

Older people's views and experiences of resources in later life

With increasing numbers of older people living longer, the future of their financial and service provision is a key policy concern, while poverty among the present generation of older people remains an important issue. This qualitative study, by the Centre for Research in Social Policy at Loughborough University, explores how older people use and value available resources, and how they had planned for retirement and are planning for future later life.

- Respondents generally saw health and social networks as more important than economic resources.
- The research confirms that the consequences of declining health were worse when unexpected or rapid, and coping was most difficult for people who lived alone, particularly for older respondents.
- People often relied on family support during periods of poor health or other difficulties, but the 'exchange' of financial, practical and emotional support between generations was also important.
- Different types of planning for retirement included: 'lifetime planners', 'planners knocked off course', 'late planners', and those who felt no need to plan, couldn't or didn't plan. Respondents sometimes had little control over external factors which affected the outcome of plans.
- Current and accumulated income had implications for planning financially for later old age. Different types of saving behaviour included: longer-term saving (for a specific use or for a 'rainy day'), spending accrued or surplus income, or only being able to budget in the short term rather than save for longer-term use.
- Unless the accumulation of savings or assets had been planned for retirement, people often saw them as inheritances for their family and resisted the idea of selling property to fund future residential care.
- Respondents saw health as a 'deciding factor' in their future lives, but found it difficult to plan for future ill health.
- Planning before retirement and planning for their death (inheritance and funerals) seemed easier than planning for later old age.
- Respondents would advise younger generations to make provision for their retirement, although some had reservations due to lack of trust in the financial industry and resentment that savings and pensions can exclude people from benefits.



Resources in later life

'Resources' can be seen as assets or supplies that are used to achieve a desired outcome, in this context to support well-being in later life. This project has defined resources broadly, to explore their importance in older people's lives and how these resources interact.

Health

Respondents overwhelmingly saw health as the most valued resource.

"When you're 70 it doesn't matter how much money you've got, your body dictates your contentment ... the fitness and all that enhances your life".

(Couple, in the 65-74 age group, low income)

The value of health was often tied to mobility, which allowed freedom and independence. Health problems had resulted in:

- a change in lifestyle;
- limited participation in activities;
- the creation of additional needs (sometimes with additional cost); and
- psychological impacts.

The consequences of declines in health were worse when they had occurred unexpectedly or rapidly, and coping was most difficult for people who lived alone, particularly for older respondents. In these contexts, good health as a resource was most notable in its absence, and the most difficult to regain.

Social resources

Having a close family network was valued as a source of happiness, but also as a resource to draw on in times of need. Family support was particularly important during periods of poor health or other difficulties, although fear of being a 'burden' could deter asking for help.

"I feel awful because she [daughter] does the shopping. I think I'm putting on her. I've never been dependent on anybody. I don't want to be dependent on anybody ... it's not right on them, they've got their own lives to lead".

(Couple, in the 65-74 age group, low income)

Particularly interesting is the extent to which there is an 'exchange' of financial, practical and emotional support between generations, and the importance of this to both givers and receivers. Those without such support sometimes struggled to meet more practical needs, despite often having strong friendship and neighbourhood networks that provided social companionship. Contact with family increased in importance for older people whose networks had diminished because of the death of friends, decreased mobility or disinclination to participate in social activities.

Economic resources

Respondents in the middle to higher income groups often mentioned financial security and not having to worry about bills. Although it might add to their quality of life, those on lower incomes raised the importance of money less often. Respondents' satisfaction with their economic resources was often in comparison with their working lives, childhood or other people: "we were never overly endowed when we were young ... you went without and learnt to cope". Perceptions of financial well-being could reflect resilience to living on a constrained income and past struggles, or the experience of a sharp drop in income at retirement.

People with more constrained finances included those who had experienced health difficulties, particularly if this had meant leaving work earlier than expected; those who had given up work to care for a spouse or family member; and those who had experienced the early death of a partner. Respondents seldom reported having debts that were difficult to repay, reflecting an aversion to debt and the importance placed on being sensible with money.

Savings were an important resource in times of need or to supplement an income. While these were sometimes substantial sums, for example, money from the sale of property, often the amounts were modest and viewed as for household emergencies or a general 'buffer'.

Planning for later life

Respondents described different types of planning for retirement but they had not always made plans, or plans that were made were not necessarily achieved. Types of planning included:

- Lifetime planners, who had prepared throughout their lives for retirement.
- Plans knocked off course. People who had started to make provision but whose plans had been thrown into disarray by unanticipated events.
- Late onset planners, who had started making provision for retirement during their 40s, 50s or 60s.
- Non-planners, who fell into three broad groups:
 - No need to plan: people who felt that they just happened to end up with a pension, savings or assets rather than having actively made plans for later life – "it seems to have worked out on its own".
 - Couldn't plan: people who had been in circumstances that had limited their capacity to plan.
 - Didn't plan: a few had not planned because they had not thought about it, or preferred not to plan.

"I just didn't want to think about it ... life shouldn't have worries ...".

(Single woman, 65-74, middle income)

Key factors affected the planning process or outcomes, and respondents sometimes felt they had little control over these:

- Earlier circumstances, which included employment histories, family or household situation and an interlinking of the two. These include:
 - Past employment – type and stability.
 - Past family/household circumstances – lone parenthood, caring and large families.
 - Knowledge of financial matters.
- Unanticipated events which threw plans into disarray including:
 - Early onset of ill health.
 - Redundancy.
 - Other financial shocks such as collapsed business or a stock market crash.

The complex interlinking of past circumstances, life events, and attitudes affected planning and therefore outcomes in later life. This is shown in Figure 1.

Planning in later life

Respondents' future plans involved interlinking finances, housing and health. There was some change in behaviour where previous plans had been achieved or gone wrong, or uncertainty made it difficult to plan ahead.

Financial planning for later old age was explored through looking at whether people continued to save in retirement and their views on the use of savings and assets in the future. Different types of saving behaviour illustrate the complexity of the issue. These include:

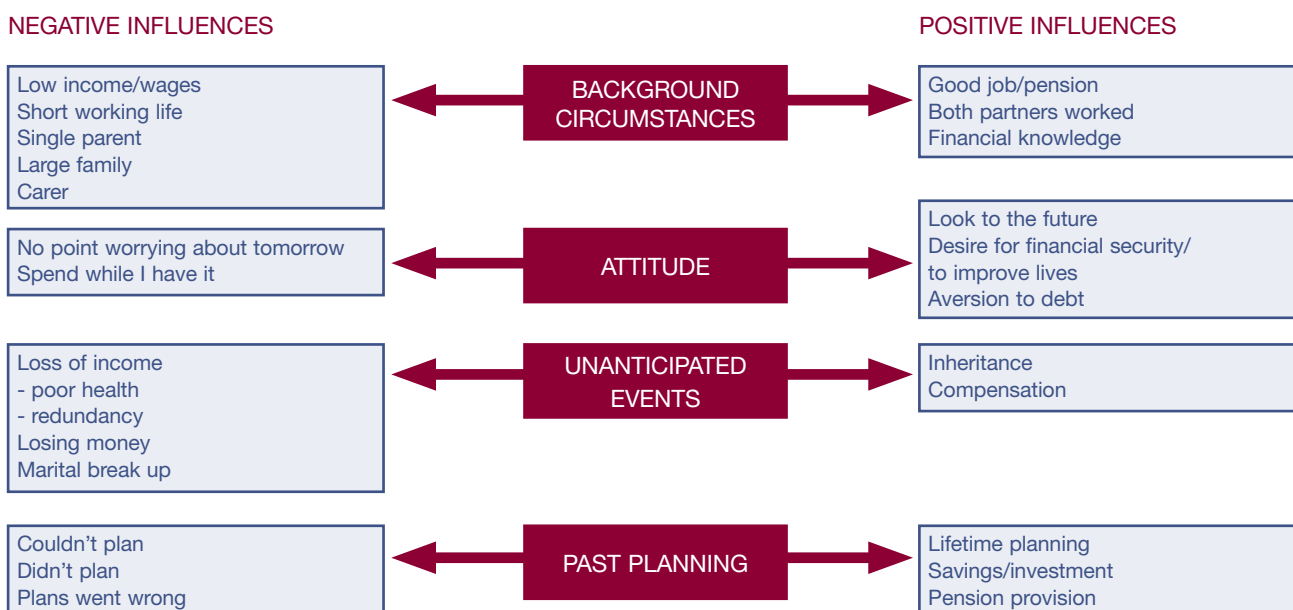
- Actively saving for later old age (in contrast with short-term saving as a form of financial management). This was uncommon and tended to be for a specific purpose, such as a house move, or potential health costs.

- Adding to existing savings more generally for a 'rainy day' when income exceeded spending rather than as a deliberate strategy to save.
- Preferring to spend or give away surplus income because respondents saw no need to plan ahead, did not anticipate additional expenditure or felt they had enough savings and saw no need to accrue more.
- Not being able to save for longer-term use and just managing on current income. Here respondents sometimes saved (often small amounts) in the short term in order to budget, for example to pay household bills.

Where the accumulation of savings, including from house sales, had been a long-term plan there were few qualms about spending these savings. Respondents with lower levels of savings saw releasing capital from property as a potential future option, though often as a last resort (and this was more seriously considered by older respondents). Others with assets saw these as inheritances for family, and disliked the idea of selling a property, particularly to fund residential care. This was mostly the case in the younger age group, especially where people had struggled in the past to buy their own home.

In relation to looking ahead to later old age, health was seen as a 'deciding factor' in future lives. The potential impact of future ill health was generally recognised, but felt to be difficult to plan for, with attitudes of hoping for the best and facing problems if and when they arose. Although respondents were aware of putting their 'heads in the sand', this could be a way of coping with a situation over which there is little control and which is unlikely to improve. One said: "I prefer not to think about it ... all I can do is what the doctor tells me".

Figure 1: Influences on planning and outcomes in retirement



Source: Understanding resources in later life: views and experiences of older people

Respondents often stressed the importance of planning for death and plans provided peace of mind: “If I drop dead tomorrow, now I know it’s all sorted, I don’t have to trust or bother anybody for anything now”.

Planning prior to retirement and planning for death appeared to be ‘easier’ than planning for later old age, perhaps because retirement and death are more tangible inevitabilities and later old age involves uncertainty about what to plan for.

“I did plan ahead when I was at work, yes, I tried to. But now you can’t plan ahead, because tomorrow never comes, you don’t know how long you’ve got”.
(Couple, in the 65-74 age group, middle income)

Conclusions

Many of the findings are of direct relevance to current debates and the Government’s White Paper on the future of pensions. Respondents would advise younger people to make provision for their retirement, although with reservations. Some supported compulsion because of concern that younger people would not save unless forced to do so. Others felt that people cannot be forced to save and that planning for retirement should be encouraged.

- Some respondents said they would have paid into an occupational pension scheme if one had been available – suggesting potential support for proposed automatic enrolment into pension schemes. Very few had not planned or had ‘frittered’ money away prior to retirement.
- Most people who had not planned financially for their retirement thought that this had not been a realistic possibility for them. Many had been in part-time, low-waged or unstable employment – the pressures of which could lead to opting out of a scheme.
- Many respondents had ended their working lives before reaching the state pension age, often due to ill health or redundancy. This suggests consideration needs to be given to those in unstable employment and that the success of proposals to extend working lives will be

linked to the health of future generations, the economic climate and adapting working practices to the needs of older people.

Respondents’ lack of trust in the financial industry, and resentment of a benefit system that they perceived to be punishing those who have saved during their working lives, suggest that the Government faces a major task in rebuilding people’s trust in saving for their pensions. The current generation will need to be reassured that if they do save for retirement they will not be penalised.

“If I was young I’d be a bit dubious about what I was paying my money in to, and if I was going to get it back. Well, it’s what you read, isn’t it?”
(Single woman, in the 65-74 age group, middle income)

The need to avoid debt and live within one’s means was repeatedly stressed, although younger respondents were less debt averse. This has implications for future generations, who have lived at a time when credit and debt has become widespread and socially acceptable. Furthermore, the older people in the study tended to compare themselves with those who were worse off, or past experiences of hard times. There is no guarantee that this will continue among future generations of older people, whose expectations might therefore be greater.

About the project

The project was undertaken by researchers at the Centre for Research in Social Policy at Loughborough University. The qualitative research involved 91 in-depth interviews with older people (aged between 65 and 84) during 2005. Although this is a longitudinal piece of research (respondents will be interviewed up to twice more), this report is based on the first round of interviews only. It focuses on experiences up to the time of interview and expectations about the future, in order to act as a foundation for issues to be explored in more depth during the next research stages.

For more information

The full report, **Understanding resources in later life: views and experiences of older people**, by Katherine Hill, Karen Kellard, Sue Middleton, Lynne Cox and Elspeth Pound is published by the Joseph Rowntree Foundation. It is available as a free download from www.jrf.org.uk.

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