

The material resources and well-being of older people

This study used a range of data from England, Scotland and Wales to examine the material resources and financial satisfaction of older people. Vanessa Burholt and Gill Windle, from the Centre for Social Policy Research and Development at the University of Wales, Bangor, identified the key determinants of poverty in old age. Overall, the findings suggest that differences in material resources and financial well-being in old age were determined by earlier life experiences, for example engagement in the labour market and subsequent ability to save and invest.

- Older people with low levels of material resources were over-represented by women, those living alone, people who are widowed, divorced or separated, in poor health, with lower education and living in deprived neighbourhoods.
- Although older respondents (for example, those over 75 years) had fewer material resources than others they tended to be satisfied with their financial situation. This may represent adaptation to a financial situation that may not easily be changed, but did not indicate that they were receiving an income that adequately meets their financial needs. In other words, many older households may have been putting on a happy face in order to cope with the inescapable reality of everyday life.
- Material resources were partially determined by being employed but this was not important for financial well-being (satisfaction with resources).
- Material resources were partially determined by having an occupational pension but this was less important to financial well-being.
- A private source of income, including from a business, rent, interest and insurance payments, was a dimension of material resources and had a positive influence on financial satisfaction.
- Low levels of material resources had a negative impact on the life satisfaction of older people.



The risk of poverty among older people in the UK is about three to four times higher than the typical risk of poverty in Europe. Most people accept that poverty is a combination of the lack of basic requirements, such as food or shelter, and the lack of a range of goods considered to be necessities of daily living.

This study used measures of material resources and financial satisfaction that covered a range of items.

- The **material resources measure** captured two dimensions: employment status, and private investment (including property, savings and occupational pension).
- The **financial satisfaction measure** captured perceptions of *resources in reserve* (i.e. future financial satisfaction: the ability to afford emergencies, bills, luxuries and other future needs), current material resources (i.e. current financial satisfaction: whether *resources met current needs*, and how well-off the person was compared with others of the same age) and the *security afforded by the home* (a safe and decent place to live). The first two dimensions of financial satisfaction were also used as measures in their own right.

What the associations show

Age

The analysis highlighted a contradictory finding for the effect of age. Whereas increases in age correlated with decreases in material resources, an increase in age correlated with an increase in financial satisfaction (current, future and overall). These findings may reflect cohort differences in material resources and financial satisfaction in different life situations, rather than decreases or increases occurring with age.

Cohort differences in material resources are differentiated by lifetime experiences of saving and investment. There are substantial variations between age cohorts with

regard to reliance on state pension, versus a substantial occupational pension or investment in a private pension scheme.

The paradox between low levels of material resources and high levels of financial satisfaction may be a result of social comparison and relative deprivation for particular cohorts. During their lives, the oldest respondents in this study may have experienced the tail-end of the depression in the 1930s, and rationing during the war, and subsequently current financial resources may appear adequate. It is likely that this reckoning is not realistic, and that there are unmet financial needs in many older households.

Gender

Men had greater levels of material resources than women. Women are more likely than men to have a lifelong experience of poor socio-economic conditions due to inequities in the labour market. Women are also more likely than men to have been responsible for caring for children or partners. These lifelong conditions have material consequences in later life, as many women have been unable to contribute to state and private pensions.

The majority of older people in the UK are women, with 113 women to every 100 males in the 65 to 74 age group and 259 women to every 100 men aged 85 and over. Gender inequalities that financially disadvantage women in later life have an impact on a majority of the older population.

Location

Older people living in deprived neighbourhoods had lower levels of material resources than others living elsewhere. Consequently, it is not surprising that respondents tended to believe that these resources would not meet future needs. But older people living in deprived neighbourhoods did not have lower levels of current financial satisfaction. It is likely that when asked to consider their current

Table 1: **Summary of the main associations for material resources, and a range of financial satisfaction measures**

Measure	Material resources	Current financial satisfaction	Future financial satisfaction	Overall financial satisfaction
Age	-	+	+	+
Male	+			
Deprived neighbourhood	-		-	-
Never married		+		+
Married	+			
Further education	+			
Good health	+		+	+
High material resources	n/a	+	+	+

+ = positive association; - = negative association; blank = no association

Figure 1: **Older people's material resources by marital status**



situation, older people living in deprived neighbourhoods made a social comparison between themselves and neighbours of the same age, who were also likely to be in a similar financial situation.

Marital status

Marital status was definitively related to levels of material resources and financial satisfaction. Those who were currently married were more likely to have higher levels of material resources than all other groups. For single respondents, those who had never married tended to have greater levels of current and overall financial satisfaction than others.

Widowed and divorced older people had the lowest levels of material resources. Projections for 2021 suggest that for people aged 65 and over, widowhood will decline for both men and women. However, the most dramatic change is the 12 per cent increase in the proportion of the older population that will be divorced.

Education

Education was associated with material resources in Britain: education only up to primary level was associated with low levels of resources, whilst further education (beyond secondary level) was associated with high levels of resources. Education exerts an important influence on whether money is invested in pensions, shares and other assets. In general, households with more education are more likely to hold diversified 'portfolios'. Low educational levels also limit job opportunities, which in turn affect the household's ability to invest in private pensions, home ownership or savings.

Health

Health was strongly associated with material resources but was not associated with current financial satisfaction. This may be because when respondents compared their situation with others, they selected a comparison group that was similar to themselves, also in poor health with poor financial resources.

Material resources

Material resources had the strongest association with all three financial satisfaction measures. Therefore focusing policy initiatives primarily on the factors that negatively affect material resources may help alleviate both poverty and financial dissatisfaction in Britain.

Material resources of different groups of older people

Working

Being currently employed was important in terms of the objective measure of material resources, but was not important for the perception of financial well-being.

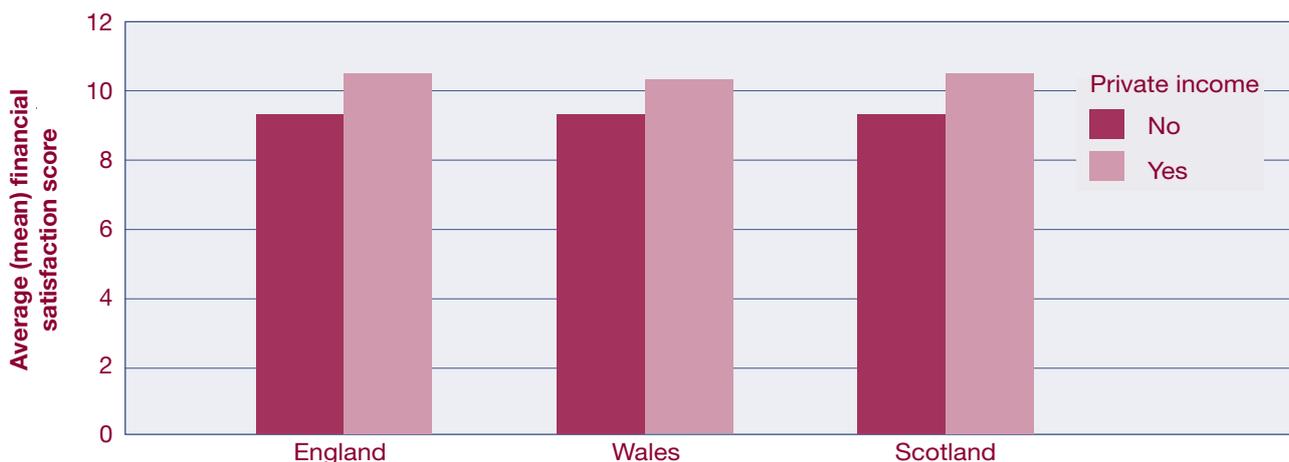
Occupational pension

Receiving an occupational pension was linked to greater material resources. However, an occupational pension only affects older people's financial satisfaction in Wales. Therefore the receipt of an occupational pension was less important to financial well-being.

Private source of income

A private source of income included economic gain from rental, interest and insurance payments and was an underlying dimension of material resources. Those with a private source of income had higher levels of financial satisfaction in all countries. This demonstrated the importance of making investments prior to retirement to secure both material resources and a sense of financial well-being in later life.

Figure 2: **Financial satisfaction of older people with and without private sources of income in England, Wales and Scotland**



Material resources and well-being

Material resources were related to personal attributes (which may be socially and structurally constructed), but an individual's quality of life was also affected by the resources they possess. Material resources were an important factor for quality of life and crucial to the well-being of older people in Britain. This study found that in England, Scotland and Wales, good social resources, higher levels of material resources and fewer illnesses were important for maintaining well-being. Inadequate material resources had a negative impact on the psychological well-being of older people and affected the quality of life.

About the project

Between 2002 and 2003, *Ageing Well: A European Study of Adult Well-Being* was carried out in six European countries (Austria, Italy, Luxemburg, The Netherlands, Sweden and Britain). The European Commission funded the original project - QLRT-2001-00280. The authors are solely responsible for the content of this summary and it does not represent the opinion of the Community. The Community is not responsible for any use that might be made of data appearing within this summary.

The project was based on individual interviews with 'community-dwelling' older people (aged 50-90), in each of the involved countries. In Britain, six distinct sub-samples were drawn representing a rural and urban region in England, Scotland and Wales. This study uses data for 987 people aged 65 and over.

For more information

More information about the project can be obtained from: Dr. Vanessa Burholt, Centre for Social Policy Research and Development, Institute of Medical and Social Care Research, Ardudwy, Holyhead Road, University of Wales, Bangor, LL57 2PX, Tel: 01248 382596, Fax: 01248 382229, email: v.burholt@bangor.ac.uk.

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