

## The needs and resources of older people

**This study, by a research team from the Centre for Research in Social Policy and Essex University, explores what existing data sources can tell us about the needs and resources of older people, with a particular focus on poverty and hardship in later life. In addition to income, the analysis examines expenditure, health, social networks, services, housing and neighbourhoods. It considers how the circumstances of people over 65 change as they age and whether life is improving or worsening for successive generations of older people. Highlighting a number of limitations and suggesting possibilities for future research, the study found that:**

- Age in itself is not a strong predictor of hardship, contrary to current assumptions in some benefit schemes for older people.
- Older people's lives are characterised by financial stability. Those who were less well off earlier in later life remain so, and those who were affluent remain affluent
- People spend smaller proportions of their incomes as they get older.
- Using age as a means of targeting resources on older people with even moderate ill-health or disability is not effective.
- The prevalence of ill-health among older people seems to be increasing from generation to generation.
- Data on the spending and consumer durable ownership patterns of successive generations suggests that older people in the future will have higher aspirations than the current generation.
- The researchers conclude that, whichever measures of needs and resources are used, financial poverty remains the issue on which policy-makers need to focus – both for current and future generations of older people.



## Background

This research was undertaken against the background of the UK Government's 2006 White Paper, *Security in retirement: Towards a new pensions system*. The paper responded to demographic shifts in the UK population which mean that the needs of increasing numbers of older people living longer will have to be met by a smaller number of workers. Some current policies for financial provision for older people assume that people's needs during later life increase as they age, but the basis for this assumption is unclear. There is a lack of evidence about how people's resources, needs and aspirations change as they move through later life and how these changes could trigger 'poverty'. One of the central aims of this research, therefore, was to explore characteristics associated with hardship and how these might change as people grow older.

Government thinking also assumes that future cohorts of older people will be content with relative living standards similar to those experienced by the current retired generation. This may not be the case and this research also explored whether those who retire in the future might expect higher living standards than those who are already retired.

## Ageing in later life and money

Age in itself is not a strong predictor of hardship. This may be because those who live longest into old age tend to be more affluent to start with – poorer old people die younger on average. Therefore, paying people more simply because they are older may not be cost-effective.

Older people's lives are characterised by stability, at least in financial terms: those who were less well off earlier in later life remain so, and those who were affluent remain affluent. Hence, poverty remains the issue for policymakers, rather than increasing age.

People spend smaller proportions of their incomes as they get older, although it is unclear from this analysis what happens to 'surplus' income. If older people are saving this money to meet the possible future costs of their care, this would be encouraging for policy-makers considering how to meet the costs of caring for increasing numbers of older people.

## Ill-health and disability

Using age as a means of targeting resources on older people with ill-health or disability is not necessarily

effective. Although the older people are, the more likely they are to experience ill-health or disability, the majority do not experience severe problems. However, alternatives also have potential disadvantages. Detailed assessment of disability to establish eligibility or disability additions to means-tested benefits would both avoid the problem that additions might go to people who do not 'need' them. Yet both may result in non-take-up through lack of awareness or the perceived stigma of claiming. Targeting by age would be easier to justify if the aim is to help those with more moderate disabilities, but this analysis has shown that even this would not be effective.

## Future generations

In thinking about how the 'needs' of future generations of older people are to be met, policy-makers need to consider not just current generations but how generations' definitions of 'need' and their aspirations might change. The researchers found evidence, particularly from data on spending and consumer durable ownership patterns, that older people in future will have higher aspirations than the current generation, who experienced relatively lower levels of affluence during their working lives. To give just one example, although older women living alone are currently less likely to drive a car than other groups, the proportion that does drive has been increasing over time. As more women with driving licences reach retirement, this proportion is likely to increase further, with implications for their income requirements.

There is also evidence that the prevalence of ill-health among older people is increasing over generations. If this continues, then policy will need to take account not just of the implications of declining health in later life, but also of the consequences of generations of older people who are less healthy generally.

The researchers conclude that, whichever measures of needs and resources are used, financial poverty remains the issue on which policy-makers need to focus – both for the current and future generations of older people.

## About the project

The project analysed data from five different cross-sectional and longitudinal datasets: the British Household Panel Survey; the Expenditure and Food Survey; the Poverty and Social Exclusion Survey of Britain; the General Household Survey; and the Health Survey for England.

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## For more information

The full report, **Measuring resources in later life: a review of the data** by Sue Middleton, Ruth Hancock, Karen Kellard, Jacqueline Beckhelling, Viet-Hai Phung and Kim Perren, is published by the Joseph Rowntree Foundation. It is available as a free download from [www.jrf.org.uk](http://www.jrf.org.uk).

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