	5	4	...	...
% receiving Incapacity Benefit	1	1	0	...	...
Working < 30 hrs					
% receiving Income Support	2	4	2	1	...
% receiving IS, Housing or Council Tax Benefit	9	9	9	10	...
% receiving Incapacity Benefit	0	1	1	0	...
Looking for work/would like a job					
% receiving Income Support	35	35	...	...	–
% receiving IS, Housing or Council Tax Benefit	43	43	...	...	–
% receiving Incapacity Benefit	11	18	...	...	–
Long-term sick					
% receiving Income Support	33	38	–	–	–
% receiving IS, Housing or Council Tax Benefit	47	58	–	–	–
% receiving Incapacity Benefit	44	44	–	–	–
Retired					
% receiving Income Support	...	7	15	13	15
% receiving IS, Housing or Council Tax Benefit	...	13	31	33	42
% receiving Incapacity Benefit	...	7	5	1	0
Other					
% receiving Income Support	–	14	–	–	–
% receiving IS, Housing or Council Tax Benefit	–	26	–	–	–
% receiving Incapacity Benefit	–	3	–	–	–
All work states					
% receiving Income Support	11	13	12	12	15
% receiving IS, Housing or Council Tax Benefit	18	22	26	31	41
% receiving Incapacity Benefit	5	9	4	1	0

Source: 1995–6 Family Resources Survey.

Notes: n.a. = not asked of those over state pension age; ... small sample size.

Table 3.5 Median annual equivalent benefit unit income (after housing costs) and ratio of 90th to 10th percentile of the distribution of income, by age group and labour market status, men aged 50–74; GB 1995–6

	Age group				
	50–54	55–59	60–64	65–69	70–74
Working 30+ hrs					
Median income level (£s)	10,190	8,930	8,580	10,900	...
90th percentile as multiple of 10th percentile	7.1	13.8	10.2	9.4	...
Working < 30 hrs					
Median income level (£s)	9,630	8,900	8,580	8,340	...
90th percentile as multiple of 10th percentile	5.0	6.2	6.7	5.7	...
Looking for work/would like a job					
Median income level (£s)	3,340	3,760	4,250	...	–
90th percentile as multiple of 10th percentile	13.3	6.1	4.3	...	–
Long-term sick					
Median income level (£s)	4,880	5,160	5,630	–	–
90th percentile as multiple of 10th percentile	3.3	3.6	3.2	–	–
Retired					
Median income level (£s)	...	9,180	7,400	6,200	5,530
90th percentile as multiple of 10th percentile	...	4.4	5.1	3.8	3.2
Other					
Median income level (£s)	...	...	4,110	–	–
90th percentile as multiple of 10th percentile	...	...	3.9	–	–
All work states					
Median income level (£s)	8,930	7,400	6,730	6,490	5,620
90th percentile as multiple of 10th percentile	9.0	8.7	5.7	4.3	3.3

Source: 1995–6 Family Resources Survey.

Notes: n.a. = not asked of those over state pension age; ... small sample size.

Table 3.6 Median annual equivalent benefit unit income (after housing costs) and ratio of 90th to 10th percentile of the distribution of income, by age group and labour market status, women aged 50–74; GB 1995–6

	Age group				
	50–54	55–59	60–64	65–69	70–74
Working 30+ hrs					
Median income level (£s)	11,000	9,890	12,420	...	...
90th percentile as multiple of 10th percentile	6.4	6.1	4.0	...	...
Working < 30 hrs					
Median income level (£s)	8,310	7,640	7,630	8,000	...
90th percentile as multiple of 10th percentile	10.4	6.4	3.9	4.0	...
Looking for work/would like a job					
Median income level (£s)	4,140	4,600	...	...	–
90th percentile as multiple of 10th percentile	18.7	6.4	...	...	–
Long-term sick					
Median income level (£s)	5,810	5,410	–	–	–
90th percentile as multiple of 10th percentile	4.7	4.2	–	–	–
Retired					
Median income level (£s)	...	8,210	5,990	5,450	5,050
90th percentile as multiple of 10th percentile	...	4.7	3.9	3.6	3.0
Other					
Median income level (£s)	5,550	5,540	–	–	–
90th percentile as multiple of 10th percentile	10.6	7.6	–	–	–
All work states					
Median income level (£s)	8,060	7,000	6,500	5,640	5,070
90th percentile as multiple of 10th percentile	8.9	6.7	4.2	3.6	3.0

Source: 1995–6 Family Resources Survey.

Notes: n.a. = not asked of those over state pension age; ... small sample size.

Table 3.7 Household composition by age group and gender: people aged 50–74; GB 1995–6

	Age group				
	50–54	55–59	60–64	65–69	70–74
Men (column percentages)					
Alone	12	13	15	19	22
With spouse only	36	50	62	65	65
With spouse+others or just others	52	37	24	16	12
Sample size	1,417	1,842	1,498	1,417	1,246
Women (column percentages)					
Alone	12	16	22	31	43
With spouse only	42	54	59	56	44
With spouse+others or just others	45	30	19	13	13
Sample size	1,491	2,024	1,497	1,524	1,623
Men and women (column percentages)					
Alone	12	15	18	25	34
With spouse only	39	52	60	61	53
With spouse+others or just others	49	33	21	14	13
Sample size	2,908	3,866	2,995	2,941	2,869

Note: percentages subject to rounding error.

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Notes

- 1 The threshold of 74 years is convenient but essentially arbitrary.
- 2 A broad definition of seeking work is used here and includes those who, despite not actively seeking work, say they would like to have a paid job.
- 3 Alternative low-income thresholds are used.
- 4 There are a number of methodological problems in estimating financial, housing and pension wealth and, as the authors point out, this should be borne in mind in interpreting the findings.

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Appendix: Sample numbers in the British Household Panel Survey

Table A1.1 Work status by age group and gender for BHPS waves 1–6, people aged 50+ in at least one wave – interviewed cases only (sample numbers)

Work status	Age group	Wave 1		Wave 2		Wave 3		Wave 4		Wave 5		Wave 6									
		All	Men	All	Men	All	Men	All	Men	All	Men	All	Men	All	Men	All	Men	All	Men		
Self-employed Employed Retired Other	Under 50	95	64	31	76	54	22	58	44	14	46	29	17	22	14	8	n.a.	n.a.	n.a.	n.a.	
		503	233	270	398	178	220	325	134	191	213	84	129	110	43	67	n.a.	n.a.	n.a.	n.a.	
		3	0	3	2	0	2	3	0	3	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.
		146	54	92	115	38	77	76	28	48	57	21	36	20	7	13	n.a.	n.a.	n.a.	n.a.	
Total interviewed	747	351	396	591	270	321	462	206	256	316	134	182	152	64	88	n.a.	n.a.	n.a.	n.a.		
Self-employed Employed Retired Other	50–59/64	175	137	38	177	150	27	180	150	30	174	144	30	179	147	32	193	158	35	35	
		791	445	346	750	413	337	718	381	337	717	376	341	727	373	354	746	378	368	368	
		167	110	57	188	133	55	178	113	65	166	113	53	168	110	58	159	101	58	58	
		454	216	238	379	166	213	394	194	200	380	185	195	366	175	191	389	177	212	212	
Total interviewed	1,587	908	679	1,494	862	632	1,470	838	632	1,437	818	619	1,440	805	635	1,487	814	673	673		
Self-employed Employed Retired Other	60/65–74	33	19	14	40	24	16	37	22	15	45	24	21	45	25	20	40	22	18	18	
		129	31	98	130	29	101	124	27	97	115	30	85	114	29	85	117	25	92	92	
		1,043	410	633	942	383	559	964	378	586	957	385	572	923	364	559	888	359	529	529	
		238	30	208	220	14	206	164	14	150	149	8	141	125	8	117	108	4	104	104	
Total interviewed	1,443	490	953	1,332	450	882	1,289	441	848	1,266	447	819	1,207	426	781	1,153	410	743	743		
Self-employed Employed Retired Other	75 & over	6	6	0	6	6	0	7	6	1	3	3	0	2	2	0	4	4	0	0	
		4	4	0	4	2	2	3	2	1	7	5	2	7	6	1	5	4	1	1	
		545	243	302	548	240	308	535	220	315	531	221	310	566	235	331	606	246	360	360	
		175	18	157	121	1	120	92	2	90	87	2	85	84	2	82	68	1	67	67	
Total interviewed	730	271	459	679	249	430	637	230	407	628	231	397	659	245	414	683	255	428	428		
Self-employed Employed Retired Other	All	309	226	83	299	234	65	282	222	60	268	200	68	248	188	60	237	184	53	53	
		1,427	713	714	1,282	622	660	1,170	544	626	1,052	495	557	938	451	507	868	407	461	461	
		1,758	763	995	1,680	756	924	1,680	711	969	1,654	719	935	1,657	709	948	1,653	706	947	947	
		1,013	318	695	835	219	616	726	238	488	673	216	457	595	192	403	565	182	383	383	
Total interviewed	4,507	2,020	2,487	4,096	1,831	2,265	3,858	1,715	2,143	3,647	1,630	2,017	3,458	1,540	1,918	3,323	1,479	1,844	1,844		

Notes: 'Other' includes a few cases where a work status could not be determined; n.a. = not applicable.

Table A1.2 Work status by age group and gender for BHPS waves 1–6, people aged 50+ in at least one wave – interviewed cases only (column percentages)

Work status	Age group	Wave 1		Wave 2		Wave 3		Wave 4		Wave 5		Wave 6												
		All	Men	All	Men	All	Men	All	Men	All	Men	All	Men	All	Men	Women								
Self-employed	Under 50	Employed	13	18	8	13	20	7	13	21	5	15	22	14	22	9	14	22	9	n.a.	n.a.			
		Retired	67	66	68	67	66	69	70	65	75	67	63	67	72	67	71	72	67	76	n.a.	n.a.		
		Other	0	0	1	0	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	n.a.	n.a.	
		Total interviewed	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	n.a.	n.a.	
Self-employed	50–59/64	Employed	11	15	6	12	17	4	12	18	5	12	18	5	12	18	5	12	18	5	13	19	5	
		Retired	50	49	51	50	48	53	49	45	53	50	46	55	50	46	55	50	46	56	50	46	55	
		Other	11	12	8	13	15	9	12	13	10	12	14	9	12	14	9	12	14	9	11	12	9	
		Total interviewed	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Self-employed	60/65–74	Employed	2	4	1	3	5	2	3	5	2	4	5	2	4	5	3	4	6	3	4	3	5	2
		Retired	72	84	66	71	85	63	75	86	69	76	86	70	76	85	70	76	85	72	77	88	71	
		Other	16	6	22	17	3	23	13	3	18	12	2	17	10	2	17	10	2	15	9	1	14	
		Total interviewed	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Self-employed	75 & over	Employed	1	2	0	1	2	0	1	3	0	0	1	0	0	1	0	0	1	0	1	2	0	
		Retired	75	90	66	81	96	72	84	96	77	85	96	78	86	96	80	86	96	80	89	96	84	
		Other	24	7	34	18	0	28	14	1	22	14	1	21	13	1	21	13	1	20	10	0	16	
		Total interviewed	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Self-employed	All	Employed	7	11	3	7	13	3	7	13	3	7	12	3	7	12	3	7	12	3	7	12	3	
		Retired	32	35	29	31	34	29	30	32	29	29	30	28	28	29	30	28	29	26	26	28	25	
		Other	39	38	40	41	41	41	41	44	41	45	45	44	46	48	46	48	46	49	50	48	51	
		Total interviewed	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Notes: 'Other' includes a few cases where a work status could not be determined; n.a. = not applicable.

Table A1.3 Work status by age group and gender for BHPS waves 1–6, cases interviewed at all waves and aged 50+ at one or more waves (sample numbers)

Work status	Age group	Wave 1		Wave 2		Wave 3		Wave 4		Wave 5		Wave 6								
		All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women							
Self-employed	under 50	78	52	26	63	42	21	45	31	14	38	22	16	13	6	7	n.a.	n.a.	n.a.	
		428	185	243	348	148	200	278	109	169	190	71	119	98	35	63	n.a.	n.a.	n.a.	
		2	0	2	1	0	1	3	0	3	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
		116	39	77	91	30	61	66	24	42	45	18	27	15	5	10	n.a.	n.a.	n.a.	
		624	276	348	503	220	283	392	164	228	273	111	162	126	46	80	n.a.	n.a.	n.a.	
Self-employed	50–59/64	126	101	25	127	110	17	138	120	18	146	120	26	157	131	26	169	139	30	
		549	295	254	570	302	268	570	289	281	585	294	291	618	310	308	649	316	333	
		128	85	43	147	106	41	148	95	53	143	98	45	149	96	53	142	92	50	
		276	133	143	264	116	148	291	149	142	298	142	156	306	142	164	321	143	178	
		1,079	614	465	1,108	634	474	1,147	653	494	1,172	654	518	1,230	679	551	1,281	690	591	
Self-employed	60/65–74	24	11	13	34	19	15	30	17	13	38	20	18	41	23	18	38	20	18	
		95	25	70	101	22	79	98	20	78	100	28	72	105	25	80	108	23	85	
		697	243	454	689	260	429	758	280	478	792	303	489	804	311	493	811	321	490	
		124	10	114	159	9	150	125	11	114	124	7	117	111	6	105	97	4	93	
		940	289	651	983	310	673	1,011	328	683	1,054	358	696	1,061	365	696	1,054	368	686	
Self-employed	75 & over	4	4	0	4	4	0	5	4	1	2	2	0	2	2	0	4	4	0	
		3	3	0	3	1	2	3	2	1	7	5	2	7	6	1	4	4	0	
		260	110	150	315	130	185	362	148	214	408	169	239	482	200	282	572	233	339	
		66	3	63	60	0	60	56	0	56	60	0	60	68	1	67	61	0	61	
		333	120	213	382	135	247	426	154	272	477	176	301	559	209	350	641	241	400	
Self-employed	All	232	168	64	228	175	53	218	172	46	224	164	60	213	162	51	211	163	48	
		1,075	508	567	1,022	473	549	949	420	529	882	398	484	828	376	452	761	343	418	
		1,087	438	649	1,152	496	656	1,271	523	748	1,343	570	773	1,435	607	828	1,525	646	879	
		582	185	397	574	155	419	538	184	354	527	167	360	500	154	346	479	147	332	
		2,976	1,299	1,677	2,976	1,299	1,677	2,976	1,299	1,677	2,976	1,299	1,677	2,976	1,299	1,677	2,976	1,299	1,677	

Notes: 'Other' includes a few cases where a work status could not be assigned; n.a. = not applicable.

Table A1.4 Work status by age group and gender for BHPS waves 1–6, cases interviewed at all waves and aged 50+ at one or more waves (column percentages)

Work status	Age group	Wave 1		Wave 2		Wave 3		Wave 4		Wave 5		Wave 6							
		All	Men	All	Men	All	Men	All	Men	All	Men	All	Men	All	Men	Women			
Self-employed Employed Retired Other Total	Under 50	13	19	7	13	19	7	11	19	6	14	20	10	13	9	n.a.	n.a.		
		69	67	70	69	67	71	71	66	74	70	64	73	78	76	79	n.a.	n.a.	
		0	0	1	0	0	0	1	0	1	0	0	0	0	0	0	n.a.	n.a.	
		19	14	22	18	14	22	17	15	18	16	16	17	12	11	13	n.a.	n.a.	
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	n.a.	n.a.		
Self-employed Employed Retired Other Total	50–59/64	12	16	5	11	17	4	12	18	4	12	18	5	13	19	5	13	20	
		51	48	55	51	48	57	50	44	57	50	45	56	50	46	56	51	46	
		12	14	9	13	17	9	13	15	11	12	15	9	12	14	10	11	13	8
		26	22	31	24	18	31	25	23	29	25	22	30	25	21	30	25	21	30
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Self-employed Employed Retired Other Total	60/65–74	3	4	2	3	6	2	3	5	2	4	6	3	4	6	3	4	5	
		10	9	11	10	7	12	10	6	11	9	8	10	10	7	11	10	6	
		74	84	70	70	84	64	75	85	70	75	85	70	76	85	71	77	87	
		13	3	18	16	3	22	12	3	17	12	2	17	10	2	15	9	1	
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100		
Self-employed Employed Retired Other Total	75 & over	1	3	0	1	3	0	1	3	0	0	1	0	0	1	0	1	2	
		1	3	0	1	1	1	1	0	1	0	1	3	1	3	0	1	2	
		78	92	70	82	96	75	85	96	79	86	96	79	86	96	81	89	97	
		20	3	30	16	0	24	13	0	21	13	0	20	12	0	19	10	0	
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100		
Self-employed Employed Retired Other Total	All	8	13	4	8	13	3	7	13	3	8	13	4	7	12	3	7	13	
		36	39	34	34	36	33	32	32	32	30	31	29	28	29	27	26	26	
		37	34	39	39	38	39	43	40	45	45	44	46	48	47	49	51	50	
		20	14	24	19	12	25	18	14	21	18	13	21	17	12	21	16	11	
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100		

Notes: 'Other' includes a few cases where a work status could not be assigned; n.a. = not applicable.

Table A1.5 Work status by age group and gender for BHPS waves 1–6, aged 50+ at one or more waves and early-retired one or more waves with one or more follow-up interviews (sample numbers)

Work status	Age group	Wave 1		Wave 2		Wave 3		Wave 4		Wave 5		Wave 6	
		All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women
Self-employed Employed	Under 50	0	0	0	0	0	0	0	0	0	0	0	0
		9	2	7	3	1	2	1	0	0	0	0	0
		2	0	2	0	0	0	0	0	0	0	0	0
		4	2	2	5	3	2	1	0	0	0	0	0
Retired	50–59/64	15	4	11	8	4	2	0	0	0	0	0	0
		19	14	5	9	7	2	6	3	3	4	4	0
		122	85	37	85	57	28	54	37	17	28	15	13
		156	101	55	180	129	51	175	112	63	164	112	52
Total interviewed	60/65–74	80	45	35	77	32	45	79	46	33	64	36	28
		377	245	132	351	225	126	316	201	115	262	166	96
		n.a.	n.a.	n.a.	1	1	0	0	0	0	0	0	0
		n.a.	n.a.	n.a.	0	0	0	3	2	1	6	3	3
Self-employed Employed	75 & over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	27	18	9	66	45	21	107	76	31
		n.a.	n.a.	n.a.	5	2	3	3	1	2	5	0	5
		n.a.	n.a.	n.a.	33	21	12	72	48	24	118	79	39
Retired	75 & over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total interviewed	All	19	14	5	10	8	2	8	6	2	6	3	3
		131	87	44	88	58	30	58	39	19	34	18	16
		158	101	57	207	147	60	241	157	84	271	188	83
		84	47	37	87	37	50	83	47	36	69	36	33
Total interviewed	All	392	249	143	392	250	142	390	249	141	380	245	135
		n.a.	n.a.	n.a.	6	5	1	11	6	5	11	4	4
		n.a.	n.a.	n.a.	302	202	100	287	193	94	287	193	94
		n.a.	n.a.	n.a.	51	21	30	359	230	129	359	230	129

Notes: 'Other' includes a few cases where a work status could not be assigned; n.a. = not applicable.

Table A1.6 Work status by age group and gender for BHPS waves 1–6, aged 50+ at one or more waves and early-retired one or more waves with one or more follow-up interviews (column percentages within age group)

Work status	Age group	Wave 1		Wave 2		Wave 3		Wave 4		Wave 5		Wave 6	
		All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women
Self-employed Employed Retired Other	Under 50	...	...	...	...	...	...	...	...	...	...	...	...
	
	
	
Self-employed Employed Retired Other	50–59/64	5	6	4	3	3	2	2	2	3	2	3	0
		32	35	28	24	25	22	17	18	15	11	9	1
		41	41	42	51	57	40	55	56	63	67	54	78
		21	18	27	22	14	36	25	23	29	24	22	29
Total interviewed	100	100	100	100	100	100	100	100	100	100	100	100	
Self-employed Employed Retired Other	60/65–74	n.a.	n.a.	n.a.	3	5	0	0	0	0	0	0	1
		n.a.	n.a.	n.a.	0	0	0	4	4	5	4	8	6
		n.a.	n.a.	n.a.	82	86	75	92	94	88	91	96	79
		n.a.	n.a.	n.a.	15	10	25	4	2	8	4	0	13
Total interviewed	n.a.	n.a.	n.a.	100	100	100	100	100	100	100	100	100	
Self-employed Employed Retired Other	75 & over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Self-employed Employed Retired Other	All	5	6	3	3	3	1	2	2	1	2	2	1
		33	35	31	22	23	21	15	16	13	9	7	12
		40	41	40	53	59	42	62	63	60	71	77	61
		21	19	26	22	15	35	21	19	26	18	15	24
Total interviewed	100	100	100	100	100	100	100	100	100	100	100	100	

Notes: 'Other' includes a few cases where a work status could not be assigned; n.a. = not applicable; ... small or zero base.

Table A1.7 Interview outcome for BHPS waves 1–6, early retired people aged 50+ in one or more waves, with one or more follow-up interviews, by wave first retired and number of subsequent waves (sample numbers)

Wave first observed to be early retired	Interview outcome	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	
Wave 1	Interviewed	156	155	145	140	137	132	132 cases early
	Unable to interview	0	1	8	12	11	12	retired with a
	Died between waves	0	0	3	1	1	2	5-year follow-
	Inapplicable incl. dead at previous wave	0	0	0	3	7	10	up interview
	Total	156	156	156	156	156	156	
Wave 2	Interviewed	87	91	91	84	82	76	213 cases early
	Unable to interview	1	0	0	5	6	9	retired with a
	Died between waves	0	0	0	2	1	2	4-year follow-
	Inapplicable incl. dead at previous wave	3	0	0	0	2	4	up interview
	Total	91	91	91	91	91	91	
Wave 3	Interviewed	55	53	60	59	54	53	275 cases early
	Unable to interview	0	3	0	1	4	4	retired with a
	Died between waves	0	0	0	0	2	0	3-year follow-
	Inapplicable incl. dead at previous wave	5	4	0	0	0	3	up interview
	Total	60	60	60	60	60	60	
Wave 4	Interviewed	41	40	41	45	44	44	327 cases early
	Unable to interview	2	3	2	0	1	1	retired with a
	Died between waves	0	0	0	0	0	0	2-year follow-
	Inapplicable incl. dead at previous wave	2	2	2	0	0	0	up interview
	Total	45	45	45	45	45	45	
Wave 5	Interviewed	53	53	53	52	54	54	403 cases early
	Unable to interview	1	1	1	2	0	0	retired with a
	Died between waves	0	0	0	0	0	0	1-year follow-
	Inapplicable incl. dead at previous wave	0	0	0	0	0	0	up interview
	Total	54	54	54	54	54	54	
Total waves 1–5	Interviewed	392	392	390	380	371	359	
	Unable to interview	4	8	11	20	22	26	
	Died between waves	0	0	3	3	4	4	
	Inapplicable incl. dead at previous wave	10	6	2	3	9	17	
	Total	406	406	406	406	406	406	
	Early retired consecutive years follow-up	All	Men	Women				
	1 year follow-up	403	259	144				
	1 & 2 year follow-up	324	208	116				
	1, 2 & 3 year follow-up	269	176	93				

4

Active participation beyond employment

Justin Davis Smith

An overview of findings

Level of involvement and profile of volunteers

- Older people are less likely than those in middle age to participate in a range of unpaid activities outside the home, from active leisure pursuits to formal volunteering.
- Although older people are under-represented in formal volunteering, there is evidence that they are more likely to be involved in informal volunteering and family caring. Moreover, participation among older people in formal volunteering has increased over the past decade.
- Retired men are more likely to volunteer than retired women; with those from professional and managerial occupational groups considerably more likely to volunteer than those from manual groups.
- Older people tend to be more active than their younger counterparts in committee work and fund-raising and less active in organising events and transporting. As for fields of activity, older volunteers are more likely to be involved in groups connected with religion, with hobbies and with the elderly, and less likely to be involved in those connected with children's education, youth activities and sport.

Attitudes towards volunteering

- Older people are generally positive about volunteering, with a large proportion agreeing with the notions that volunteering

enables people to contribute to society and offers something different from the state.

- However, a significant proportion of older people express concern that society relies too much on volunteers and that if the government fulfilled all its responsibilities there would be no need for volunteers.

Motivations and barriers

- Older people get involved in volunteering for both personal and altruistic reasons, although many people say they get involved as a consequence of a direct request for help.
- Barriers to participation include: low income; lack of access to information about available opportunities; age restrictions imposed by voluntary organisations; lack of time as a result of caring responsibilities; and competition from other leisure activities.
- Key drawbacks of volunteering include poor organisation and lack of support – although older volunteers are generally less dissatisfied than younger volunteers.

Paid and unpaid work

- Unemployed people are less likely to be involved in volunteering than people in paid work. Barriers to their participation include lack of support from organisations; non-payment of expenses; and lack of information about available opportunities.
- Despite recent changes in the regulations, the welfare benefits system continues to act as a disincentive to volunteer, with pressure being placed on unemployed people to be ‘actively seeking’ and ‘available for work’.
- Where unemployed people do take part in voluntary activity, the evidence suggests that they benefit from the experience, both in

terms of direct work-related benefits and less direct 'psychological' benefits.

- Companies have a role to play in terms of encouraging older staff to get involved in voluntary activity. However, development of such employer-supported volunteering schemes has been slow, especially those targeted at older staff.

The transition process

- Whilst some people retire and move straight into volunteering, a more usual process is for people to take a 'breather' of perhaps several years before getting involved. However, research suggests that there is a role for pre-retirement courses in sowing the seeds of interest in volunteering which may blossom into active participation in later years.
- For some people, the notion of volunteering as an alternative to paid work may be an attractive proposition. For others, the notion of volunteering as an alternative to leisure may be more appealing. Organisations need to adopt a 'horses for courses' approach and structure their volunteering programmes so as to appeal to different groups with different motivations.

Background

This report has been prepared on behalf of the Joseph Rowntree Foundation by the Institute for Volunteering Research, a specialist research agency on volunteering and voluntary action.

The brief was to review the existing literature on the active participation of people beyond employment, with a view to informing the development of a new Foundation Programme on Choices after 50. Parallel studies were commissioned to look at the issues of older people and paid work and the income dimension.

To help define the parameters for the study a meeting was held between Dominic Hurley and Donald Hirsch of the Foundation, Gillian Dalley of

the Centre for Policy on Ageing and Justin Davis Smith of the Institute for Volunteering Research.

It was agreed that the overall focus should be on the role of unpaid activities in helping people to make the transition from paid work to retirement. However, within this broad framework, there were choices to be made both about the age group to be considered and the nature of the unpaid work under investigation. On age, whilst it was recognised that retirement was not a fixed point in time, it was felt necessary to place some sort of chronological boundary around the study so as to enable a statistical analysis to take place. The Carnegie Third Age Inquiry had plumped for the age grouping 50–74. For the purposes of this study, it was agreed that the focus should be on the narrower 50–65 age band. On the nature of the unpaid activities to be included, it was agreed that, whilst the main focus should be on activities undertaken with some sort of socially useful purpose in mind, it should avoid concentrating solely on formal volunteering. In addition to informal, neighbourhood activities, the study should also examine the other non-paid work activities undertaken by this age group, including family caring responsibilities and leisure pursuits.

Part of the rationale behind this broader interpretation of unpaid activities was the recognition that volunteering as a term can be rather limiting and can obscure many other forms of participation and engagement. But part of it was also a desire not to be seen to be making moral judgements about the relative worth of different forms of unpaid activities. The study is predicated on the belief that volunteering does have an important role to play, both in the lives of individuals making the transition from paid work to retirement and in contributing to a more cohesive and engaged society. But it is recognised that there are other (equally) legitimate uses of one's 'free' time after retirement, including the pursuit of leisure activities or simply winding down after a lifetime's paid employment. Volunteering in this context should be seen as just one of a range of options open to people during this transition period.

The report is organised into four sections. The first examines the statistical data on participation, drawing in particular on the 1997

National Survey of Volunteering. The second section explores the dual issues of motivation and barriers – why do older people participate and what prevents them from getting involved? The third section looks at the key issue of the links between the worlds of paid and unpaid work, including the extent to which involvement in volunteering can help in the search for work and the role of companies in supporting voluntary activity. The fourth section concludes with recommendations for government and for possible future research in this area.

The report is based primarily on a review of secondary literature. However, some re-analysis of the 1997 National Survey of Volunteering has been carried out to provide data on volunteering for people in this transition age group. Outside of the sphere of formal volunteering, data has been hard to find, and indeed a recommendation of the report is that further basic research into more informal activities is required to inform the policy process.

The report has been informed by, and in turn hopes to inform, various other initiatives currently being undertaken in the area of older volunteering. These include government programmes such as the Home Office Older Volunteers Initiative; the Better Government for Older People programme; Lord Warner's Active Community Working Group and the work of the Active Ageing Team within the Performance and Innovation Unit in the Cabinet Office; and voluntary sector programmes such as Age Concern England's Millennium Debate of the Age and continuing work by the Carnegie UK Trust on its Third Age programme.

Facts and figures on participation

It is an oft-stated paradox that, despite the increase in free time after retirement, participation in all manner of unpaid activities declines. This is true both of leisure activities outside the home and voluntary work, both formal and informal (Office for National Statistics, 1999).

In the British Gas report on attitudes to ageing, Eric Midwinter (1991) drew attention to the apparent reluctance of older people to engage in more active pursuits:

The pastimes listed are pleasing but bland: reading the paper, watching the television and the like. There is scarcely a hint of new initiatives, of taking up new studies or hobbies, of embarking on voluntary action, of seizing responsibilities in social and cultural life. It must be confessed that over against that yearning for freedom one found a rather too comfortable picture of winding down and perpetual relaxation.

This situation owes much to the nature of retirement, with people winding down after a lifetime of paid work and family commitments, and commentators have warned against making moral judgements on those who voluntarily choose to withdraw from active community life. Midwinter, himself, is acutely aware of the sensitivity of the issue. In a separate report to the Carnegie Third Age Inquiry, he warns against forcing participation on the retired arguing, in typically colourful language, that we 'must take precaution against an over-eagerness to herd protesting pensioners into keep-fit classes or cajole them into attending tedious concerts' (Midwinter, 1992).

But there are also a number of barriers and obstacles that work against the involvement of older people. These barriers, which range from ageist practices of some voluntary organisations to the burden of caring responsibilities shouldered by older people, are explored later in this chapter. Their presence suggests that, whilst we should be sensitive to the danger of coercing older people into activities they don't want to be involved in, we should also be aware of the need to remove barriers to their full and active participation. The watchword is choice. There should be no pressure to be active. But the opportunities to take part should be available to all, irrespective of age.

Formal volunteering

There have been numerous surveys over the past two decades aimed at measuring the extent of volunteering within the UK. In one recent review, Peter Lynn (1997) identified 11 separate such surveys carried out between 1976 and 1990. Unfortunately, there has been little consistency of approach between the surveys, resulting in widely differing estimates of the level of participation. Lynn, for example, found estimates of involvement in volunteering ranging from 15 per cent of the population to over 50 per cent.

The series of national surveys conducted by the National Centre for Volunteering since 1981 are the exception to the rule. They have followed a similar methodological approach and thus allow for direct comparisons to be made in the movement of volunteering over time. The most recent survey in the series carried out in 1997 provides us with the most up-to-date statistical profile of volunteering in the UK.

This survey (Davis Smith, 1997) shows that participation in volunteering, as in many other unpaid activities, declines after retirement, although a comparison with the 1991 survey suggests that participation rates by older people have risen over the past six years (see Table 4.1).

The survey suggests that, while men and women overall volunteer at equal rates, there are significant differences between age groups, with women more likely to volunteer under the age of retirement and men more likely to volunteer after retirement (see Table 4.2).

Across all ages, people from professional and managerial occupational groups are almost twice as likely to take part in formal volunteering as those from unskilled, manual groups, with the differences even more marked in relation to retirees, as Table 4.3 illustrates.

A similar pattern emerges in relation to income where we find those in the highest income bracket volunteering at three times the level of those in the lowest income bracket. Again the differences are even more marked for retirees (see Table 4.4).

Table 4.1 Level of volunteering by age (1991 and 1997)

	18–24	25–34	35–44	45–54	55–64	65–74	75+	All
All current volunteers (1997) %	43	52	52	57	40	45	35	48
Base (1997) count	111	296	284	228	193	200	174	1,486
All current volunteers (1991) %	55	60	63	60	46	34	25	51
Base (1991) count	171	301	265	193	203	217	133	1,483

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

Table 4.2 Level of volunteering by gender (1997)

	All current volunteers (1997) %	
	Male	Female
All ages	48	48
Post-retirement	46	38
Pre-retirement	49	52
55–64	38	42
45–54	58	56

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

Table 4.3 Level of volunteering by socio-economic status (1997)

	All current volunteers (1997) %				
	Professional, managerial	Other non- manual	Skilled manual	Semi- skilled manual	Unskilled manual
All ages	65	51	42	43	36
Post-retirement	69	53	34	23	27
Pre-retirement	64	51	44	49	41
55–64	59	49	33	27	39
45–54	71	55	48	69	29

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

Table 4.4 Level of volunteering by income (1997)

	All current volunteers (1997) %					
	Under 4,000	4,000– 5,999	6,000– 9,999	10,000– 14,999	15,000– 24,999	25,000 +
All ages	23	43	39	54	49	63
Post-retirement	23	36	35	74	59	72
Pre-retirement	23	49	42	50	48	62
55–64	–	15	30	55	52	58
45–54	30	44	36	66	64	68

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

What volunteers do

The 1997 National Survey provides a detailed picture of the types of activities volunteers are engaged in. As Table 4.5 shows, there are differences between younger and older volunteers, with older volunteers more likely to be active on committees and in fund-raising and visiting; and less likely to be involved in organising events and transportation.

As for fields of interest, older volunteers were less likely to be involved in children’s education, youth activities and sports groups, and more likely to be active in religious groups, those to do with hobbies, recreation and the arts, and groups for the elderly (see Table 4.6).

Informal volunteering and caring

Whilst older people are less likely to take part in formal volunteering, the same is not true for informal volunteering. In fact, the 1997 National Survey found that people over 50 were more likely than those aged 18 to 34 to take part in various informal voluntary activities such as baby-sitting, doing shopping for someone or visiting an elderly or sick person. Participation in such activities only appeared to drop off after 75.

Older people are also more likely to be involved in caring activities for dependent relatives. The General Household Survey (Office for National Statistics, 1999) shows that the proportion of adults who are carers rises

Table 4.5 Activities done in past year by volunteers (1997)

	All current volunteers (1997) %				
	All ages	Post-retirement	Pre-retirement	55–64	45–54
Raising, handling money	66	71	65	72	67
Committee member	36	46	33	48	37
Organising, helping run an event	55	50	56	55	60
Visiting people	20	29	18	29	26
Giving advice, information, counselling	17	20	16	22	20
Secretarial, admin., clerical	19	23	18	21	25
Transporting	26	23	27	23	29
Other direct service	18	19	17	11	29
Representing	21	21	21	23	30
Other work or help	20	24	19	22	23

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

Table 4.6 Volunteering by field of interest (1997)

	All current volunteers (1997) %				
	All ages	Post-retirement	Pre-retirement	55–64	45–54
Children's education	23	5	27	6	20
Youth, children	14	7	15	10	14
Adult education	4	2	5	5	6
Sports, exercise	26	14	29	13	23
Religion	23	37	20	38	29
Health and social welfare	19	17	20	28	29
Politics	4	7	4	8	6
Elderly people	6	16	4	10	4
Safety, first aid	9	10	8	13	12
Environment	5	5	5	4	8
Justice and human rights	3	3	3	1	9
Local community groups	14	18	14	22	17
Citizens' groups	10	25	6	14	11
Hobbies, recreation, arts	18	24	17	22	16
Animals	3	3	3	5	4

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

with age to a peak among those aged 45–64. In 1995–96, one in five people aged 45 to 64 in Great Britain was acting as a carer, compared with one in ten aged 30 to 44. Women in the transition age group were far more likely than men to provide care. With older people shouldering the main burden of providing care within, and informal volunteering outside, the family, it should perhaps not be surprising that participation in formal volunteering is lower than for younger age groups.

Attitudes towards unpaid activities

Older people are generally positive about volunteering. The 1996 British Social Attitudes Survey on Attitudes to Voluntary Work found that 84 per cent of the 50-plus age group agreed that 'doing voluntary work is a good thing for volunteers because it makes them feel they are contributing to society', compared with 73 per cent of the 16–49 age group; while 35 per cent of older people agreed that 'everyone has a duty to do voluntary work at some time in their lives', compared with 26 per cent of those in the younger age group. However, older people appeared to be more concerned about an over-reliance on volunteers, with 61 per cent of the over-fifties feeling that 'we rely too much on volunteers', compared with 55 per cent of those aged 16–49 (ONS, 1999).

Similar findings were reported in *The 1997 National Survey of Volunteering* (Davis Smith, 1997). Ninety-three per cent of people aged 55–64 and 96 per cent of people aged 65–74 agreed with the notion that ‘a society with voluntary workers shows it is a caring society’; while 86 per cent of people aged 55–64 and 78 per cent of those aged 65–74 felt that ‘voluntary workers offer something different that could never be provided by the state system’. However, 47 per cent of those aged 55–64 and 48 per cent of those aged 65–74 felt that ‘if the government fulfilled all its responsibilities there should be no need for voluntary workers’.

On the issue of government programmes for unemployed people, 80 per cent of 55–64 year olds and 82 per cent of 65–74 year olds were in agreement with the idea that ‘there should be a government campaign to encourage people who are unemployed to do a period of voluntary or community work in return for their benefit’; while 58 per cent of people aged 55–64 and 67 per cent of those aged 65–74 felt that ‘a period of voluntary or community work should be compulsory for all people who are unemployed in return for their benefit’ (Davis Smith, 1997).

The motivations and barriers to participation

Why people participate

People get involved in unpaid activities for a variety of reasons, both altruistic and self-interested. The 1997 National Survey of Volunteering found that the key reasons for participation for people of all ages were that someone had asked them to help; that they had a personal or family interest in the activity; and that they wanted to improve things or help people.

There were differences between ages. People over retirement age were more likely to cite personal interests and less likely to cite interests of family or friends as a motivating factor. They were also less likely to note the connection with paid work and the opportunity to learn new skills. In contrast, they were more likely to say they had time to spare; that motivation was linked to their own interests; and to identify the social benefits of volunteering. The differences were less marked in relation to

the transition group, suggesting that the main cut-off period is post-retirement rather than approaching retirement, although as with retirees people in the transition group were less likely to cite connections with their paid work as a reason for volunteering (Davis Smith, 1997).

Other studies on motivation have highlighted the dual issues of altruism and self-interest. RSVP in its 1992 study of older volunteers identified the key motivating factors (in addition to being asked) as being a desire to help those in need; contribute to the community; meet people and use one's experience; and stay healthy and do something useful.

A study by Volunteer Development Scotland (1996) concluded that 50-plus volunteers expressed their motivation 'overwhelmingly' in terms of 'social engagement and social responsibility' – they were anxious to use their skills and experience to make a contribution to society; and at the same time were looking for something back in terms of companionship, friendship and personal development.

Jane Forster (1997) in a study of the experiences of older volunteers in 25 organisations for the Carnegie UK Trust looked at why retirees are drawn to particular organisations. She suggested two factors were important: people wanted 'to put skills and experience to good use'; and they were attracted to organisations 'with a good reputation'.

The barriers to participation

Much has been written about the barriers to volunteering in relation to young people. Less attention has been focused on the barriers facing older people. Of course, it is likely that some of the barriers are common to all age groups, for example, the lack of information on available opportunities, a poor image of volunteering and problems with the welfare benefits system. But others would seem to be more age specific. For example, young people consistently claim that they do not have enough time to volunteer – a complaint less likely to be associated with those in retirement, although interestingly not entirely absent. Similarly, the complaint from young people that volunteering is 'uncool' is unlikely to be echoed by older people (at least not in those terms).

A study by the Institute for Volunteering Research (1999) for the Home Office's Older Volunteers Initiative suggests the barriers preventing older people from volunteering include:

- economic circumstances of some older people and the fact that many continue to be reliant on state pensions
- competition with other leisure activities
- ageist practices of some organisations – a study for the Carnegie Third Age Inquiry (Davis Smith, 1992) found that 20 per cent of voluntary organisations had a retirement age for volunteers; a finding confirmed by a 1998 study for the Institute for Volunteering Research which found 19 per cent of organisations operating a retirement policy
- lack of access to information about available opportunities
- lack of public transport facilities
- apathy and lack of interest in volunteering.

The 1997 National Survey of Volunteering asked respondents for their reasons for not wanting to volunteer (see Table 4.7). Lack of time was seen as a barrier by six out of ten of all volunteers. There was a significant drop among those in retirement (with only three out of ten seeing it as a barrier), but the fall does not happen until after 65. For those in the transition group 55–64, almost seven out of ten felt they didn't have enough time to volunteer.

Ill-health is clearly a barrier to the oldest age groups, but is not an issue for those in the transition group. Very few older people expressed the view that volunteering didn't appeal to them or they couldn't be bothered to volunteer, reflecting the generally positive views expressed by the population at large.

Table 4.7 Reasons for not wanting to volunteer (1997)

	All current volunteers (1997) %				
	All ages	Post-retirement	Pre-retirement	55–64	45–54
Not enough time	58	33	68	68	67
Hadn't thought of it	18	14	19	19	16
Too old/too ill/not physically capable	16	40	7	7	8
Enough to do already/too busy	4	6	3	3	2
Don't believe in it	4	1	5	5	6
Not interested/doesn't appeal to me/ don't want to/can't be bothered	3	3	3	3	3
Already done enough/had enough	1	3	1	1	5
Too shy	1	2	1	1	0

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

A study by Volunteer Development Scotland (1998) points to the financial barriers facing retired people who are living on a reduced income. It also points to the fact that the burden of caring responsibilities falls on those in the 45–65 age band, which reduces their capacity (and willingness) to get involved in activities outside the family.

RSVP (1992) found that key reasons for not volunteering were: a clash with family commitments; the difficulty of fitting it in alongside paid work; never having been asked; and a lack of awareness of opportunities and of how to go about getting involved.

Drawbacks of volunteering

The 1997 National Survey of Volunteering found the key drawbacks of volunteering to be poor organisation, the boring nature of the work undertaken and the lack of support to carry out the allotted tasks (see Table 4.8). Other disadvantages were seen to be lack of appreciation from the organisation and being out of pocket.

There were considerable differences in attitudes between older and younger volunteers with older volunteers on the whole less critical than their younger counterparts (although over half still had complaints about poor organisation). They were also less concerned about the time taken up by volunteering. Again, the differences were less marked in relation to the transition group.

Table 4.8 The drawbacks of volunteering (1997)

Proportion who answered yes, either definitely or to some extent	All current volunteers (1997) %				
	All ages	Post-retirement	Pre-retirement	55–64	45–54
Things could be much better organised	71	59	75	69	80
You sometimes get bored or lose interest in it	34	23	38	40	42
You can't always cope with the things you get asked to do	30	19	34	24	36
You don't get asked to do the things you'd like to do	20	12	22	14	22
It takes up too much of your time	31	18	34	25	42
Your help is not really wanted	5	4	5	3	4
Your efforts aren't always appreciated	29	25	30	28	28
Too much work is expected of you	20	17	21	17	15
The organisation isn't really going anywhere	16	13	17	24	20
You find yourself out of pocket	29	28	28	39	33

Other studies confirm these findings. Jane Forster (1997) reported that the key drawbacks identified by the volunteers in her study were: not enough opportunity to use existing skills; concern about their ability to cope with the work; and lack of confidence in their ability to make a meaningful contribution; while RSVP (1992) pointed to a concern amongst some older people that organisations would not welcome new members.

The worlds of paid and unpaid work

Volunteering for employability

Several studies have looked at the link between volunteering and paid work in an attempt to answer the question: does involvement in voluntary work improve employability? A full review of the literature was carried out by this author for the Home Office (Davis Smith, 1997). The conclusion reached was that whilst the research is not conclusive there is evidence that involvement in volunteering can assist in the search for paid work.

Very few studies have focused specifically on the 50-plus age group so the conclusions drawn have only marginal relevance to this study. Some studies point to the value of volunteering in terms of offering direct help with securing a job, for example, by offering opportunities for skills development and training; others focus on the softer ‘psychological’ benefits of confidence building and providing a workplace-type environment.

Gay and Hatch (1983) in a major study for the Manpower Services Commission found the two key satisfactions for unemployed volunteers were meeting people and gaining a sense of achievement, with 52 per cent saying they felt volunteering gave them experience which would help them get a paid job. These findings were confirmed by Gay in a follow up study in 1999 (Gay, 1999).

Despite these benefits, the studies suggest that unemployed people are less likely to volunteer than those in paid work. Again, this pattern holds true for those over the age of retirement (see Table 4.9).

Organisational barriers identified by Gay and Hatch (1983) include agencies paying insufficient attention to the needs of unemployed people, or finding it difficult to involve them because of the additional support required. The conclusion reached was:

... most organisations tended to be ready enough to enlist unemployed people who would help them carry out their main task, but only if it did not involve them in much extra work or displace existing commitments. This meant that they would take on unemployed volunteers who fitted

Table 4.9 Level of volunteering by employment status (1997)

	All current volunteers (1997) %		
	Employee	Self-employed	Not working
All ages	53	58	42
Post-retirement	36	84	41
Pre-retirement	53	57	43
55–64	49	46	36
45–54	57	83	47

Source: *The 1997 National Survey of Volunteering* (Davis Smith, 1997).

into their existing patterns of working, but not those who required extra support and training or did not integrate easily with the volunteers they already had. (Gay and Hatch, 1983)

Non-payment of expenses was also a problem. The 1997 National Survey of Volunteering found that 53 per cent of volunteers who had incurred expenses had not had any reimbursed (Davis Smith, 1997). Gay and Hatch found that half of the unemployed people not involved in volunteering said they would be more likely to get involved if expenses were available (Gay and Hatch, 1983).

Other barriers included lack of information about available opportunities – a third of respondents said they would be interested in volunteering at some time in the future, but only one in seven knew where to go to get any information – and feared that involvement in voluntary work would jeopardise their benefits.

Welfare benefits

It has been a long-held contention within the volunteer movement that the welfare benefits system acts as a disincentive for people to volunteer. There is some evidence that the concern is well founded. An evaluation of projects funded under the Opportunities for Volunteering Scheme in 1985 concluded:

There is evidence that a few local offices have, on occasion, probed so vigorously for information about an unemployed person's voluntary work and remuneration that this has come to be viewed as harassment. (Humble, 1985)

Gay and Hatch (1983) found that one in five volunteers had experienced difficulties with their benefits office, and that a similar proportion of non-volunteers held the view that getting involved in volunteering might jeopardise their benefit entitlement.

A justification for restricting welfare benefit entitlement is that unemployed people may see volunteering as an alternative to work. But this is not borne out by the evidence. Gay and Hatch found 91 per cent

of those actively seeking work felt that volunteering was not a diversion from their search for paid work.

Recent changes to the guidelines regarding the Job Seeker's Allowance have been aimed at promoting a more liberal and supportive environment for volunteering. Not only is it now officially declared that people can volunteer and take up benefit but it is accepted that volunteering should be actively encouraged as having a contribution to make to employability.

But concerns remain that some local benefit agencies are wrongly interpreting the regulations regarding availability for work and actively seeking work, and are frowning upon excessive volunteering. Moreover, in the light of past experience, it remains a distinct possibility that the fear of having benefits stopped will act as a disincentive to volunteer.

A study of unemployed volunteers in Teeside in 1996 concluded that:

... part of the dilemma for volunteers was that to remain eligible for unemployment benefits they had to pass 'available for' and 'actively seeking' work tests. These were seen as discouraging hurdles in the way of claimants who were keen to work as unpaid volunteers. (MacDonald, 1996)

The role of companies

The last ten years have seen a rapid growth in company support for employee volunteering. This development has been fuelled partly by a retrenchment in corporate community financial support but more positively by the recognition that involvement by staff in volunteering has major benefits for the company, the community and the employee.

Many of the established employee-volunteering schemes have had little to offer the over-fifties. With the emphasis on skills and personal development, companies have focused their interest on younger employees who they believe will accrue the most benefit (both for the company and themselves). Where older people have been targeted, it has tended to be in the negative context of phasing out prior to redundancy.

The evidence bears this out. Jane Forster (1997) surveyed over 200 older staff in six private- and public-sector employers known to operate an employee-volunteering scheme. Although 16 per cent had taken part and 6 per cent had been introduced to volunteering for the first time through the programme, 28 per cent did not know that their employer ran such a scheme. The most common reasons given for not taking part were not being asked; too many other commitments; and preferring to do other things with my leisure time. Although 13 per cent said they would be interested in taking part in the future, only 8 per cent agreed strongly with the statement that volunteering 'helps older employees prepare for retirement'.

The study suggests that there are three things companies can do to broaden the appeal and increase the take-up of such schemes by older employees. At the simplest level, they can spread the word about the benefits of volunteering through pre-retirement courses and company magazines. At a second level, they can provide information about specific opportunities for involvement through publications and by forging links with voluntary organisations; while, at the highest level, they can support opportunities for hands-on experience of volunteering.

In addition to schemes to encourage older staff to volunteer, some companies have developed initiatives to involve retirees in a range of community activities. As with employee-volunteering (EV), retiree-volunteering is more developed in the United States than in the UK, but Forster identifies four models operating within UK firms. Model 1 consists of retirees and employees participating together in EV programmes. Model 2 involves the development of a matching service for retirees wanting to volunteer – the employer develops links with local volunteer bureaux and other voluntary organisations, and helps to place retirees in volunteering opportunities. In Model 3, particular volunteer projects are identified by the company and offered to retirees – there is no choice over types of volunteering. While Model 4 consists of companies making grants to organisations in which retirees are involved in volunteering.

Forster concludes that much remains to be done to sell the benefits of both EV and retiree-volunteering to employers and older staff, but that there are examples of good and innovative practice on which to build.

The transition process

A key question raised in the literature is what is the right time to try and attract an older person into volunteering? There would appear to be two schools of thought. The first argues that it is important to involve people immediately they retire or preferably just before they retire whilst they are actively thinking about what to do after paid work. The second argues that it is better to wait before making an approach on the grounds that the newly retired will be preoccupied with making the adjustment to life without paid work to think about taking up volunteering. The research suggests that a mid-way approach is required.

Certainly, most evidence suggests that people who have never volunteered before are unlikely to get involved immediately they retire. A study by the executive retiree voluntary organisation, REACH (1987), of the take-up of its volunteers found that most people got involved a few years after retirement rather than at the point of retirement itself. This point was confirmed by Volunteer Development Scotland in its study of 50-plus volunteering in Scotland:

There is every reason to believe, based on personal anecdotes and the experience of presenters at pre-retirement courses, that, with a few exceptions, people require a breathing space before embarking on voluntary work. (Voluntary Development Scotland, 1996)

But this does not necessarily mean that an approach should be delayed until after retirement. From a practical point of view, it is easier to make contact with people whilst they are still in work. And the research suggests that an initial contact at the point of or just before retirement may sow the seeds of interest in volunteering even if it takes a few years to come to fruition. Volunteer Development Scotland concludes that the answer as to whether there is any point in promoting volunteering at pre-retirement courses 'must be a qualified yes', as long as it is understood that the purpose is to raise awareness rather than attract immediate recruits.

Volunteering as leisure rather than work

Proponents of the role-replacement theory have argued that volunteering serves the vital function for older people of helping them to adjust to retirement by offering many of the things provided by paid work – a structure to the day; workplace discipline – minus of course the contract and the wage. For volunteering to serve such a purpose, it needs to be sold as an alternative to work and its closeness to the world of paid work needs to be emphasised.

But there is emerging evidence that such an approach misreads what it is that people are looking for after work and that, far from presenting itself as an alternative to paid work, volunteering needs to repackage itself as an alternative leisure pursuit. This shift in focus from work to leisure will have significant implications both for public policy and organisational practice.

Susan Chambré (1991), an American academic who has written widely on the subject of older volunteering, argues that presenting volunteering as an alternative to paid work will never be attractive to those people who had unsatisfying work lives and who possess limited job skills. They might, however, be attracted to ‘leisure alternatives’, to opportunities ‘to spend time in a meaningful, interesting, and enjoyable fashion not a way to “work” but a change from playing golf or watching television’.

Conclusions and recommendations for policy and research

Older people are less likely to participate in a range of unpaid activities, including both active leisure pursuits outside of the home and formal and informal volunteering. Part of the reason for this is the nature of retirement itself, with people looking to wind down after a lifetime of paid work and family responsibilities. But part of it is down to a lack of choice. Whilst some people choose not to participate, others are prevented from doing so. The barriers are varied and include poor organisational practice such as the non-payment of expenses and age restrictions on volunteers; confusion over welfare benefit entitlement; competition from other leisure activities; and a lack of awareness of the availability of possible opportunities for participation.

For many people, financial circumstances (or personal choice) dictate that the search for paid work will continue to take precedence over participation in unpaid activities. However, continued employment after the formal retirement age may not in itself be a barrier to involvement in unpaid activities. On the contrary, the evidence suggests that people in paid work are also the most likely to be involved in volunteering, no doubt a reflection of the importance of work-based contacts as a route into voluntary work. For some older people, there is a danger of double-marginalisation – cut off from the worlds of both paid and unpaid work. There is another link between the worlds of paid and unpaid work. Research suggests that for some people volunteering may be a useful route into paid work, offering both the opportunity for the development or refreshment of skills and continued experience of a workplace-type setting.

Evidence suggests that the transition period between full-time paid work and retirement is important in helping to sow the seeds for future involvement in unpaid activities. Companies have a role to play in providing opportunities for older staff to engage in ‘taster’ placements in voluntary and community agencies, and in including information about volunteering and other activities in pre-retirement courses. Many retirees choose not to move straight from paid to unpaid work, preferring a clean break from the world of work and an opportunity to catch up on family and leisure engagements. But, after a suitable rest period, many will look to become more active and those who have been introduced to the opportunities for volunteering before retiring will be best placed to get involved.

Organisations have a challenge in trying to sell volunteering to older people. Different messages will need to be given to different people. Those who are looking at volunteering as a way back into, or as a replacement to, paid work will no doubt be attracted by opportunities which are structured along a workplace-type model. But there are others for whom volunteering is attractive precisely because it is *different* from work. For these people, volunteering will need to stake its claim as an alternative leisure pursuit, alongside such other attractions as the garden, the pub or the television. In marketing parlance, organisations

will need to segment their volunteering customer base and devise appropriate opportunities and marketing strategies to meet their diverse needs.

Recommendations for policy

On the basis of this analysis, the Joseph Rowntree Foundation might like to consider making the following policy recommendations to government aimed at increasing the access to, and take-up of, voluntary and community activities by people in the 50-plus age group.

- 1 Monitoring of the performance of benefit agencies to ensure that the national policy guidelines which allow (and positively encourage) volunteering among claimants are being followed; and the taking of remedial action if not, including the introduction of tighter guidelines and a programme of volunteer-awareness training for benefit agency staff.
- 2 Introduction of a volunteering programme aimed specifically at the over-fifties along the lines of Millennium Volunteers for young people. The focus of such a programme would be both on lifelong learning and on preparing people for retirement. The programme should be open to all people in the 50-plus age group and should not be specifically targeted on the unemployed. Participation should be voluntary and not linked to benefit entitlement but should guarantee pension contributions.
- 3 Investigation of the feasibility of introducing a scheme to provide tax exemption for voluntary work, analogous to the exemption provided for charitable giving. Such a recommendation features in the Age Concern Millennium Debate of the Age Report on Work and Lifestyles (Age Concern, 1997b).
- 4 Investigation of the feasibility of providing stipends for volunteers, along the lines of the foster-grandparent scheme in the United States. Such a scheme would have implications for the minimum wage legislation and tax system.

- 5 Investigation of the feasibility of providing pension and other financial credits for volunteering, analogous to the pension credits for carers proposed in *A National Strategy for Carers* (HM Government, 1999).
- 6 Mounting of a campaign to remove ageism in volunteering. Government could make it a condition of its grant programmes that organisations should not have upper age limits for volunteers. And government could take the lead by removing such age barriers from hospitals and other public sector agencies.

Further research

The Joseph Rowntree Foundation may want to consider supporting further research to inform any such policy recommendations, including, for example, the following.

- 1 Qualitative research on the experiences of unemployed volunteers aged 50 plus. The research, which might include focus groups or one-to-one interviews, would look at a range of issues to do with the barriers to involvement (including the welfare benefit system) and the benefits of volunteering (including help with securing a paid job).
- 2 More focused work on the experience of unemployed volunteers aged 50 plus in relation to the welfare benefits system. A series of locality studies may be appropriate to examine whether or not the national guidelines which encourage volunteering as a route back into work are being implemented by local benefit agencies.
- 3 Research on the barriers to volunteering for the 50-plus age group, including issues to do with the image of volunteering and the lack of awareness of, and access to, available opportunities.
- 4 Research to identify and write up examples of good practice in the involvement of people aged 50 plus in a range of unpaid community activities. The examples would highlight not just formal volunteering but less formal, community-based activity,

including self-help and service credit type activities such as LETS (Local Employment and Trade System) schemes.

- 5 Research to examine the feasibility of the government making major policy changes to encourage volunteering by the 50-plus age group. This would include offering tax incentives to people to volunteer or other financial incentives as part of a package of measures linked to the notion of Citizenship credits. The research would draw on the experience of similar schemes introduced in the United States and elsewhere.
- 6 Research to examine the feasibility of a government programme to encourage volunteering and other community-based activities by the 50-plus age group. Again, this study would include an assessment of the workings of similar schemes in other countries and also of other associated schemes in the UK including the Voluntary Project Programme of the 1980s.
- 7 Research focusing on the role of companies in encouraging staff to get involved in a wide range of community-based activities. Such a study could include the identification and writing up of a series of good-practice examples of companies which have a good track-record in this area; plus a broader-based survey of attitudes of employers and staff to such programmes. The work could focus on staff-based volunteering schemes and retiree schemes and on the role of pre-retirement education in introducing people to voluntary and community activity.

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