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Understanding resources in later life

Views and experiences of older people

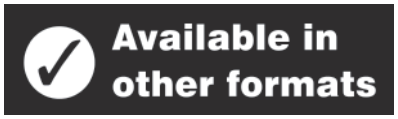
Katherine Hill, Karen Kellard, Sue Middleton, Lynne Cox and Elspeth Pound

This report explores how older people plan, use and value the resources available to them.

Increasing life expectancy means that resources in later life have to be planned and managed over longer periods. Resources in this project include health, social contacts, community and neighbourhood resources, housing and transport, as well as money. The research explores access to these resources, their importance in older people's lives, and how they interact. Different types of planning for retirement and the factors that influence plans and outcomes are described. People's thoughts about, and plans for, the future are also explored. Finally, the implications of the findings for government policy and for future research are reflected on.

A qualitative longitudinal approach was used, to interview a panel of 91 respondents aged 65 to 84 to investigate the consequences of changes in circumstances in later life. This report is based on the first wave of interviews. It is of interest to policymakers, practitioners and academics involved in provision for people in later life.

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Summary

Chapter 1: Introduction

The future of both financial and service provision for older people is currently at the forefront of policy concern. Increased numbers of older people, living for longer, will require increased resources to support their health, mobility and care, as well as their incomes. At the same time, poverty among the present generation of older people remains a key issue.

The research on which this report is based was commissioned by the Joseph Rowntree Foundation as part of its Resources in Later Life programme, which aims to inform policy about 'how the resources available to people compare to what they need in order to escape poverty, hardship and disadvantage in later life'.

The policy context

The UK Government has introduced a raft of policies to assist present and future generations of older people. Concerns about the finances of the present generation of older people have led to reforms to the State Second Pension and the introduction of the Pension Credit and Winter Fuel Payment. Concerns about the financing of future generations of older people have resulted in proposals for fundamental reforms to pension provision, including an aim to reinstate the link between the State Pension and earnings; increasing the age of eligibility for a State Pension in the future from 65 to 68 years; and introducing a new contributory pensions savings scheme (automatic enrolment into personal accounts), from which eligible employees will have to opt out, rather than opt in.

Existing and proposed reforms to the provision of health and social care services are also extensive and, although the detail of policies differs, approaches in England, Scotland and Wales have focused on the need to provide co-ordinated and integrated health and community services for older people.

Research aims and design

The aims of the project were to investigate:

- how older people have planned and are planning their resources for later life

- what resources are available to older people and how people value these different material, social, financial and health resources

- how older people define (and redefine) their needs as resources change, and what strategies are used in the acquisition and deployment of resources.

In-depth interviews of around one and a half hours were undertaken during the summer of 2005 with 91 people in central England (couples where appropriate), spread across age (65–84), gender, household type (single and couples), income and urban/rural areas.

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 therefore focuses on experiences up to the time of interview and expectations about the future in order to act as a foundation for the development of issues to be explored in more depth during the next stages of the research.

Chapter 2: Resources in later life

This chapter provides the context for subsequent chapters by examining the range of different 'resources' available to respondents in retirement. Resources include not only finances, but also health, social networks, neighbourhood and community resources and the material 'assets' of housing and transport.

Health

Health was perceived overwhelmingly to be the most valued resource among respondents and was given a much higher priority in terms of its preservation than other more tangible economic, social and material assets. Almost all of the group had experienced health problems at some point during recent years, which had often resulted in a change in lifestyle, limited participation in activities that were previously important to them, the creation of additional needs (sometimes with additional cost) and at times additional psychological impacts. The consequences of decline in health were most stark when they had occurred unexpectedly or rapidly. In these contexts, good health as a resource was most notable in its absence, and most difficult to regain. Coping with health decline was most difficult for people who lived alone, particularly if they belonged to the older age group.

Social resources

Many respondents discussed the importance of their family and the value they placed on having a close family network. Family support was often particularly relied on during periods of poor health or other difficult times. Extended families made important practical contributions to respondents, including helping out with repairs to the home, shopping and transport. What is particularly interesting is the extent to which there is an 'exchange' of (financial, practical and emotional) support between different generations, and the importance of this to both givers and receivers. Those without such support often struggled to meet more practical needs, despite often having strong friendship and neighbourhood networks. Older people whose networks had diminished often felt this more starkly.

Economic resources

Despite a wide range of weekly incomes across the sample, respondents were generally satisfied with the economic resources they had. This was often linked to comparisons with their working lives or childhood, as well as comparisons with others. Nevertheless, there were examples of some very frugal living among low-income respondents, including restricting diet and heating. People who had experienced health difficulties often reported more constrained finances, particularly if a spell of ill health had necessitated them 'retiring' from work earlier than anticipated. Likewise the early death of a partner could also cause financial difficulties. Despite this, there were relatively few reports of 'bad' debt, although the use of credit as part of household budget management was mentioned by some. Savings were also mentioned as an important resource on which to draw in times of need or to supplement an income. Money from the sale of property was used by some, but the amounts saved were generally modest. Although there was a widespread reluctance to claim means-tested benefits, including some guilt attached to receiving this type of support, those who were in receipt of Pension Credit noted the positive difference that the additional income had made to their living standards. There was no such stigma attached to the (non-means-tested) Winter Fuel Payment and its value was widely praised.

Community and neighbourhood resources

Having access to local resources and facilities such as shops, health services and public transport was important for respondents, particularly for those with limited physical mobility or people without their own transport. Respondents generally made

good use of their local community facilities and neighbourhood environment, and sometimes spoke of strong community 'spirit' and a good network of local friends and neighbours (although there was a widespread fear of going out at night). However, the older respondents, and in particular males living alone, were less likely to be active within the local social and community network.

Material resources

Two material resources were also raised as important – housing and transport. Most respondents were happy with their current home, but some were not, and this was often a cause of anxiety, not least because they felt either that they could not afford to move, or that it was 'too late' for them to cope with the upheaval. Reasons for dissatisfaction included their home being too big, too far away from amenities, with no central heating, or with an inappropriate layout (e.g. stairs). Concerns about meeting the cost of needed repairs, maintenance or adaptations for owner-occupiers were also raised. Here, help from extended family members played an important role. Having access to transport was also, not surprisingly, important for respondents – both for their independence and to enable them to participate in activities of their choice. Views on the need for and usefulness of a car were mixed, and depended on the availability of a good reliable alternative service and whether amenities were within walking distance, as well as on whether respondents had had a car in the past.

Chapter 3: Planning for later life

This chapter describes the different types of planning undertaken by respondents before retirement, and the factors that influenced the ability to plan for retirement and its outcomes. Respondents' thoughts about how future generations might plan for retirement are also explored.

Planning 'types'

A 'typology' is used to demonstrate the different types of planning for retirement described by respondents and the factors which can dictate the sufficiency of plans or their outcome.

Respondents fell into the following loose groupings:

- 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 knocked off course by unanticipated events

- late-onset planners who had started making provision for retirement during their forties, fifties or even sixties

- non-planners, who fell into three broad groups:
  - it just happened/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
  - couldn't plan – people who had been in circumstances that had limited their capacity to plan
  - didn't plan – a few respondents who had not planned because they had not thought about it, or preferred not to plan.

Influences on planning and outcomes

A number of key factors emerged that could either support or undermine the planning process itself or have consequences for the outcomes of plans, and over which respondents felt they had little control. These were:

- earlier life circumstances, which included past employment histories and family or household circumstances and an interlinking of the two:
  - past employment – type and stability
  - past family/household circumstances – lone parenthood, caring and large families
  - knowledge of financial matters

- life events and unanticipated circumstances which could throw plans into disarray, including:
  - early onset of ill health
  - redundancy
  - other financial 'shocks' such as collapsed business or the stock market crash.

Planning and future generations

Reflecting on the prospects for future generations, the importance of making personal pension provision and saving in early years was repeatedly emphasised and influenced by the belief that State Pensions are likely to be more limited in the future. The need to avoid debt and live within one's means was also stressed. However, a few respondents noted that saving should not be to the detriment of enjoying life while still young, and unless substantial savings or pensions could be acquired, planning might not be worthwhile because of the link seen between savings and benefits.

There were mixed views about whether the Government should force people to save for their retirement. There was some support for compulsory measures, as well as suggestions for more proactive government action to encourage planning. Potential barriers to financial planning were seen as low wages, the benefit system acting as a disincentive, and mistrust of the financial industry.

Chapter 4: Planning in later life

This chapter examines the decisions made around the point of retirement and reflections on the experience of moving into retirement. It also explores people's thoughts about, and plans for, the future.

Moving into retirement

Retirement was more readily accepted where it had been planned or expected, where respondents had felt 'ready' to retire or had not enjoyed their job or working environment. Others would have liked to continue working but had been forced to stop, for example because of redundancy or being compelled to leave a job at the State Pension age. Key factors in working after the State Pension age were being able to work part-time hours, having a job suited to levels of fitness or health condition, and enjoying the type of work (this included lack of stress, meeting others and having some degree of autonomy).

Around the time of retirement, preparations had included ensuring that any remaining mortgage payments and debts were cleared, carrying out house repairs in anticipation of a drop in income and making decisions about how to use lump sums from occupational or private pensions. However, adjusting to retirement had not always been easy and the effects of the loss of routine, activity and *'purpose'*, as well as of social networks, were often unanticipated.

Planning for the future

Although some people who had planned in the past continued to do so, others had changed their behaviour or attitude to planning where:

- their aims had been achieved and they felt no need to keep planning
- future uncertainty made it difficult to plan ahead
- plans had gone wrong in the past.

Those who had not planned for retirement often felt the same about looking ahead to the future, either because their resources were constrained or they continued to prefer to *'just live for today'*.

Saving for later old age

Different types of saving behaviour confirm the complexity of the issue and illustrate that saving is not necessarily an indicator of hardship in its absence, or of lack of hardship when present:

- actively saving for later old age (as against short-term saving used as a form of financial management) which tended to be for a specific purpose
- adding to existing savings more generally, for a *'rainy day'*
- preferring to spend or give away surplus income because respondents either saw no need to plan ahead financially or felt they were already sufficiently covered
- not being able to save for longer-term use where just managing on an income.

Use of savings and assets in the future

Where substantial savings had been accumulated including from house sales, these were generally seen as being sufficient for years to come, and if this had been a long-term plan there were few qualms about spending these savings. However, respondents (particularly in the younger age group) with lower levels of savings expressed concern that these might not last. Releasing capital from property was seen as one potential future option, though often as a last resort (and more seriously

considered by older respondents). Others with assets saw these as inheritances, generally for family, with resistance expressed to the idea of selling a property to fund later life (mostly in the younger age group, especially where they had struggled in the past to buy their own home).

Housing plans

Respondents who anticipated moving or were planning to move envisaged moving to a more manageable property, to be nearer to amenities, or because of neighbourhood problems. However, financial, logistical and emotional barriers raised doubts about the likelihood of moving for others (including respondents who recognised their homes might not be suitable in the future).

Health and the future

The potential impact of future deterioration in health was generally recognised, could be a cause of concern, and was seen as a challenge. Residential care was often associated with loss of independence and some respondents were very resistant to the idea, preferred not to think about it, or wanted to be supported at home (although the potential *'burden'* on relatives made this a dilemma). Although health was seen as a 'deciding factor' in future lives, it was often felt to be something that could not be planned for. Attitudes towards the future were often about hoping for the best, and facing problems if and when they might arise.

Planning for death

Sometimes extensive plans (to cover cost and details of arrangements) had been made for death itself, even where people had not planned very much in the past. This was because death could be planned for as a certainty and respondents wanted to exercise control over arrangements and also to ease the financial and emotional burden on family. Having such plans in place provided *'peace of mind'*.

Chapter 5: Conclusion

Many of the findings of this research have clear implications for government policy and for future research, and the concluding chapter provides some reflections on these.

Health, housing, finance and family

Government faces continued resentment of the policy that requires people to sell their homes in order to fund their residential care and resistance to any future policies which might involve encouraging or requiring people to use their housing to fund their retirement. Housing was the asset that respondents wished to pass on to their children, and few were considering cashing in remaining property assets, or equity release schemes.

Most respondents recognised that their health might decline (further) in the future but, unlike retirement and death, there was less thought given to planning for future ill health. It seems that retirement is regarded as inevitable and predictable, and death is inevitable if not predictable, whereas ill health is unpredictable and, hence, cannot be planned for.

Health decline had brought additional need for help around the home and with transport and maintenance, which was often provided by family members at no cost. A combination of reducing numbers of children being born to families and increased geographic mobility may mean that such care may not be so readily available to future generations of older people, putting even greater pressure on services. Concerns about the cost of maintenance and adaptations, particularly among homeowners, suggests a need for assistance, perhaps through a national repairs and adaptations service.

Loss of mobility was seen as the biggest problem arising from ill health since it meant a loss of independence. Since a claim for Disability Living Allowance, which includes a mobility component, can only be made by those who are under 65, this was particularly problematic in financial terms for those whose loss of mobility had occurred after their 65th birthday. Respondents welcomed the prospect of increased access to free off-peak local public transport, which has been available in England since April 2006. However, the provision of resources to assist those who cannot make use of bus passes should also be considered.

Financial planning for and in later life

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

There were mixed messages about the likely success of automatic enrolment into personal accounts:

- On the positive side, some respondents said they would have paid into an occupational pension scheme if one had been available, and there were very few who simply had not planned and had 'frittered' money away prior to retirement – suggesting support for the proposed scheme.

- On the negative side, most people who had not planned financially for their retirement did not believe that this had been a realistic possibility for them. Many of those who had not planned for their retirement or whose plans had been knocked off course had been in part-time, low-waged and/or unstable employment – the pressures of which could lead to opting out of a scheme given the choice. Others had experienced unexpected life 'shocks', such as redundancy, divorce or the onset of ill health.

Although the proposed scheme will be portable between jobs, consideration needs to be given as to how automatic enrolment into personal accounts might help those who are in unstable employment in the future, perhaps by allowing flexible savings options.

Lack of trust in the financial industry was expected to put younger people off saving, indicating that the Government faces a major task in rebuilding people's confidence in saving for their pensions. There is also a need for improved, trustworthy financial advice to provide people with the knowledge they need to plan (better) for their retirement.

Lack of saving is not necessarily an indicator of financial hardship in later life. It tended to be largely those in the lower-income groups who continued to actively save, if only small amounts, as a form of budgeting for holidays, emergencies or replacement of expensive household items. This highlights that saving is not necessarily a case of building up resources for later old age, but is also (or in some cases instead) used to manage current circumstances.

Respondents in this study confirmed the continued reluctance among many in retirement, particularly those in the older age group, to apply for means-tested benefit, despite its rebranding as Pension Credit, suggesting a continued need for campaigns to encourage take-up. The fact that younger people displayed less reluctance to claim could also suggest that attitudes might change among future generations of older people.

There was resentment of a benefit system that is perceived as punishing those who have saved and been frugal during their working lives. Some of those who had relatively low incomes were bitter that they were excluded from all benefits, including Council Tax and Housing Benefit. This emphasises that current generations need to be reassured that if they do save for retirement they will not be penalised.

In line with the findings of other research, most respondents were satisfied with their financial situations. Whether this is because attitudes change as people get older (an 'age' effect) or change from generation to generation (a 'cohort' effect) is important for policy because, if it is a cohort effect, future generations of older people who have experienced relative affluence throughout their lives might have higher aspirations for their lives in retirement and will be less content to 'make do' with limited incomes. Later rounds of interviews should throw further light on this, as we will be able to explore whether younger respondents in these interviews become more satisfied as they get older.

Most respondents also showed the aversion to debt that has been found in many other studies of older people. However, the younger respondents were less debt averse than their older counterparts. It may be, therefore, that future generations of older people, who have lived at a time when credit and, hence, debt have been more widespread and socially acceptable than in earlier times, may not be as debt averse, in which case there will be a greater need for assistance for older people in financial difficulties.

Extending working lives

Many respondents in this study ended their working lives before reaching the State Pension age, often because of ill health or redundancy. For those who continued their working lives beyond State Pension age, changes in working hours and type of work were often more influential than financial reasons. This suggests that the health of future generations and a good economic climate, as well as adapting working practices and environments to the needs of older people, could be key to the success of government proposals to extend working lives.

Individual psychology

Notwithstanding all of the above, perhaps one of the most interesting findings to emerge from this research is the role which psychological factors play in planning for retirement and satisfaction with life during retirement. While not worrying about the

future can act as a coping strategy, a 'live for the moment' attitude could work against planning for the future. Whether 'financial capability' and planning for later life can be encouraged by government remains to be seen, although it might be hoped that 'non-planners' would benefit from automatic enrolment into personal accounts.

There has been increasing recognition by the present Government that wealth is not the only measure of happiness and interest in finding ways of measuring well-being. One of the possible reasons identified for unhappiness in the face of increasing financial affluence is the UK's unequal income distribution that encourages people to compare themselves unfavourably with those who are better off. One of the possible differences between the present generation of older people and future generations is that today's older people – at least those in our research – tended to compare themselves with those who were worse off than themselves in relation to health, finance and family support – the things that mattered most to them – rather than to those who were better off.

1 Introduction

The future of provision for older people, defined for the purposes of this report as those over the age of 65 years, is currently at the forefront of policy concern. The UK, in line with other industrialised countries, is facing a future in which the needs of increasing numbers of older people who on average will live longer will have to be met. It is estimated that 90 per cent of people will live to reach the age of 65 by the middle of this century and that they will have a life expectancy of around 24 years. By contrast, in the early twentieth century only 6 per cent of people reached the age of 65 and their life expectancy was around ten years (DWP, 2006a). Financially, the difficulty is compounded by the prospect of a decreasing number of younger people in work who will be paying taxes that can be used to support those who have retired from the labour market: 'For every individual aged over 65, there were five adults aged 20–64 years in 1950, there are under four now, and there will be a little over two by 2050' (DWP, 2006a, p. 177).

Alongside concerns for future pensioners, poverty among the present generation of older people remains a key issue. While pensioner poverty has fallen from 27 per cent in 1997/98 to 17 per cent in 2004/05, the risk of poverty remains high for some groups of pensioners, particularly those who are over 75 (22 per cent), living in rented accommodation (between 26 and 30 per cent according to type of rented accommodation), from ethnic minorities (32 per cent), and those who have no occupational or private pensions (37 per cent among couples; 25 per cent among single pensioners) (DWP, 2006b).[1]

In addition to policy concerns about the incomes of retired people in the future, ever larger numbers of older people will require increased resources to support their health, their mobility and their care, as well as to promote their more general well-being in later life.

The research on which this report is based was commissioned by the Joseph Rowntree Foundation under its Resources in Later Life (RILL) programme. The programme aims to inform policy about 'how the resources available to people compare to what they need in order to escape poverty, hardship, and disadvantage in later life'. This involves exploring the aspirations and expectations of older people, how various resources (economic or otherwise) might meet their needs, and barriers to accessing such resources.

This particular project aims to provide a detailed understanding, through a series of qualitative in-depth interviews with older people, of how and why people perceive, define and adapt their needs and resources (broadly defined) in later life. It

complements two quantitative projects (Burholt and Windle, 2006; Middleton *et al*., 2007 forthcoming), also part of the RILL programme, which aimed to estimate changes in need and resources over time and for particular groups. These projects raised a number of questions about the processes underlying the statistical results, for example how people cope with a change in their circumstances in later life, how and why people plan during retirement, and the interplay of different resources in later life. A qualitative methodology can help to explain these processes, contributing to policy making by providing an understanding of the needs, priorities and aspirations of the current generation of people in later life that, in turn, should provide guidance for the future.

It should be noted that participants in this research will be interviewed up to twice more, two years and four years after the initial interviews on which this report is based. The aim of this longitudinal approach is to provide new understandings of if, how and why people change in the way they access, plan and deploy resources as they move through later life.

This chapter briefly summarises the UK policy context in relation to provision for older people in terms of the resources that are currently available to them, and debates about how resources might be provided better in the future. One of the aims here is to provide a context for the resources, priorities and aspirations of older people described in later chapters, so that the extent to which the agendas of policymakers mirror the concerns of older people themselves can be assessed. The chapter then gives more detail about the aims of the research and summarises the research design and methodology. Chapter 2 describes the resources to which the older people in our study had access and the resources that they provided to others. Chapter 3 explores respondents' reflections on if and how they had planned their resources prior to retirement, and how they viewed the prospects for future generations. Chapter 4 examines if and how people plan their resources during retirement and their thoughts about their own futures. Finally, Chapter 5 provides some reflections on the implications of the findings for policy.

1.1 The UK policy context

It is obviously not possible in this short introduction to provide a comprehensive review of the raft of policies that do, or might, affect older people across the UK. It is also not possible to describe the many policy interventions for older people that have taken place under devolved powers in Scotland and Wales. Rather, we have chosen to focus on policies that can be described as providing resources for people in later life and to which the findings in this report have relevance. These fall under three

broad headings: income; health and social care; and services in the local community. It should be noted that following devolution, pensions remain a reserved policy of the UK Government, whereas policies for health, community care and transport are the devolved responsibilities of the Scottish and Welsh Parliaments.

1.1.1 Incomes

Currently the incomes of retired people come from four main sources:[2]

- The State Retirement Pension, the level of which depends on National Insurance contributions paid or credited during working life.

- The State Second Pension (formerly State Earnings Related Pension). This is based on a combination of National Insurance contributions and levels of earnings. Reforms in 2002 made more generous provision for low- and middle-income earners and extended the pension to some carers and some disabled people.

- The Pension Credit is means-tested and replaced the Minimum Income Guarantee (MIG) in 2003. It is paid at a higher level than either MIG or Income Support and, unlike previous benefits, is available to some retired people who have small incomes from private or occupational pensions in order to reward saving.

- Private or occupational pensions which are, again, dependent on payments made into the schemes during working life.

In addition, the Government currently makes an annual Winter Fuel Payment of £200 to all households with at least one individual over 60 years of age, and of £300 for those over the age of 80.

Policy concerns about the incomes of future generations of retired people can be summarised as follows:

- Although pensioner poverty declined between 1997/98 and 2004/05 there are groups of retired people who remain in poverty (see above). The proportion of older people living in 'persistent poverty'[3] has fallen only slightly, from 20 per cent between 1997 and 2000 to 18 per cent between 2000 and 2003 (DWP, 2006b).

- The relative value of the (contributory) State Retirement Pension (SRP) has declined since its link with earnings was broken in the 1980s. Subsequently increases have been linked to (smaller) annual increases in prices so that the SRP is now insufficient on its own to provide an adequate income (The Pensions Commission, 2005).

- This has led to increasing numbers of people becoming eligible for, and dependent on, means-tested benefits, take-up of which has always been low among older people and continues to be so. Take-up of the Pension Credit was estimated to be between 61 per cent and 69 per cent of eligible individuals in 2004/05 (DWP, 2006c).

- Large numbers of people of working age are not making provision for their financial future in retirement (or making insufficient provision) through contributions to occupational or private pension schemes.

Policy has traditionally assumed that older people's financial needs increase as they move through later life, with some entitlements currently increasing with age.[4] Yet the rationale underlying this assumption has never been clear.

The Turner Commission (The Pensions Commission, 2005) on how the UK can ensure financial provision for future (larger) generations of retired people reported in 2005, and the Government's response was published in spring 2006 (DWP, 2006a). In brief, the recommendations of the White Paper, broadly in line with those of the Turner Commission, are that:

- The aim is to increase the State Pension from 2012 in line with earnings, rather than prices, in order to prevent further erosion of its value, which leads to greater dependence on means testing.

- In order to pay for this, the age at which people become eligible to receive a State Pension will eventually increase from 65 years to 68 years on the grounds that, since people are living longer, it is fair to make such an adjustment so that the working-age population is not paying for increasingly lengthy periods of retirement.

- The aim is to ameliorate the anticipated short-fall in people's personal pension provision and, to encourage pensions savings, a new contributory pensions savings scheme (personal accounts) will be introduced which all eligible employees will join automatically, but from which they will be able to opt out.

1.1.2 Health and social care

Other things being equal, increasing numbers of older people inevitably mean increasing demands on health and social care services. Data from the Health Survey for England (2000) show that 43 per cent of those over the age of 65 years had a moderate or severe disability, rising to 74 per cent of those aged 85 and over (Kellard *et al.*, 2006). As the numbers of people in these age groups rise, and if longevity continues to increase, there will be increased demands for health or personal care, domestic help, aids and equipment, special diets or extra fuel to maintain warmth. This is in addition to the increased costs that accompany disability, which income measures of poverty fail to take into account. However, other things are not equal: much of the care for the current generation of older people continues to be provided by their children. Although it is estimated that more older people will have a living child in the future because women are having their children later (Grundy and Falkingham, 2006), people are having fewer children on average. It may be, therefore, that future generations of older people will be less able to rely on family care, thereby increasing the pressures on public services.

The increase in resources going into the health service in recent years will play a part in meeting these increased needs, but policy across the United Kingdom has also recognised the particular challenges which caring for older people poses to health and social care services. A range of initiatives, too numerous to mention here, have been put in place which, in summary, seek to:

- provide co-ordinated and integrated services for older people
- limit the length of time which older people need to spend in hospital
- assist older people to continue to live independently in the community
- tackle age discrimination
- prevent unnecessary acute hospital admission
- prevent unnecessary admission to long-term residential care.

Our study did not address issues of service provision in any depth at this stage; these will form part of later rounds of interviews.

How older people meet the costs of supporting themselves in their own homes or in residential care also continues to be an issue for policy. While in Scotland a number

of initiatives have sought to limit the cost of both residential and community care, in England older people requiring care are still expected to:

- contribute to the costs of personal care provided in their homes and to adaptations to their homes on a means-tested basis, the level of such contributions varying across local authorities
- sell their homes in order to meet the costs of residential care
- meet the full costs of their residential care, but excluding nursing care elements since 2001.

A recent inquiry into the costs of long-term care by the Joseph Rowntree Foundation concluded that the UK system is currently inadequate in terms of overall funding levels, coherence and fairness (Joseph Rowntree Foundation, 2006).

1.1.3 Services in the local community

Older people, whatever their health status, live in communities and, as such, they need to feel safe and secure in their local environment. They also need to be able to access a whole range of appropriate services, in addition to those that meet their health and financial needs, such as shops, transport, libraries, social activities, opportunities for volunteering and advice services (SEU, 2006). Community-based services are, arguably, more important for older people as they are likely to spend more time there than the younger working population.

The main policy thrust in England for delivering appropriate, 'joined-up' community services is outlined in *A Sure Start in Later Life: Ending Inequalities for Older People* (SEU, 2006). Central to this is the view that the Sure Start model for children, of providing a range of appropriate services under one roof in local communities, can also be applied to services for older people. This approach is to be piloted by the Department for Work and Pensions through the Link Age Plus programme and the Partnerships for Older People pilot projects. The aim is to provide a single access point in local communities through which older people can access services: health and social care, housing, safety and environment, finance and benefits, information, lifelong learning, volunteering, advocacy and specialist advice, transport and social activities. In Scotland the main thrust towards integrated service provision has come through the Joint Future policy which aims 'to deliver effective joint working between local partners in health, social care and housing on a number of levels' (Scottish Executive, 2006). The Welsh Assembly launched its Strategy for Older

People in 2003. This aims to 'provide a framework for all public bodies in Wales to plan for an ageing society and to improve services to older people' (Welsh Assembly Government, 2006), again with an emphasis on co-ordinated services. Plans have also been announced to establish a Commissioner for Older People.

Access to transport is particularly important to older people if they are to maintain their mobility and independence. From April 2006 free local, off-peak bus travel was introduced in England for people over 60 and disabled people. The scheme is to be extended to include nationwide travel in 2008. Almost all bus travel has been free throughout Scotland for older people and disabled people since April 2006. Throughout Wales, local bus services have been free since April 2002.

1.2 Aims and objectives of the research

This research was commissioned in the light of:

- the wide-ranging policy concerns and initiatives described above
- the findings of earlier quantitative research, which raised a number of questions that it was felt might best be answered by qualitative research conducted with the same group of older people over time.

The aims of the project were to investigate:

- How older people (between 65 and 84) have planned and are planning their resources for later life:
  - retrospectively, looking back on how they planned for their retirement and reflecting on those plans
  - contemporarily, how they are currently deploying their resources
  - prospectively, if and how they plan for the future; and crucially
  - what supports or undermines planning for, and in, later life and how this impacts on quality of life.
- What is available to older people, in terms of direct financial resources, social networks and other resources, as well as the interaction between these. How do people 'value' these different resources (material, social, health, financial), and what barriers do they face in accessing them? What constraints or limitations are experienced and how does this affect people?

- The attitudes and aspirations of older people, and the extent to which aspirations are fulfilled, or fulfillable, in the context of finite resources. How do older people define (and redefine) their needs as resources change, and what strategies are used in the deployment of resources?

As this is a longitudinal piece of research, key issues for exploration are changes over time and how people adapt to changing needs and resources. However, this report is based on the first round of interviews only, and therefore focuses on experiences up to the time of interview and expectations about the future. This will act as a foundation for the development of issues to be explored in more depth during the next stages of the research.

1.3 Research design and methodology

The project required a qualitative longitudinal research design in order to explore changes over time (as outlined in the project aims above). Hence the sample size was designed to allow for attrition over a possible four-year period and, as such, is somewhat larger during this first wave of interviews than is usual in qualitative research. Ninety-one people were recruited from a region of central England ensuring a demographic spread across age (65–84), gender, household type (single and couples), income and urban/rural areas (see the Appendix for more details of the sample composition and categorisation). During summer 2005 in-depth interviews were held with respondents (often with their partners where they were willing to participate) to explore the research questions outlined above using a topic guide to steer the conversation. Interviews were conducted in people's homes, generally lasted around 1.5 hours and were recorded (with the consent of respondents). Interviewees were given a £25 thank-you payment. The interviews were transcribed verbatim and analysed at this stage using a matrix mapping approach that enables analysis both across and within cases. All of the respondents agreed to be contacted again for further waves of this research. A more detailed account of the methodology and sample is included in the Appendix.

2 Resources in later life

This chapter examines the range of 'resources' available to respondents in retirement, focusing particularly on those perceived by respondents as supporting their general well-being and quality of life. It provides context for the two subsequent chapters, which focus on resource planning.

'Resources' can be considered as a range of 'assets' or 'supplies' that can be used to achieve a desired 'outcome'. In this context, this means resources that a person can access or deploy to support their general well-being and to sustain or improve the quality of their lives as they move through retirement. Therefore, this project has defined resources much more widely than is usual in thinking about later life. Much previous research has focused exclusively on incomes; other research has tended to deal with just one aspect of the other resources that people need in order to lead satisfying lives. In this research, we aimed to explore as many of the resources as possible to which people in later life might have access, their importance in older people's lives and, crucially, how these resources interact.

Our analysis identified five groups of resources that were important to respondents:

- health resources – both physiological and psychological
- social resources – family, friends, social networks
- economic resources – relating primarily to income and savings
- community and neighbourhood resources – local neighbourhood services and facilities, community safety etc.
- material resources – including possessions, housing and transport.

All of these resources were mentioned (though not necessarily explicitly so by respondents) during the course of the interviews as factors that have an impact on their general well-being. Where such resources were there to draw on, they made a positive impact on respondents' lives; where such resources were limited, this often (but not always) had a negative impact on people's quality of life. The order in which these resources are listed above reflects a clear hierarchy of their relative importance in the lives of our respondents. The first point to note is that economic resources – money – were by no means the most important but came behind health and social resources, reflecting findings of other research (Bowling, 2005).

2.1 The 'resource' of health – its presence and absence

In this section we describe respondents' experiences of poor and good health, and the consequences of declining health. Later chapters discuss the consequences of poor health for planning prior to retirement (Section 3.2.2), and if and how respondents plan for poor health in the future (Section 4.2.3).

Health was perceived overwhelmingly among respondents to be the most valued resource – and was given a much higher priority in terms of its preservation than other more tangible economic, social and material assets.

> 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, 65–74, low income)

2.1.1 Experiencing poor and good health

Almost all of the older people had experienced spells of poor health or health problems at some point during recent years. For some, the difficulties had been intermittent and transient, perhaps as a result of a fall or injury, or recovering from a stroke or heart problem. For others, the spells of poor health were more enduring, including long-term heart or lung problems or degenerative diseases, or more permanent mobility problems (such as arthritis). In virtually all cases, however, the spell of poor health had meant a change or adaptation to their lifestyle in varying degrees. Some respondents had also made adaptations or readjustments to their general attitude to life, and learning to accept or deal with limitations was seen as a way of coping.

> I think … one of the problems with getting old is you've got to get accustomed to your life changing and you've got to accept that you're not going to be able to do everything you once did, at the same pace as you used to do it.
> (Single male, 75–84, middle income)

The consequences of such declines in health were most stark when they had occurred unexpectedly, or where the onset had been fairly rapid. This was particularly the case among people who had experienced relatively good health during their working life. People were unprepared for the speed at which their health had sometimes deteriorated, the severity of a condition and the restrictive impact it had

on their lives: '*I never expected to be like this in my wildest dreams'.* It is in these contexts that health was *implicitly* considered as a resource – one that has greater value in its absence than in its presence, and one that once it has declined or diminished can be very difficult to regain.

Among the minority of the group who perceived themselves as in relatively good health (as with finance, often measured by respondents by comparing themselves to others of a similar age group – see further below), they spoke of being *'grateful'* and *'lucky'* to have remained generally healthy and mobile. There was a general absence of proactive planning for, in some cases inevitable, changes in health and this particularly important emerging finding from the research is discussed in more detail in Section 4.2.3.

2.1.2 The consequences of declining health

The consequences, or impact, of declining health on general well-being centred around four main areas.

(a) Necessitating a change in lifestyle

Common lifestyle changes that had been made as a result of a decline in health included:

- The amount of daily exercise taken – in some cases there had been an increase in the amount of daily activity taken, often due to medical advice received, but in other cases (particularly where the respondent now had mobility difficulties), exercise had decreased.

- Changes to diet – there were some examples of respondents who had found it necessary to change their diet, for example by reducing their intake of high-fat foods or adapting a diet to adjust to diabetes.

- Moving house – changes in health for some meant that they were now considering moving to a home without stairs, or to one which was nearer to local shops and facilities, or to local family. A few respondents had already moved to smaller or more suitable accommodation as a result of declining health.

(b) Limiting or preventing activities that were important to them

Mobility as a resource was particularly important, and one that was valued highly in terms of both independence and quality of life. Respondents who had experienced a recent decline in health spoke of having to give up, or reduce, social activities or pastimes that they had previously enjoyed because of reduced mobility. People who had experienced a decline in their physical mobility often expressed their frustration or disappointment at not being able to take part in previously enjoyed activities such as walking, gardening, dancing, driving or shopping.

> I'm almost 80, but sometimes I think I'm trying to be young again, I can't can I. Do you know what I mean. I want to do this, I want to do that, I want to do them things that I used to do, and I just can't, and you get angry about it.
> (Single male, 75–84, low income)

Other examples included no longer being able to go on holiday because of access difficulties, and having to give up playing a musical instrument or knitting because of reduced dexterity.

(c) Creating additional needs (some with costs attached)

In some cases, additional needs had arisen as a result of a health decline. The most frequently mentioned needs related to assistance with mobility, including mobility aids such as motorised scooters, walking frames and wheelchairs. But other needs had also arisen, such as for additional help around the home and with shopping or transport, which brought with them additional costs. However, as discussed further below, these kinds of assistance were often provided by family members at no cost. This highlights one of the difficulties associated with benefits to assist mobility in later life: whereas Attendance Allowance can provide financial help for personal care, it does not have a mobility element; the Disability Living Allowance does, but has to be claimed before the age of 65.

(d) Bringing additional psychological impacts

Respondents sometimes were concerned or anxious about the consequences of their health, and in some cases reported feeling *'quite depressed'* or *'frustrated'* about not being able to do the activities they used to do. Typically, respondents had not expected declining health and had rarely been able to prepare for such an event (see further Section 3.2.2). Others felt anxious about being a *'burden'* to others, be it their partner or other family members (usually children). Concerns were also

expressed by those with relatively good health at the time of interview, but who were fearful of the onset of poor health. This was particularly apparent among those who lived alone.

That said, there were others within the sample who appeared to remain positive about their circumstances, despite in some cases having experienced a relatively sharp decline in their health in recent years. There was a range of reasons for this, including being able to draw on support from family (including their partner), retaining their mobility (and thus independence) and having a generally positive outlook on life. Indeed, not 'dwelling' on things and 'getting on with it' could be seen as a sensible approach to dealing with circumstances that were felt to be outside of respondents' control (such as health deterioration). There was a feeling that worry was pointless and even unhealthy: *'It's worry that shortens your life, isn't it'.* Having a positive outlook was seen by some respondents as a resource that helped them get through difficulties: *'I always think we've got such a cheerful and positive attitude to life and I believe that helps you'*. And a few specifically mentioned the importance of good humour to their lives: *'without my sense of humour I'd have been terrible. Oh no, my sense of humour's got me through life'.*

2.1.3 Are some groups of older people more affected by the consequences of poor health than others?

The previous section has presented a descriptive overview of health as a resource and how its presence or otherwise impacts on general well-being. However, some respondents were more *affected* by a decline in health than others. Those with a partner often expressed concern about the impact that their poor health had on their partner, in terms of both the emotional worry and the additional physical impact (such as having to do more of the 'chores', push a wheelchair etc.). Others were only too aware of the role that their partner played in supporting them:

> I don't know what I'd have done if I hadn't have had *[husband]* …. for him to look after me, and he doesn't mind doing all the personal bits that some men are not, they don't like doing things for you, you know, it's not in their nature, but I'm lucky.
> (Couple, 65–74, middle income)

People who lived alone, particularly those in the older age group, spoke of the difficulty of having to cope with poor health on their own, both practically (not being able to get around or get chores done) and emotionally (being confined to the home for lengthy periods with little company). Respondents in this group sometimes *implied* difficulty in finding help or support (through a general reluctance to ask).

2.2 Social resources

The ability to draw on social networks of friends or family is known to make an important contribution to general well-being and quality of life (SEU, 2006). For older people, who may have more limited mobility as well as a reduction in the social networks that often accompany working and family life, the importance of rich social networks has been documented elsewhere (for example, Godfrey *et al.*, 2004; Help the Aged, 2004). Social networks can be viewed as a resource on which to draw in older age. Of particular interest to this project are the different experiences of social networks among different groups within the sample (age, gender, household type and income), and the interplay between social resources and other resources such as health and finances.

2.2.1 The importance of family and friends

Many respondents discussed the importance of their family and the value they placed on having a close family network. As a resource, family support was often relied on particularly during spells of poor health or difficult times. In some cases, support and care from family members had enabled respondents to remain in their home, which otherwise they may not have been able to do. Nevertheless, respondents were mindful of being a *'burden'* on other family members, who had their *'own lives to lead'*. For this reason, they often were reluctant to ask for help, or for them to visit, and were keen to reciprocate (for example, by 'treating' the grandchildren if they were able to). However, having someone who could be there *'in a flash'* if there was an emergency was often raised, and this was clearly a concern for many, particularly if they lived alone.

Extended families (usually children) also often made important practical contributions, for example paying for household repairs, assisting with day-to-day cleaning and maintenance around the home and garden, sourcing new items for them (such as a new television or washing machine) and taking them out for meals or other social activities. What is particularly interesting, and warrants further investigation in subsequent studies, is the extent to which there is an 'exchange' of support between different generations and how important this can be for all parties, as both givers and receivers of help. The role of older people as resource 'providers', as well as resource 'receivers', should not be ignored. There were many examples of children providing financial help to their parents, for example to pay for items around the home, repairs and decorating. But older people themselves also gave examples of helping their children (or grandchildren, nieces or nephews) out financially (where they were able to) through, for example, paying for meals out or holidays, or even

bigger expenditures such as deposits for house purchases, as well as through (sometimes extensive) practical help, such as caring for grandchildren, providing meals, washing and transport, and also emotional support.

Respondents without family support sometimes struggled to meet their more practical needs – including help around the home, assistance with home repairs or other financial help to pay for one-off costs such as decorating. Although they were often able to draw on local neighbours and friends for *social* companionship, they had fewer 'resources' to draw on to provide such *practical* help, and were often reluctant to ask their friends or neighbours for assistance. Even those with family also expressed reluctance to ask them for help, as highlighted earlier.

> I don't like asking for anything off anybody … 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, 65–74, low income)

Nevertheless, those who did receive help from their family sometimes mentioned the reduced outgoings for them, which would be much higher if they had to pay someone to help them (reflecting Dominy and Kempson's [2006] findings).

Not all respondents had family close by or, indeed, were close in an emotional sense to family members. Among respondents who lived alone, a lack of social contact leading to loneliness was sometimes raised. Widows and widowers particularly spoke about missing the companionship of their partner. Some respondents, notably those living alone, had reciprocal arrangements with neighbours of a similar age, whereby they maintained regular social contact and were able to offer help or support to each other where needed, although this rarely extended to the range of support provided for those with close family members. Others – often those in the oldest age groups – expressed degrees of loneliness and isolation, highlighting the death of many of their peers over the years, as well as a decline in both their own mobility and that of their friends (which made it difficult for them to visit each other).

> Well a lot of friends either live away or they've passed away. One of my closest friends died four years ago, very suddenly, and we used to go out together a lot. She had transport you see, which made a difference … I really missed her when she went.
> (Single female, 75–84, low income)

Women living alone discussed the importance of having friendships and the support this could bring, and how much they valued (or even relied on) such relationships. Although single men also spoke of meeting up with friends or participating in local social activities (such as going to the pub or to a social club or contact with ex-colleagues), few spoke of the importance of friendships to the same degree as their female counterparts. Some men who lacked social contact indicated that they were content to remain at home. However, others would have liked closer friendships but said that it was difficult for them to make new contacts as social activities for older people tended to be of interest to women (bingo often being used as an example), who were thought to be more *'socially gregarious'* (see Davidson *et al.*, 2003).

> Well I'd like to meet some different people I could get on with better perhaps, one or two different people, I don't know where I could find them though. Because you see as I said my people at school and people that I worked with they're all gone.
> (Single male, 75–84, middle income)

In terms of variations in social networks among different ages, the most notable difference was for those aged over 80. This was as a result of decreased mobility, the death of friends in similar age groups, and sometimes a disinclination to participate in social activities outside of the home. For this group, the importance of contact with family was particularly salient: *'they're my life … it's everything isn't it, I mean it's all centred round the family'.*

2.3 Economic resources

Economic resources include day-to-day money coming into the household from pensions (both private and state), benefits and tax credits, and interest payments from savings accounts. A small minority of respondents had planned to (and did) carry on working part-time after the State Pension age, mainly because they liked a job, or wanted to fill their time (discussed further in Section 4.1.1). A few were still working at the time of the interview. Although the financial benefit was noted by some of these respondents, this was not the primary reason for continuing to work.

There was little mention of a desire to take up paid employment among respondents who were not working. Health was sometimes seen as a barrier, and for many of those who had stopped work (and not been able to find alternative employment) before reaching State Pension age, retirement appeared to have been accepted, sometimes with voluntary or community work used to fill any gap. The financial implications could also be relevant: for example, one respondent who would like

to work was concerned that it would not be worth it if taxed or if it jeopardised the receipt of means-tested benefits. Another respondent who was working was careful to keep his hours to a level that avoided tax.

In this section, we consider older people's financial resources and their impact on quality of life, how respondents managed their finances, the role of benefits and tax credits, and debt and savings.

2.3.1 Financial circumstances and impact on well-being and quality of life

Although respondents had a wide range of weekly incomes, there was general satisfaction expressed with the amount of money that they had to live on, despite in some cases apparently living relatively frugally. Among those defined as lower-income respondents (see the Appendix for a description of the definition and calculation of low income), there were several examples of people struggling to make ends meet. For one couple, for example, money was said to be *'short'* with much of their income being spent on taxi fares. Considerable debt had been accumulated by another couple who had a history of bad debt, culminating in repossession and numerous loans (see further Section 2.3.4). The consequences of living on a constrained income were, in some cases, quite harsh, including only spending £5 a week on food or limiting their diet to one meal a day. Nevertheless, perceptions of financial well-being were often expressed in relation to others, with a view that there were others who were worse off. Comparisons were also made with earlier times in their lives when they had been bringing up a young family on a low income, or even earlier recollections of their own childhood with memories of parents 'struggling' to make ends meet. In addition, while it was apparent that, normatively speaking, some respondents were living fairly frugally, respondents' own explanations of their financial circumstances were that they were managing OK, and did not consider themselves to be *'hard-up'.* This resonates with other research findings which also highlight the often surprisingly high satisfaction with living standards, despite relatively low incomes (see, for example, Berthoud *et al*., 2006; Burholt and Windle, 2006).

Interestingly, the respondents who did perceive themselves as living in financially constrained circumstances tended to be among the younger age groups, with those in the older groups often appearing more positive or satisfied with their standard of living – which again has been found in previous research (for example, Age Concern, 2006). Whether this reflects differing aspirations and expectations as people age, or the fact that aspirations are rising among successive cohorts of older people, will need to be explored further in subsequent rounds of interviews. Nevertheless, it is

known from other research that spending in retirement (as a proportion of income) declines as people age (see Middleton *et al*., 2007 forthcoming). Other research has suggested that reasons for lower spending in later life are complex but may be linked to social isolation and lack of transport (Finch and Kemp, 2006). While this connection was not apparent in this phase of our research this will prove a fruitful area for future investigation. Furthermore, the extent to which a decrease in spending is the result of a decline in need (perceived or otherwise) also warrants further investigation.

Financial well-being in retirement was often linked more to well-being during respondents' working lives than to their actual level of financial resources in retirement. For example, where people had experience of 'struggling' during their childhood or adult lives, there was some resilience to living on a constrained income in later life – *'we were never overly endowed when we were young … the war was on … you went without and learnt to cope'.* Others who had experienced a sharper drop in income during retirement found it more difficult to adapt and were more likely to express concern or worry about their financial well-being or future financial security. Again, monitoring how these perspectives change over time will be of particular interest, including the impact of rising relative affluence during current working lives and how this impacts on expectations and aspirations for retirement.

Not surprisingly, people who had experienced health difficulties often reported more constrained finances. This was particularly the case for those who had had to retire early from work, with this premature retirement being unexpected and consequently unplanned for. Other factors which appeared to cause an additional financial strain included having to finish work earlier than anticipated to care for an elderly or unwell parent or partner which, as a result, had made it more difficult (if not impossible) to save for retirement (see further Section 3.2). The death of a partner could also cause financial difficulties, because of the subsequent loss of pension or benefits, which could make it much harder for the surviving partner to manage financially. This raises questions about the financial adjustments that can be made on becoming a single householder and the extent to which some costs of living remain constant (or, at least, do not proportionately decrease) despite the shift to a single-person household. Again, subsequent waves of interviews should help to unpack these issues further.

2.3.2 Financial management

Across the whole sample, respondents had relatively sophisticated financial management strategies. Often they carefully planned their income, ensuring

that sufficient money was 'put aside' for bills and other regular payments. Some respondents made use of direct debits, while others preferred to pay each bill as it arose. Respondents often knew exactly how much money they would have at the end of the week or month. These were usually small amounts, but would be earmarked for a trip out or a gift to a grandchild, for example, or would go towards funding a forthcoming expense. Respondents in the low- and middle-income groups who were just managing on their incomes sometimes mentioned short-term saving, for a holiday or to replace furniture, although this form of 'saving' was seen more as a form of budgeting as opposed to saving for future later life (which is discussed in Section 4.2.1). Where respondents had no savings to fall back on this was a matter of necessity in order to acquire needed items.

For many respondents, the financial management skills they demonstrated in their retirement were as a result of living through some harsh times as both a young person and working adult, and some recalled childhoods where resources were scarce and families routinely *'went without'*. Respondents spoke with some pride of managing through difficult times, as well as being able to manage their finances adequately in retirement without needing to be dependent on anybody else. The principles of not wasting money, of accepting the need to go without and of saving up rather than borrowing money were key, regardless of income. While there was a greater sense of the need not to be wasteful or indulgent, and reference to frugal spending among the low- and middle-income groups, respondents in the high-income group still talked of the need to be sensible with money.

2.3.3 The importance of benefits and credits as an additional resource

Take-up of means-tested benefits has always been relatively low among retired people, at least partly because of the perceived stigma associated with claiming. One of the intentions of the change in provision from Income Support to the Minimum Income Guarantee and subsequently to Pension Credit was to try and remove this stigma. However, there was still widespread reluctance to claim means-tested benefits among the respondents, and it appears as though Pension Credit was not viewed any differently to any other financial support in terms of stigma (although whether this will diminish over time as perceptions change or people age will be of interest). Some respondents had simply refused to claim for any additional support, deterred by the application process (too intrusive, *'personal'*, or a *'nasty'* process), seeing it as *'degrading'* or *'going cap in hand'*, amid concerns that they would be *'judged'* for not handling their finances well during their earlier life, or simply seeing it as *'not the done thing'*. These views appeared to be more prevalent among the older respondents than their younger counterparts, perhaps again reflecting changing

attitudes and aspirations among younger cohorts. Most who had applied had been encouraged through personal contact (such as family, neighbours, postmaster and even a hairdresser in one instance), rather than through advertising campaigns. Where people had received home visits in relation to the application this was seen as helpful.

However, those who were now in receipt of Pension Credit (and other passported benefits including Council Tax and Housing Benefit) spoke of the *'vast'* difference it had made to their financial well-being, even describing it as *'a life-saver'*. For some it meant that they could now afford additional heating, taxi fares, paying for additional help (for example, cleaning) or even the occasional meal out. Others reported being able to save small amounts of money as a result of the additional income received (including Council Tax Benefit and Housing Benefit) which they had been unable to do previously.

Nevertheless, there remained feelings of guilt among some recipients of such financial support. Interestingly, the receipt of the Winter Fuel Allowance was viewed somewhat differently – presumably because it was a universal, non-means-tested payment – with respondents often highlighting its value, and often including the payment in their discussions about budgetary management and coping with winter expenses:

> … that was a great help … that's why we put it *[heating]* on now don't we, we wait for November for the big cheque to come … and put it on full blast.
> (Couple, 65–74, middle income)

2.3.4 Debt

In line with previous research findings (Age Concern, 2006), there was an overwhelming aversion to debt, with very few respondents admitting to having any debts at the time of the interview that they were struggling to repay. For the small number who had incurred such debts, this was often the result of an accumulation of poor financial management over many years (including pre-retirement), although in others it had arisen because of an unexpected cost, such as paying for large repairs to their home. Such debts as there were mainly occurred among the younger respondents.

A few respondents owed money to credit cards or for loans. In some cases, the debt had arisen because they had helped out a family member, although in others a

credit card had been used as a way of managing loans or repayments for purchases of large household goods. Among these respondents this kind of 'debt' could be perceived as more acceptable and more manageable than the accumulated debt described earlier.

Most respondents spoke of having been *'brought up'* to avoid debt of any kind, and of only buying things that they could afford, or saving up for things. A few respondents had had negative experiences of debt during their working lives, often accumulated as a result of bringing up children on a low income or as a lone parent, and were reluctant to repeat the experience so had made particularly concerted efforts to live within their means during retirement. The benefit of not being in debt in later life (financially as well as psychologically) was repeatedly stressed.

Whether this will change in the future, through the increased availability (and social acceptability) of credit and loans, remains to be seen (and respondents reflected on this – see Section 3.3).

2.3.5 Savings as a financial resource

The majority of respondents reported having some money saved, albeit often relatively small amounts of a few hundred pounds. Savings were considered an important additional 'resource' on which to draw. Often, they were viewed as for emergencies (such as repairing or replacing white goods, or other household or domestic repairs), for *'treating'* or *'helping out'* other family members (particularly children and grandchildren), to help with general household costs (in particular the cost of running a car), or as a general *'buffer'*. Very few respondents reported having no savings at all, although there were some examples among the older respondents of being either less inclined to save than when they were younger pensioners, or happier spending what they had saved to date (see further Section 4.2.1).

Where property had been sold, releasing capital had sometimes been a prime objective – *'it was a matter of necessity, there wouldn't be sufficient money coming in'* – and was seen as a way of supplementing their pension. Money was sometimes invested for shorter terms than might previously have been the case since, as one respondent (who was in her late sixties at the time) noted, *'when you're older you don't think of putting something in for ten years'.* By contrast, some respondents had given either part or all of the house-sale money to family, sometimes leaving themselves with no savings and having to claim benefits if the remainder had been spent sooner than expected.

2.4 Community and neighbourhood resources

The ability to access local services and facilities such as shops, health care and public amenities and to feel safe and secure in one's own community can contribute to both well-being and quality of life. The role of the neighbourhood and local community can be particularly important to people in retirement who, through a combination of choice and necessity, may spend more time in their local community than their younger counterparts. This section therefore considers the local environment and community as an additional 'resource-provider' for older people and in particular the positive and negative impacts the local environment can have on older people's well-being and quality of life. While the provision of public transport services can also be viewed as a community resource, for ease the issue of transport – private and public – is discussed separately in Section 2.5.

2.4.1 Community and neighbourhood issues that impacted negatively on well-being and quality of life

Although statistically the odds of older people becoming victims of crime is, on average, lower than for other groups, their *fear* of crime can be relatively high (SEU, 2006). This was also evident in this research, with the overwhelming concern among respondents being the fear of crime – both against their person and against their home or personal possessions. For some, this fear was based on actual direct experiences (particularly of burglary of the home or outbuildings), and was exacerbated by concerns about their limited physical mobility and an awareness of their diminished ability to protect themselves.

> I'm not a young man. I can't go running away from a bloke with a knife, and I can't tackle him, so I keep away.
> (Couple, 75–84, middle income)

These concerns meant that most respondents did not go out alone at night, which meant that they were unable to participate in social activities as they might have done earlier on in their lives. In some cases respondents were fearful of answering the door, and were particularly conscious of ensuring their doors and windows were locked at night. Women could feel particularly vulnerable and, in one case, a female respondent ensured that she was 'wedged in' to her bedroom at night to avoid anyone breaking in while she was sleeping. A few respondents had been burgled in the past, and this had clearly had a significant negative impact on them, even when the burglary had occurred some time ago.

> *[After the burglary I felt]* horrible, horrible, I haven't had a night's sleep since. You're listening for every noise.
> (Single female, 75–84, middle income)

Other issues that had an impact on respondents' general happiness with their local environment included the decline of local shops, making it difficult to get fresh produce or everyday items: *'no shops, no papers, nothing'.*

Observations with regard to messy areas, graffiti and traffic (with examples being given of it being difficult to cross the road because of busy traffic) were also raised as a concern or source of discontent. *'Trouble'* with young people was sometimes cited, including verbal abuse and vandalism, and a general feeling of intimidation by groups of young people.

> … there are one or two intimidating youths around, while there's only one or two it's not so bad, but when it gets to a gang …
> (Couple, 65–74, low income)

2.4.2 Community and neighbourhood issues that impacted positively on well-being and quality of life

Not surprisingly, having amenities such as the doctor and local shops close by made a positive contribution to respondents' quality of life. Being able to walk, or get the bus, to local facilities maintained feelings of independence. Some respondents also spoke of the strong community *'spirit'* present in their local environment, particularly if they had spent large proportions of their lives in the neighbourhood and had built up a local network of friends, neighbours and acquaintances. Feeling safe was obviously an issue (as highlighted in the above paragraph), although even when respondents reported their local neighbourhood as *'safe'*, there were very few who were comfortable going out alone in the evening. This appeared to be particularly apparent in more urban areas.

2.5 Material resources

Material 'resources' include tangible or physical items, such as household items or personal possessions, transport and, indeed, housing itself. These kinds of resources were mentioned less often than the other resources already discussed in this chapter. However, two types of material resources – those of housing and transport – warrant a mention here. Having adequate housing and a home in which one feels

comfortable and safe brings security and well-being. Equally, having access to the 'resource' of transport enables people to access easily the services they need and to participate in activities when they wish to. Where people are already disadvantaged through the absence of good health, constrained finances or poor social networks, this can be compounded further by an unsatisfactory home or poor access to transport. As resources, both having adequate housing and being able to access transport were important for some respondents, particularly as an influence on their well-being and quality of life.

2.5.1 Housing

Most respondents were happy with their current home. However, some were less content, citing homes that were too large for them to manage (particularly if it had been a family home but they now lived there alone), too rural (with associated difficulties in accessing shops or key services), or lacking perceived essentials such as central heating or a garden. Others struggled with the stairs or other aspects to the layout of their home. Owner-occupiers were more likely to report unfulfilled needs for adaptations in their home, for example because of not being able to use a bath and finding it difficult to use the stairs (or anticipating a time when they would find it difficult). However, putting in a shower or stair lift was seen as prohibitively expensive for some – either because they had no money to fund it, or it would take up all or a large proportion of their savings. There were examples of respondents using the shower at their children's houses, and of anticipating needing to move their bed to a downstairs room. In a few instances, respondents regretted not having moved to somewhere more suitable earlier on in their retirement or towards the end of their working life, and now felt *'stuck'* and that it was too late to move.

Even when respondents were generally content with the locality of their home, they often described the need for various repairs and maintenance around the house, such as for windows, guttering, central heating and roofing. For tenants, assistance was often (but not always) provided by the landlord. For owner-occupiers, maintenance and repairs to their home could be quite a burden. There were examples of borrowing against their home or remortgaging to raise sufficient funds to pay for much-needed repairs when maintenance costs and deteriorating health were costing more than could be afforded on a basic pension and small work pension.

In some cases, respondents paid for help around the home. This was mainly for gardening (regular), and decorating (occasional). Help from family was also mentioned (see Section 2.2.1).

Although some respondents spoke of the *desire* to move, most felt that they were *'too old'* to move, and described various barriers to moving (see further Section 4.2.2). In these instances, difficulties arising with housing could be expected to increase over time as people find it harder to manage or become even less mobile.

Some respondents had already moved to a more suitable home, for example somewhere that was nearer to family, to somewhere smaller or to warden-controlled accommodation. For some respondents (now in low- and middle-income groups) this had involved selling property to downsize or move to rented accommodation. Reasons for having moved reflected the concerns expressed above by those who had not moved. Sometimes health had been a factor, either in anticipation of future needs or as their previous home had become less suitable. For example, some respondents had chosen to move to managed or warden-controlled accommodation because they or their partners were having difficulty with stairs, or maintaining a large garden. Some of these respondents had also considered the issue of their future safety and/or need for support if their partner should die. Others felt that their previous properties were in need of maintenance, or had been too big, especially if they had lived there with parents or partners who had since died. Other reasons for moving were:

- to be closer to family members for some single females and a few couples
- to be nearer to amenities, especially for respondents who were no longer able to drive or were considering the implications of not being able to do so in the future
- as a result of relationships either forming or breaking up (aged mid-sixties to 80 at the time)
- to live in a more pleasant and healthy environment
- because property was cheaper in their current locality than where they had lived previously and, therefore, could be bought outright.

2.5.2 Transport

Transport as a 'need' was, not surprisingly, linked to where people lived, whether there were local services nearby, how mobile they were and what existing networks and contacts they had.

Access to a private car was higher among couples and single males than it was among females, very few of whom had a car or drove. Some respondents had driven in the past, but had given up because of deteriorating health, but others had never driven. For women, this was sometimes because their husbands had done all the driving, while for others it was because they had never been able to afford to either learn to drive or to run a car. Indeed, car ownership at the time of the research appeared to vary according to income group, ranging from all those in the highest-income group owning cars to very few in the low-income group owning cars. This may also be linked to health, as well as to where they lived (in terms of accessibility to amenities and public transport).

Perceptions of the importance of having one's own car were very mixed in the sample. Some of those who currently had a car placed great value on the independence it brought them: *'takes me round, takes me to see other people, keeps me happy'.*

For people who couldn't walk far, having their own car was particularly important – to the extent that without it they would be more confined to the home, as they would be unable to walk the distance to the nearest bus stop.

Those who had been forced to give up driving (primarily because of health rather than any other reason) bemoaned the loss of independence they consequently experienced.

> When the car went, that was a real body blow because I couldn't take the wife out in the car. We used to go out two or three times a week in the car, just a ride round just to get away from four walls sort of thing.
> (Couple, 75–84, middle income)

However, the reduction to their financial outgoings that not running a car had made was also noted. Others who drove at the time of the interview usually drove their own car, but occasionally borrowed from a family member, and were indifferent to the prospect of not being able to drive – possibly because they had family members close by who could help. Some who no longer drove had obtained a mobility scooter, which was often praised as a 'lifeline' by those with restricted mobility. Others had reverted to public transport, but satisfaction with this depended very much on where they lived and how good the local transport network was.

Use of local buses was fairly widespread among respondents without their own car, and most found the bus services generally good; 50 per cent passes and all-day travel tickets were seen as helpful. However, concerns were raised about the

location of bus stops, poor bus networks and no free bus passes (except for those respondents who were entitled because of health conditions). The interviews took place before the introduction of free local bus travel in April 2006, an idea that respondents thought would be useful and which, in some cases, might facilitate more use of public transport for pleasure, rather than purely functional use.

Taxis were sometimes used – to do the shopping, to attend doctor's and hospital appointments, and to get home from an evening out (although in the latter case this was also for safety reasons).

2.6 Conclusion: resources and priorities in later life

The notion of 'resources' itself is complex, as it includes not only the more obvious elements of money, a home, transport and other possessions, but also less tangible 'assets' such as social networks, community belonging and, of course, health. Overall, respondents placed the highest priority on the presence of 'good' health. Health itself appeared to underpin the whole concept of quality of life and a sense of general well-being and, as stated earlier, was most notable in its absence. Where good health was absent, it permeated all aspects of people's lives, as well as those of their partner and others around them.

Other resources, such as financial security, rich social resources or strong family and partner support, were also given a high priority. However, where they were lacking or reduced, the consequences did not seem so severe as those arising from diminished health.

Health tended to be considered in the context of mobility, as with mobility came freedom and independence. This was a common view across the range of income groups. Nevertheless, as a resource, health was probably more scarce among our respondents than other more tangible resources of money, housing and social networks. Staying healthy was for many the biggest challenge in later life, particularly for those who had already experienced significant bouts of poor health or illness – *'I think if you've got that* [health] *then you're alright'.*

The importance of family, both as a source of happiness and as a resource to draw on in times of need, was also frequently raised. Those with close, and sometimes large, family networks of siblings, children and grandchildren spoke of the value they placed on such relationships, and of being able to both draw on and provide support to their family members.

However, respondents in the middle- and high-income groups also often spoke of the importance of financial security, of not having to worry about bills and of not being in debt. Lower-income respondents also occasionally discussed the importance of money, insofar as having a bit of extra money would perhaps add to their quality of life, but it appeared to be raised less than in the other income groups.

This 'scene-setting' chapter has also touched on the importance of older people as resource 'givers', both as a way of reciprocating those who provide support to them and also more altruistically. For those who were able to provide for other family members, it was a source of satisfaction. Examples were given of helping out financially, such as with the deposit on a new home for grandchildren, nieces and nephews, helping out with mortgage payments and selling on their own property to family members at a below-market price, as well as looking after grandchildren, providing meals and transport. Not all people were able to help out other family members and, where this was the case, there were some regrets.

> I wish I could do more for him *[son]* but I can't … If I kick the bucket the kids have got the house to sell.
> (Single female, 75–84, low income)

The subsequent chapters of this report now build on this contextual chapter by examining how resources had been planned over time, and the extent and nature of planning for the remainder of respondents' lives.

3 Planning for later life

Retirement had often been looked forward to as a positive time, *'a life of ease'*, possibly reflecting the limited thought given to potential future poor health (see further below). Respondents had planned to enjoy an active retirement, with more time for hobbies and the desire not to *'peter out'* repeatedly emphasised. Married respondents in particular talked about how they had looked forward to spending time with their spouses. However, a range of more specific plans that would allow these aspirations to be met underpinned this more general type of planning for retirement.

Respondents discussed different types of this specific planning undertaken throughout their lives before retirement, and reflected upon its impact in retirement. This is described in terms of a 'typology of planners' in Section 3.1. Factors that influenced respondents' ability to successfully plan for retirement or which could knock their plans off course are explored in Section 3.2. Respondents' thoughts about if and how future generations might plan for their retirement are described in Section 3.3, while Section 3.4 summarises the influences on planning and outcomes and provides some brief conclusions.

3.1 Planning 'types': experiences and reflections

Various types of planning for retirement were described by respondents: planning for different resources, and at different times during their lives. However, as a result of circumstances or events (discussed in more detail below, Section 3.2), plans were not always made and, even where they were, did not necessarily come to fruition – reflecting findings identified in other recent research about preparation for retirement (Dominy and Kempson, 2006). This highlights the difficulty of categorising people simply as 'planners' or 'non-planners' and directly linking this to outcomes. Therefore, the following 'typology' of planners should be seen as loose groupings, based mainly on analysis of accounts of financial and housing planning, rather than distinct categories. Nevertheless, grouping respondents in this way provides useful insights into experiences, views and motivations towards planning for later life while highlighting the factors, often outside people's control, which can dictate the sufficiency of plans or their outcome.

3.1.1 Lifetime planners

These were people who had prepared throughout their lives for later life, through saving, financial or property investment, or ensuring that they had adequate pension provision. While this had not always been seen as specifically for retirement, at least initially, these respondents had generally looked ahead, making efforts to accumulate finances or assets that would provide for them in the future. A few saw themselves as natural planners who had always put deep thought into everything they did, making *'plans within plans'*. Common motivations included:

- the desire for financial security for their family (most were in couples with children at the time of planning), sometimes based on wanting *'something better'* than their parents had experienced
- an aversion to debt
- the wish to remain independent and not rely on state benefits
- wanting enough money to enjoy life in retirement (including early retirement)
- concern that the State Pension would be insufficient:

> An ordinary pension was never going to be, you know, the old age pension, you were never going to live on that. I mean we've always gone our own way, we've had this and we've had that, and ordinary pension was never going to get you a lot. So we invested in a pension. (Couple, 65–74, middle income)

Respondents in this group had bought property in the past to avoid paying rent in retirement, as a future inheritance for children, or with a view at a later stage to selling it and moving to rented accommodation, or downsizing, to provide capital to draw on in retirement (as described in Section 2.3.5).

The older age group was highly represented among lifetime planners. Many of the high-income group (particularly those who were or had been part of a couple) were represented here and had (or their spouse had) typically been in steady professional careers or occupations with good company pensions. But many had also made extensive extra provision, such as savings, additional pension contributions and investments yielding good returns, resulting in *'sound'* financial circumstances.

Respondents from the low- and middle-income groups who had planned over their lifetimes had generally not had such good incomes in the past as respondents in the high-income group in retirement. They had, nonetheless, been *'careful'* and saved throughout their lives (or whenever they could), bought and stored household items, taken out insurances, chosen to pay into pension schemes, or specifically looked for jobs with occupational pension provision. Occupational pensions were seen as planning because they had *chosen* to pay into a scheme:

> I paid 6 per cent of my salary into the pension scheme all my life … I didn't have to, I volunteered for it but it seemed a good system … I thought when I retire we'll be OK.
> (Couple, 75–84, low income)

Other reasons for choosing to pay into an occupational pension included an awareness that it would benefit a wife should the husband die, and anticipation that the additional income would be helpful in the future where a partner had a history of poor health.

Reflections on past planning were generally positive among respondents in this group, who expressed satisfaction that their saving and pension plans had provided financial security in retirement. Not having to worry about money was valued and brought *'peace of mind'* and, in some cases, a sense that *'I've achieved something in life'.* Having savings to draw on meant 'independence' and added to quality of life for some respondents who felt able to do the things they wanted in retirement. However, doubts were expressed on a number of issues:

- Where more than ample savings or investments had accumulated, the wisdom of saving as hard as they had done and past *'tight-fisted'* behaviour were questioned by a few respondents (or widows reflecting on a husband's past financial control). These respondents wondered if the sacrifices made in earlier life had been justified:

  > I'm a lot more comfortable now. I could have done with a bit more money earlier on I think. It's one of those difficult things isn't it … it's always a problem, do you save for your old age, or do you spend it when you can, and then are retired and got the money but you probably haven't got the energy to go travelling and so forth. It's always a difficult decision to make.
  > (Single female, 75–84, high income)

- One respondent was bitter that his work pension had not provided as much as expected and reflected that, in retrospect, he would choose to enjoy a better standard of living when he was younger and fitter, rather than pay so much into a pension.

- For a few respondents in the low- and middle-income groups, savings were seen as an obstacle to receiving benefits to help with housing costs: *'you've got a bit of money in the bank, you can't claim anything'.* Here feelings of resentment were expressed at what was seen as being *'penalised'* for planning for their future, and occasional regret at having saved in the past, particularly when this had been a struggle from a low income.

3.1.2 Plans knocked off course

There were respondents across age groups who had made or started making provision for retirement but unanticipated events had knocked their plans off course (see further below, Section 3.2). Stopping work early because of ill health or redundancy, or to care for relatives, had doubly disadvantaged some respondents: not only were their pension contributions curtailed, but the consequent drop in income had led to the early use of savings and, in some cases, loss of property. The collapse of a business, stock market loss and buying out a partner's share of a house when a marriage ended had also dented plans for using capital in retirement.

People whose plans had been knocked off course tended to be in the low- and middle-income groups in retirement. However, they had often expected to have a higher income and better lifestyle in retirement than they presently experienced, and which they felt might have been achieved if their plans had come to fruition. The impact of being 'knocked off course' inevitably depended upon the extent of provision already made, i.e. level of savings or pension that could be drawn on, the size of any early retirement or redundancy package, the severity of financial loss, the length of the period without income, and ability to adapt or recover (whether a partner, or respondent at a later point, was able to work to supplement the loss).

The general feeling among these respondents was that it would have been difficult to plan for these unanticipated events, although one respondent felt *'silly'* for taking for granted that he would have a smooth path to retirement. Those who had experienced health problems thought that any plans they had made would have gone awry in their circumstances. Others felt that lack of financial knowledge left them vulnerable, in that they were ill-prepared for redundancy or had accepted bad financial advice.

3.1.3 Late-onset planners

These respondents (spread across age and income groups) had generally started preparing for retirement much later in life. They had joined a pension scheme, taken out private pensions or insurances, or started saving in earnest only during their forties, fifties or even sixties. Some had just not thought about retirement in the past and had only started to make provision as its inevitability dawned on them. Occasionally the motivation had been a change in their situation that could result in future financial vulnerability, for example widowhood or a change to self-employment. For the most part, past circumstances were said to have prevented planning/saving earlier in life and provision had only been made when these situations changed or improved. Some of these respondents who had only been able to access a company pension in later working life had received less than they expected, and wished that they could have joined a scheme sooner. However, a few in this group felt that money was not important in their lives and so did not regret not having made more substantial plans.

3.1.4 Non-planners

Other respondents said they had not planned (either practically or mentally) for retirement. They tended to fall into three groups but, again, with some fluidity between them.

It just happened/no need to plan

There were some respondents (across age and income groups) who felt that they just happened to end up with a pension, savings or assets, rather than having actively made plans for later life. These were respondents who:

- had been in a job with a good automatic occupational pension scheme (including a few unmarried or long-term divorced women who had worked all or most of their lives). This was not necessarily seen as 'planning', generally because contributions were automatically taken out of earnings: *'It wasn't planned, no. It was just you went into it, it was part of your employment'.* These occupational pension schemes provided financial security, and lessened the need to make further plans:

> Financially I certainly didn't plan for it because I felt it was taken care of … I suppose there was a happy thought that there was provision made for me.
> (Single female, 75–84, high income)

- had just been naturally careful with money, living within their means and had accumulated savings over time

- had inherited property or money in the past which would provide sufficient capital to draw on in the future.

These respondents tended to see their incomes in retirement as sufficient for their needs, irrespective of what income group they were in. They were generally happy with how things had turned out, but emphasised that this was not due to planning, as *'in the main it seems to have worked out on its own'*, or felt they had just been *'lucky'.* However, as with some of the 'lifetime planners', several middle-income respondents noted that, although glad of work/SERPS pensions above the basic State Pension level, they saw these as excluding them from receiving benefits, which was felt to be unfair and penalising them for a lifetime's work.

Couldn't plan

Some respondents felt they had not been able to prepare for later life because they had been in circumstances which prevented them from making financial plans (see further Section 3.2). This group was made up of respondents in the low- and middle-income groups, with the younger age group slightly more highly represented. These respondents had either made no pension provision or had small work pensions (often less than £100 per month), and had not accumulated much in the way of savings in preparation for retirement. The key barrier to planning was said to be a lack of financial resources in the past because of:

- low wages

- intermittent employment

- bringing up families, especially if a lone parent

- looking after other family members.

Their focus had been to get by on a daily basis so, not surprisingly, they felt they had had limited capacity to save, or to plan for later life.

This lack of provision was compounded where respondents or their partners had been forced to stop work early, usually because of ill health. Sometimes an attempt to make provision had been made later but without success. For example, a single parent on a low income had enquired in her fifties about a private pension, but the payments were deemed unaffordable and the return not considered worth it.

These respondents were in the low- and middle-income groups, often living within a tight budget. They reflected that, given past constraints, they could not have done anything differently to plan for later life, but had got by as best they could. Indeed, several felt proud that they had managed to become homeowners despite being in tight financial circumstances in the past.

Occasionally these respondents wished that they had saved or made plans. A few widowed women wished they had had their own pension provision, and one felt it might have avoided her having to claim means-tested benefits. However, several men mentioned that unless they had a significant pension they would probably be no better off than they were on benefits. Furthermore, a few people in rented accommodation were glad that they had not owned a home as they noted that, if so, not only would they would be liable for maintenance costs, but their home could be at risk in the future:

> I should hate to think I've saved up for a house and then have to sell it to live and pay for your last days of your life in a home … I'm glad I've got nothing if you get my meaning.
> (Couple, 65–74, middle income)

Didn't plan

A few respondents indicated that they had not planned as they either had just *'never thought about getting old',* or preferred to *'live for today'* and just *'take things as they come',* rather than look ahead and make plans. Sometimes people saw planning in a negative way, associating it with worrying, and felt that it was more relaxing mentally not to think too much about the future:

> Well I just didn't want to think about it, no, how can you, when you're young, life shouldn't have worries you know.
> (Single female, 65–74, middle income)

Often these views were expressed by people who had been in less than easy circumstances in the past and might, therefore, reflect their feelings of lack of control during earlier periods of their lives. Some respondents (or their late partners) had seen no need to plan as they had assumed that the state would cover them in later life. Several women mentioned that they would have tried to plan but their husbands had resisted. Only a very few respondents had *'frittered away'* money in the past rather than plan or save when opportunities had arisen as, even among people who did not think of themselves as planners, in common with the rest of the sample there was an aversion to debt.

These respondents who didn't plan in earlier life were in the low- and middle-income groups in retirement, but spread across age ranges. As with the 'couldn't planners', people in this group had often been in tight financial circumstances in the past, so that they also had limited opportunity to plan. Where comments were made about the past, there tended to be few regrets among this group and, perhaps, a more easy-going or stoical attitude, as there was said to be no point in looking back: *'I don't bother about yesterday'.* Only occasionally did someone in this group express the wish that they had made more substantial plans for later life.

3.2 Influences on planning and outcomes

A number of key factors emerged that could either support or undermine the planning process itself, or have consequences for the outcomes of plans that might have been in place. Factors that undermined planning tended to be linked with being unable to plan or having plans knocked off course (see Section 3.4 for a diagrammatic representation), reflecting other recent research findings (Dominy and Kempson, 2006).

3.2.1 Earlier life circumstances

Past employment histories and family or household circumstances, and an interlinking of the two, influenced the extent to which respondents had thought about their future, and also impacted on the ability and opportunity that they had to put into place plans for later life, particularly financial. The salient point here is that, in many cases, people had arrived at their current positions with very little choice. Unsurprisingly, the experience of these respondents reflects the findings of much other research about the intragenerational effects of poverty (for example, Jenkins and Bardasi, 2002; Berthoud *et al.*, 2004), but the key reasons are highlighted below.

Past employment

- *Type of employment*. This inevitably affected access to occupational pensions, with better provision for those who had worked in large companies and the public sector but limited, if any, availability for those who had worked in small private companies, in some factory work or in the building trade. Particularly disadvantaged groups were women, especially those who had been in part-time employment, those who had been *'ordinary workers'* rather than in *'management'*, and those who had not had permanent contracts.

  Low wages were said to have provided little opportunity to save or even think about making provision for retirement. Work-related illnesses or injuries had shortened working lives for some respondents, and those who had been made redundant were often working in industries hit hard by the 1980s recession, which limited their chances of re-employment.

- *Stability of employment*. Interrupted, or short, working lives had also affected pension contributions and the ability to save. Disadvantaged groups included women who had not worked after marriage or while having children, and respondents who had experienced redundancy or ill health, or had cared for a spouse or their parents. However, some women had worked and accumulated pensions in their own right. Usually these were unmarried or without children, but included some lone parents who had had to work for a good proportion of their lives and, hence, had built up a pension.

Past family/household circumstances

Past family circumstances were mentioned as factors affecting how or whether respondents had planned, and were often interlinked with employment (stability and low wages) and income.

- *Family breakdown*. Lone parents often mentioned *'struggling'* financially in the past to bring up children without maintenance payments and with limited benefits. Family break-ups could also limit the ability to plan ahead financially, through payments to children from a previous marriage or outlay to make financial settlements. One male respondent with no children had felt less need to save or plan for his future after becoming divorced.

- *Widowhood*. The relatively early death of a spouse could both restrict and encourage planning. Planning opportunities were restricted for those bringing up children alone, but widowhood could also raise financial concerns for the future:

> Well I did plan when my husband died, I mean I saved every penny I could, wondering how I was going to manage when I had to retire.
> (Single female, 75–84, low income)

- *Presence of family*. Again, having a family could either restrict or encourage planning. Even for couples, bringing up (sometimes large) families was said to have taken all their income, exacerbated by low wages or if only one partner was working, so that planning options had been limited. However, responsibility to secure a financial future for families had a positive influence on planning for some respondents. Men in particular had sometimes felt a sense of *'duty'* to ensure financial security for their children and wives, which had influenced their saving and pension planning in particular among those who were 'lifetime planners' (see above Section 3.1.1).

- *Caring*. Caring for relatives or spouses meant some respondents had given up work earlier than expected, which had affected both their household income and their ability to plan and save for a pension.

Knowledge

Previous research has highlighted lack of public knowledge and understanding about pensions, and a lack of financial information (Mayhew, 2003; Sykes and Hedges, 2005; Bunt *et al*., 2006). Reflecting this, some respondents felt that they had not been knowledgeable in financial matters, and might have been better off had they been more aware of what was available. For example, some had only taken out small insurance policies, as that was all they knew about, and several of these had realised only recently (after advice from younger relatives) that this is not good value:

> We're not as well educated as the young ones … we just used to have the insurance man come, and that was it you see.
> (Couple, 65–74, low income)

Very few respondents spoke of having received (or sought) financial advice during their working lives. Indeed, some respondents noted that *'years ago there wasn't much talk about the future and getting old'*. This is not to say that respondents necessarily believed that future generations of retired people will have been better equipped to plan or will be better provided for (see further below, Section 3.3). The benefit of being equipped with financial knowledge was evident among some 'lifetime planners' from professional backgrounds, including occupations in the financial sector, who had made proficient and successful financial plans.

3.2.2 Life events and unanticipated circumstances

Unexpected life events had thrown the plans of some respondents, who had expected to retire in comfort, into 'disarray', leaving them in a precarious financial position in retirement. Three main factors were important here: health, redundancy, and a range of other unanticipated and financial 'shocks'.

Health

Ill health (of either themselves and/or a partner) had resulted in respondents stopping work up to 20 years before retirement age. The financial implications of this were limited pensions, life on benefits, using up savings and, in some cases, having to sell property when unable to meet mortgage payments. The onset of poor health in early life had also made it difficult for respondents to think ahead to later life as their energies had been focused on managing their current health condition. The early onset of health conditions had also affected plans and opportunities for how to spend time in retirement, such as enjoying hobbies and trips away, or had resulted in social networks being curtailed before retirement age.

> I used to have a social life but I'm afraid, I don't know if it was in my head, or other people's heads, but I didn't feel right when I was on the sick, going out of an evening to a social club and that sort of thing … Being off permanently sick held a certain social stigma in my view, I never felt at ease with it if you know what I mean.
> (Single male, 75–84, middle income)

While it was apparent that many respondents had not anticipated the potential seriousness or effects of ill health which had occurred since retirement, the 'shock' of ill health was particularly stressed by those who had experienced health crises in their forties and fifties. As described earlier (Section 2.1.1), poor health in retirement was particularly unanticipated by respondents who said they had been relatively healthy and fit in the past. In such cases there had been almost an expectation that relative good health would continue into later life. Some conditions, particularly those that had developed suddenly, were thought to be impossible to foresee or prepare for.

In contrast, those respondents who had thought about, and planned for, potential ill health prior to retirement often had an underlying reason. In particular, having a spouse or close family or friends who had been ill or died before or around retirement age had led some to plan to try and avoid this, or its consequences, by:

- early retirement

- maintaining a healthy diet and fitness
- planning financially for deteriorating health
- moving to bungalows or flats in their forties or fifties.

Redundancy

The effect of redundancy on plans often raised similar issues to those arising where a work life had been cut short through ill health, but the effects depended on several factors:

- If redundancy had occurred only shortly before planned retirement, or came with a monetary package equivalent to the remaining years of earnings, respondents generally looked upon it as early retirement.
- Several respondents who had been made redundant in their fifties had found either part-time work or a different type of job to see them through to retirement age.
- For some, retirement plans had been devastated by unforeseen long-term unemployment, for example where people had had to use savings and had lost a house because they were unable to pay the mortgage.

But even for those whose financial plans had been thrown into disarray by redundancy, there could be positive outcomes:

- One couple felt that, although the husband's redundancy had left them disadvantaged financially, the extra ten or more years away from unhealthy working conditions had more than likely extended his life, so that indirectly his redundancy had done them a 'good turn': *'At least he's lived to see some retirement'.*
- Several had used redundancy payments to pay off a mortgage or, together with savings or money from family members, to buy their council houses outright.

Other financial 'shocks'

Plans for retirement had also been affected by a range of other unforeseen financial shocks, because of either personal misfortune or the economic climate at the time:

- a business that was to be sold to fund retirement collapsed 15 years before a respondent's retirement age
- the stock market crash
- less money from a house sale than was expected
- unrecouped loans to family or others
- relationships breaking down.

However, a few respondents had received unexpected increases, in income or capital, in the form of inheritances or compensation claims (either before or since retirement), which had improved their financial position during retirement.

3.3 Planning and future generations

At a time when the Government is concerned to find ways to encourage future generations of retired people to plan for their retirement in earlier life, it seems sensible to reflect on the views of those who are currently experiencing retirement about the prospects for future generations and how to encourage them to plan.

3.3.1 Advice for future generations

The importance of making personal pension provision and saving in early years was repeatedly emphasised across age and income groups, and those with different planning experiences (whether they had made provision or not). A key factor here was the belief that State Pensions are likely to be more limited in the future.

There was also a strong emphasis on the importance of avoiding debt and living within one's means, reflecting the overwhelming aversion to debt among respondents, again across age, household and income groups, and whether people had planned for retirement or not.

However, a few respondents noted that:

- Saving should not be to the detriment of enjoying life while still young.
- Unless substantial savings or pensions could be acquired, planning might not be worthwhile.

- People would do better to spend money rather than save for retirement because of the link between savings and benefits, including housing costs.

Concern was expressed across age and income groups about the 'different values' of younger generations, which it was thought could have implications for their future in retirement. While these views were often general opinions, they were sometimes based on observations of their children's and/or grandchildren's spending behaviour. There was a belief that younger generations are focused more on the present than the future, and that they expect to *'have everything now',* and so are inclined to spend beyond their means, accumulate debt and, moreover, are not worried about doing so.

Apart from the financial aspect, other issues that respondents thought future generations should consider included:

- keeping body and mind active
- finding and keeping a faithful partner
- maintaining social networks
- having hobbies or interests when retired.

3.3.2 What could help people plan?

There were mixed views about whether the Government should force people to save for their retirement. Some respondents who had planned, whether their plans had worked out or not, supported compulsion to join a pension scheme or to save through deductions from wages. This tended to arise from concern that younger generations would not do so of their own accord. However, others felt that the Government should be more proactive in encouraging planning, rather than attempting to force savings behaviour, for example by education in schools about the importance of looking ahead/saving.

There was recognition that for those on low wages financial planning was likely to be more difficult, and some noted that if the benefit system was seen to reward those who had not made their own provision this would act as a disincentive to plan.

A further point repeatedly mentioned (not necessarily from personal experience) was that lack of trust in the financial industry could put younger people off planning. This reflects a climate of increased scepticism about pensions (Green and White,

2005), whether based on accurate perceptions or not (Bunt *et al*., 2006). Concerns about the insecurity of company pension 'black holes', the danger of losing savings and finding good independent financial advice among the *'crooks'* were raised, and it was felt that the Government should be harder on companies that were seen to *'embezzle'* pension funds.

> If I was young I'd be a bit dubious about what I was paying my money into, and if I was going to get it back. Well it's what you read isn't it? (Single female, 65–74, middle income)

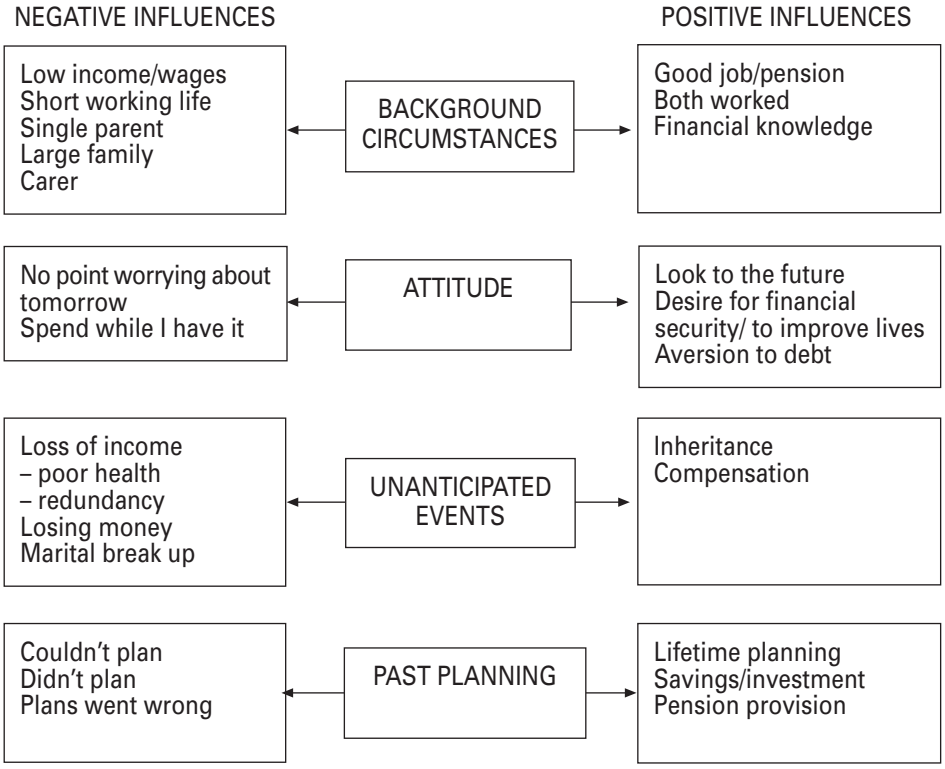
The message from these respondents is that the Government needs to work to gain people's trust in relation to saving for pensions if they are to be encouraged to plan financially. There will be a need to instil confidence and regain trust in savings and pension schemes, particularly if automatic enrolment into personal accounts (DWP, 2006a) is to succeed.

However, as a number of respondents pointed out, offering advice to a different generation would not always be well received and they felt that the wider issue of encouraging a 'saving' rather than 'spending' culture could be hard to tackle.

3.4 Conclusion

This chapter has explored the various ways in which people planned for retirement by outlining different experiences of, and attitudes to, planning ('lifetime planners', 'plans knocked off course', 'late-onset planning', and where people did not plan either because they felt no need or they couldn't or just didn't plan). Crucially, it has described the factors that can support or undermine how or whether people plan (past employment and household circumstances, and life events such as ill health, redundancy and other financial 'shocks'). It is clear from Sections 3.1 and 3.2 that there is a complex interlinking in people's pasts of circumstances, life events and attitudes which impact on, and combine with, planning to make a difference to outcomes in later life. Figure 1 attempts to demonstrate the variables that mediate planning and outcomes in both positive and negative ways.

Figure 1 Influences on planning for and outcomes in retirement



It is interesting that even among respondents who had mixed views about their own planning, when discussing thoughts about future generations even those who had not planned often felt that younger people would be wise to do so. There was some support for the type of savings scheme outlined in the Pensions White Paper (DWP, 2006a) but, at the same time, some scepticism about investing in pensions. It appears that, reflecting Green and White's research about ways of encouraging take-up of pension schemes, these respondents recognise the need to plan but that 'formidable barriers' will have to be overcome to gain public trust (Green and White, 2005).

Even among those who had planned, unanticipated (and, arguably, unpredictable) life events had thrown their plans off course. While policy makers can provide people with incentives and even degrees of compulsion to plan for their retirement, it is perhaps on the protections that the state can provide when such events occur that future policy might usefully focus.[1]

4 Planning in later life

As discussed in the previous chapter, some respondents had made extensive plans for their later life, well before retirement. However, planning did not stop when they retired. In this chapter the decisions that people made around the point of retirement are explored, along with some reflections on their actual experience of moving into retirement (Section 4.1). Next the chapter reflects on if and how people were planning for their future in older age in terms of finances, housing and health, and for their eventual death (Section 4.2). The chapter concludes with some reflections on people's attitudes to planning for retirement and for later old age (Section 4.3).

4.1 Moving into retirement

The time around the point at which respondents actually retired was often a key period for planning and decision making. Respondents talked about influences on the timing of their retirement, and their experiences of moving into and adjusting to retirement.

4.1.1 Timing of retirement

One aspect of planning retirement that is relevant to current policy is its timing – whether to stop work before, at or after the State Pension age. As highlighted in Section 3.2.2, extraneous factors meant that the path to retirement for respondents in this study had not necessarily been smooth, and this could also be seen in their decisions about when to retire.

Many had stopped work *before* the State Pension age, but this was seldom through choice – rather because of health problems, redundancy or needing to care for a spouse or relative. Sometimes respondents saw this as early retirement, especially when it had occurred shortly before State Pension age, and was viewed fairly positively where respondents had felt *'ready'* to retire, had not enjoyed their work or wanted to spend time with a spouse who was not working. However, for others who would have liked to continue working, health conditions or the economic climate (exacerbated by limited experience of other types of work and perceived age discrimination) were perceived as having constituted barriers to continuing paid employment. Respondents' current views about working are discussed in Section 2.3.

Those who had retired *at* the State Pension age had various reasons for doing so, and a range of reactions to their retirement:

- Where retirement had been expected or planned it was more readily accepted that *'my time had come'*.

- A few respondents said they had been told by their employer that they could not continue working after the State Pension age. These included both full- and part-time workers, and those who had worked for private and public sector employers. These respondents sometimes said that they would have preferred to continue working.

- Deteriorating health and a stressful job or working environment led respondents to feel they had *'had enough',* and had contributed to the desire to stop work. In one case a respondent had felt pressurised to leave: *'I was made to feel that I wasn't doing things right, that I'm not quick enough'.*

- Having a partner who was already retired had influenced the decision of some respondents to stop work. As one woman noted: *'he* [her husband] *used to grouse like anything when I had to go to meetings, and do things'.* However, and conversely, for some this had been seen as a reason for continuing to work, as *'we don't want to get on each other's nerves'.*

Section 2.3 refers to a number of respondents who had continued to work *after* the State Pension age. These fell into three main groups:

- Women who had continued in the same work for a further two to six years because they enjoyed their jobs, the work was physically undemanding, or they wanted to accumulate pension or savings.

- Those who had continued to work in the same field but at substantially reduced hours, either on an ad hoc basis or through undertaking freelance work. These respondents were in the younger age group and in couples (where a partner also worked or not), and were among higher-income households.

- Those who had stopped work before or around the State Pension age (either briefly or for up to 15 years) because of redundancy, early retirement or health problems, but had subsequently started work again. This was usually in part-time employment (occasionally self-employment) and generally in a different type of employment to that of earlier years. Reasons for returning to work included boredom and the need for social contact, in a few cases following the death of a spouse.

The key reasons which respondents gave for extending their working lives (by up to 12 years) after the State Pension age were:

- the ability to work part-time
- having a job that was suited to their level of fitness or health condition
- enjoying the type of work (lack of stress, meeting others and some degree of autonomy were mentioned).

As mentioned in Section 2.3, money was rarely the motivating factor for continuing to work.

4.1.2 Plans and decisions around the point of retirement

Several respondents, from across the planning types described in the previous chapter, mentioned how in the run-up to retirement they had ensured that any remaining mortgage payments and debts were cleared, and had carried out house repairs, all in anticipation of the forthcoming drop in their income. Those who had received lump sums from occupational or private pensions had used these in various ways, depending on the size of the payment and their circumstances at the time. Some respondents with significant payouts and a secure financial position had invested their payments – these respondents mentioned the invaluable importance of good financial advice. Those in less comfortable financial circumstances had used their lump sums to replace household items, buy a mobility scooter, replace a car, pay off a mortgage or debts, or had used it to live on, particularly if they had retired early for health reasons. Some had saved their lump sum as a 'back-up' fund, particularly when money had been tight in the past so that they had been unable to accumulate savings, but also as a sensible preparation for what would be needed in retirement (see below for a discussion of saving during retirement).

4.1.3 Adjusting to retirement

The reality of adjusting to retirement had not always been easy, particularly where the impact of the loss of routine, activity and responsibility associated with employment had not been anticipated. Both men and women described how it had initially been *'strange'* not having to get up for work and how they had felt at a *'loose end',* and noted that leaving work was a *'big hole out of your life'.* Loss of *'purpose'* was also mentioned, and one respondent felt as though it was a transition to 'old

age': *'I thought my life had finished when I retired, I thought 'I'm old now you know".* Even where extensive plans had been made for retirement, the gap left by the loss of activity and social networks from employment could take respondents by surprise. Only occasionally had someone anticipated that finishing work might leave a gap in their lives and had prepared for this by deliberately getting involved in local activities as they approached retirement, as *'I wondered what I was going to do with myself'.* This was felt to have been particularly helpful because the respondent was single with no children.

4.2 Planning for the future

As in the previous chapter, respondents' plans for their future in retirement mainly involved finances, housing and health, with interlinking between these resources. However, compared to past planning behaviour (Section 3.1), there was some variation in whether and how people planned for their future. Although some people who had planned in the past continued to do so, others had changed their behaviour or attitude to planning for some or all of the following reasons:

- The purpose of planning (for retirement) had been achieved, so they had no need to plan further.
- They were uncertain about the future (particularly in relation to their health) and this made it difficult to plan ahead.
- Their plans had gone wrong in the past resulting in scepticism:

> I don't really plan that much really. No point, because in the past when I've planned it's got shot down for something or other.
> (Single female, 75–84, low income)

Those who had not planned for retirement (either because they couldn't or they didn't, or a mixture of the two) often felt the same about looking ahead to the future, either because their resources were constrained or because they had not changed their attitude and continued to prefer to *'just live for today'*.

4.2.1 Financial plans for the future

Differences emerged among respondents in the extent to which they were planning financially for their later old age. This is, of course, potentially important to policy

makers if the assumption that need increases with age is correct, and with the increasing likelihood that as people live longer more will need to be supported, either in their own homes or in (costly) residential care.

Saving for later old age

Previous research (and, indeed, policy) has tended to assume that not saving at a point in time is an indicator of financial hardship. However, not saving, particularly in later life, may be a matter of choice rather than necessity (Middleton *et al*., 2007 forthcoming). Respondents were able to throw some further light on this issue in that only a minority were actively saving for their later old age (as against short-term saving used as a form of financial management, e.g. for household items, bills or a holiday, discussed in Section 2.3.2), reflecting other recent qualitative findings (Dominy and Kempson, 2006). These came from the low- and middle-income groups, across the age groups, and tended to be saving for a specific purpose such as a house move or expected property maintenance costs and, in only a few cases, where they had health difficulties and foresaw potential additional costs in the future.

> I recognise that I'm not getting better if you know what I mean, and I recognise also that I am going to need some help in the future, and the extra money if I can only save it for a short time will help in that respect. (Single male, 75–84, middle income)

These respondents who saved were generally living 'carefully', but did not feel they were going without. In only one case did saving for the future appear to be impacting on day-to-day life: a strict budget, which limited activity, and a reluctance to draw on (substantial) accumulated capital because of anticipated deteriorating health.

A few respondents, mostly in the middle- and high-income groups, were also adding to their existing savings but this was not a deliberate strategy, rather because they had more income coming in than they were spending. These savings were seen as being for a *'rainy day'*, or eventually to benefit others (see further below), rather than being for a specific possible future need.

Another group of respondents indicated that they probably could save if they wanted to, but preferred to spend or give away any surplus income. These tended to be:

- younger middle-income respondents, often with limited or no savings, who did not see the need to save or plan ahead financially, as they could manage on their incomes, did not anticipate additional expenditure and had the cost of their funerals covered (see further below)

- people in the higher-income group who thought that they had sufficient savings and so felt no need to add to them.

As discussed in Section 2.3, some respondents in the low- and middle-income groups had to control their budgets carefully in order to manage their current finances, and had little option to think about accumulating savings for longer-term use. Others in these income groups were conserving existing savings and felt it important not to break into them or let them deplete below a certain level.

As mentioned above, when looking at a number of quantitative indicators of hardship in later life, Middleton *et al*. (2007 forthcoming) questioned whether current saving behaviour can be used as a measure of hardship without knowing more about people's preferences and ability to save. The different experiences outlined above confirm the complexity of the issue and illustrate that the absence of saving is not necessarily an indicator of hardship. Conversely, the act of saving does not always indicate lack of hardship. For the purposes of this research and its focus on planning resources throughout retirement, it is important to distinguish saving in order to manage finances on a short-term basis (Section 2.3.2) from longer-term saving for future needs in later old age – a point that also needs to be considered when discussing saving per se and its implications.

This general reluctance to save in retirement for later old age has implications for policy, particularly if respondents either do not have the resources or have not planned adequately for resources to meet their future needs. To throw further light on these issues we examine how people in later life planned to use their savings and other assets in the future.

Use of savings and assets in the future

Respondents who had either accumulated savings before retirement or who had sold property to release capital were sometimes drawing on these funds to subsidise their income (see Section 2.3.5). Generally those who had accumulated substantial savings (for example, over the eligibility level for means-tested benefits), including from house sales, saw these as being 'ample' and sufficient to see them through. Where this had been a long-term plan there were few qualms about spending these savings to make the most of their lives, for example on holidays and social activity.

However, others, particularly in the younger age group, expressed concern that their lower levels of savings might not last, particularly if they were being used to supplement income for everyday expenditure. Selling property and moving to

rented accommodation, taking out equity against a home (as a last resort, reflecting Rowlingson and McKay's [2005] findings) or claiming benefits were seen as potential future options.

Views about the purpose of savings and property will influence decisions about how to use assets and, hence, impact on future available financial resources. As discussed above, some respondents had already released capital from property to fund their later life, and a few were in the process of doing so. Of the remainder who still had property, a few, mostly in the older age group, said that they were planning, or would consider, selling their property and renting in the future to release capital, although barriers to moving were sometimes present (discussed further below). The longitudinal design of this research will allow us to explore in future interviews if and how such plans actually worked out.

Most others with assets saw these as inheritances, generally for family, although leaving the bulk of their assets to charity was mentioned by several respondents without children. A group of (mostly younger) respondents felt very strongly that property (and sometimes savings) were to be preserved for their children and were very resistant to the idea of selling a property to fund later life. Their reasoning was that this would not be fair, given that they had worked or saved all their lives, and/or it was seen as their children's 'right' to inherit. In a few cases, children had helped them to buy a property, or they had struggled in the past to buy their own home in difficult financial circumstances and wanted their children to benefit from their achievement, even where a child had suggested they sell up and release capital (again reflecting the findings of Rowlingson and McKay, 2005). Other respondents felt that leaving assets to children had been a long-term plan and a key driver to buying property, or felt a sense of parental responsibility to ensure children were provided for, particularly if they themselves had not had such help in the past. The fact that properties might become unsuitable in later old age was recognised, with discussions centring around living downstairs, adaptations and support to remain in the home. Selling, particularly to fund residential care, was often seen as a last resort, and strategies to avoid children losing out on potential inheritances were evident. A couple of women, now in the low-income group,[1] had put their property (at least partly) in their children's name following divorce or bereavement. A few respondents (across income groups) had put their houses in trust, and others had sold their property to their children (sometimes reportedly for less than its market value).

4.2.2 Housing plans

Plans for property as an asset have been discussed above, but views about whether to move or stay in a particular property in future later life involved other considerations.

Reasons for anticipated or planned moves were:

- To move to a more manageable property (smaller, without stairs) if there were health difficulties and/or to be nearer to local amenities to lessen the need for a car. These respondents were most often couples, across ages, and in low- or middle-income groups. Some were already waiting for council accommodation; others were holding off moving until absolutely necessary (see barriers to moving below).

- To move to a different location because of problems with neighbours, or noise.

- One younger respondent in the high-income group planned to move to a property abroad and then to return in later life, if and when their health deteriorated.

Other respondents described a range of reasons why they wished to stay where they were and/or barriers to moving. One of the main reasons for wanting to stay in a current property was because it was felt to be appropriate, not just for their current needs, but also for the future. These were usually people who had already moved into bungalows or flats, often warden controlled, or had adaptations including stair lifts in place. Some recognised that their homes might not be suitable in the future if their mobility should decline and some were already experiencing difficulties (as described in Section 2.5.1). However, they still had doubts about moving.

Previous research has shown that, although many retired people live in property with rooms that are additional to their needs, they face 'logistical' barriers to moving, in addition to uncertainty about the financial aspects (Maxwell and Sodha, 2006). In line with this, financial barriers to moving were occasionally mentioned by respondents, particularly in the low- and middle-income groups:

- Bungalows were unaffordable to buy, particularly if they wanted to move to a more expensive area to be near family.

- There were fears of higher rents where current rent was low.

- The cost of moving was seen as prohibitive.

'Logistical' barriers to moving were also raised, including the *'upheaval'* of moving, compounded if this was the first move for some time, and also if a respondent lived alone and had no children to help. The thought of having to get rid of possessions if downsizing and the general stress of moving were considered too daunting by some, particularly those in the older age group or in poor health.

However, less tangible emotional barriers were also an issue, particularly where people had lived in properties for a number of decades (up to 60 years) and were attached to the property: *'I've been here too long, my roots are in this house'.* These respondents often had memories of a late spouse or were reluctant to move away from good neighbours and friends. Their expectations or hopes were generally to stay in their property for as long as possible (preferably until death), using formal or family support when it became necessary, and/or moving downstairs (seen as more feasible where a toilet or bathroom was on the ground floor).

4.2.3 Health and the future

Section 2.1 has emphasised the importance which respondents placed on health as a resource, and health was also repeatedly mentioned as the key factor which respondents thought might influence their future. A few were looking forward to improved lives if they were recovering from health setbacks such as broken bones or a stroke, or were waiting for operations which were expected to help a condition. However, in general, the potential impact of future deterioration in health on social networks and activity was recognised, especially if it would curtail mobility, in particular the loss of ability to drive. Concern was expressed about the resulting isolation and loss of independence if they could not get out and about.

Those who perceived themselves to be in reasonable health not only realised the importance of their health to their quality of life, but hoped it would continue. However, some recognised that this could be a challenge in the years ahead, particularly those in older age groups or who had a family history of poor health. Others who had some health difficulties and/or were in the older age group felt the challenge was to keep on living in as reasonable health as possible, while recognising their mortality:

> I'll say, 'if I'm here', I say that a lot now, 'if I'm here', and my neighbour will say 'well where are you going?' She's only sixty odd you see.
> (Single female, 75–84, low income)

Where respondents had more severe health conditions, the future was more about managing poor health and expected deterioration, including some people who said they had limited life expectancy and that *'the inevitable is going to happen'.* An area of particular concern for some couples was the potential health deterioration or death of one partner and the impact this could have on their spouse (reflecting the views expressed in Section 2.1.3).

There were mixed views about the possibility of going into residential care in the future, and this was discussed mostly by older respondents. Reasons for being completely averse to the idea were mainly because of the perceived loss of independence, being *'dumped'* and the thought of leaving their home. However, there was also some fear of the environment in residential homes, including worries about possible neglect. A few respondents said they just could not think about the idea, although they were aware that they were perhaps *'putting our heads in the sand'.* Occasionally respondents said that if they ever got to this stage they would consider taking their own lives, although these respondents were mostly still in relatively reasonable health.

There was a preference among some respondents to be supported at home should the need arise, with going into care seen as a last resort. There was often an expectation here that families would play a central role in providing support, with some resistance expressed to the idea of more formal help. This occasionally related to cost, but more often there was concern about trusting 'strangers' or 'outsiders' in their homes. However, this raised a dilemma for respondents (often those who already had health difficulties) who did not want to be a *'burden'* to children and, therefore, felt that residential care might be the *'fairer'* option. A few widows living alone (again with some health problems) noted the positive aspect that being in residential care would at least provide company. Among couples there were sometimes differences in views where the wife was resistant to residential care, but the husband was more amenable to the possibility.

Occasionally respondents who had conditions that would clearly deteriorate were saving to cover the potential additional expense that this might entail (see Section 4.2.1), and some respondents had already moved, or were planning to move, to more suitable properties for health/mobility reasons (see Section 4.2.2). However, although health was seen as a 'deciding factor' in future lives, it was often felt to be something that could not really be planned for. Rather, it was more about hoping for the best, *'plodding on'* and taking each day at a time, with the feeling that *'it's going to come and when it comes, it comes, then you face it'.* This included respondents who were aware of a potential risk, such as a family history of strokes, but felt they could not plan for the eventuality and would just have to *'rethink'* if it happened.

This could be seen as a way of coping, and an attempt to limit worrying about a situation over which one has little control and which is unlikely to improve: *'I prefer not to think about it … all I can do is what the doctor tells me'.* Furthermore this potential uncertainty could impact on people's attitude towards planning more generally, especially when interlinked with limited finances.

> I don't plan too far ahead. I don't think you do when you get older … you don't know what's around the corner do you? … I mean I don't know whether my health is going to deteriorate, and you can't afford an awful lot, you can't really, you can't make long-term plans, you can't make big plans. I plan perhaps a fortnight in front.
> (Single female, 75–84, middle income)

4.2.4 Planning for death

Apart from inheritances (discussed above in Section 4.2.1), planning for death itself was also mentioned during some interviews and, throughout the sample, extensive plans had sometimes been made. These included:

- ensuring funeral costs were covered through insurance or ring-fenced savings
- having details of funeral arrangements clearly laid out
- simplifying financial affairs
- streamlining possessions
- making and updating wills
- having discussions with family about what was to be done.

The importance of planning for death was often stressed, even where people had not planned very much in the past, and four factors emerged as key drivers. First, unlike deteriorating health, the inevitability of death meant that this could be planned for as a certainty. Second, this was something respondents wanted to exercise control over, but which had to be done in advance, to ensure that there would be no chance of confusion or family rows: *'I like to leave things right when I've gone'.* Third, and most importantly for some respondents with children, planning was to ease the *'burden'* on their remaining family, both financially – *'I'm more at ease because I know the kids won't have to fork out'* – and emotionally – *'It gives you satisfaction knowing*

that they haven't got to worry about it'. Finally, the experience of having dealt with death in the past was a driving force, either when respondents had found it helpful where the plans of those who had died had been clearly laid out, or when they had encountered difficulties if there had been no will or the cost of a funeral had not been covered. Generally, having plans in place provided peace of mind to respondents: *'If I drop dead tomorrow, now I know it's all sorted, I don't have to trust or bother anybody for anything now'.*

A few respondents who were paying for insurance to cover the costs of their death (sometimes amounting to a relatively high proportion of their disposable income) were aware that these were not necessarily good value. Even though children or other family members had sometimes advised them against paying into such schemes, this advice was not always taken on board, emphasising the importance of this issue to some respondents. A further financial point raised was the cost of making or updating a will, most salient for those on lower incomes, and for people without children whose beneficiaries were siblings/cousins of the same generation, meaning that their wills might require more frequent revision.

4.3 Conclusion

As in planning for retirement (Chapter 3), various types of planning for the future were described by respondents. However, it is interesting to note that in some respects planning prior to retirement and planning for death appeared to be 'easier' than planning for later old age, when 'plans' were often more about hopes and aspirations.

> I did plan ahead when I was at work, yes, tried to. But now you can't plan ahead, because tomorrow never comes, you don't know how long you've got. I've got that in mind an' all, what's the point of planning for ten years in front of you because you might not be here. My aim is to beat Winston Churchill, 92. That's my aim in life.
> (Couple, 65–74, middle income)

It could be suggested that retirement and death itself are more tangible inevitabilities for which it is relatively easy to plan. By contrast, later old age 'ebbing away' involves more uncertainty, something that is perhaps more out of people's control and is, therefore, difficult to plan as they are not sure what to plan for. Furthermore, a future of deteriorating health could be a worrying thought, and not planning for this or thinking about it could be seen as a positive form of coping strategy: *'That's the best way. You don't live on your nerves then'.*

5 Conclusion

This report has summarised the findings of in-depth interviews with a group of older people at varying stages of their lives in retirement. They described the resources to which they had access, providing a context for discussions of how they had planned their resources prior to retirement, their planning at the point of and during retirement, and how they were planning for their futures. Many of the findings have clear implications for government policy and for future research and this concluding chapter provides some reflections on these, focusing on health, finance and planning, before considering how these resources interact to contribute to general well-being.

5.1 Health, housing, finance and family

Respondents had a clear hierarchy of the relative importance of the different resources to which they had access, with health at the very top. This was particularly so for those whose health had previously been good and for whom ill health had been sudden or unexpected. The resource of good health was particularly valued by those who had lost it.

It seems that government faces continued resentment of the policy that requires people to sell their homes in order to fund their residential care and resistance to any future policies which might involve encouraging or requiring people to use their housing to fund their retirement. Declining health had forced some respondents to reconsider their housing needs, either prior to or during retirement, with some moving to more suitable accommodation and/or to be closer to family members. Some respondents had chosen to use their houses prior to, or in the early years of, their retirement to increase the cash available to them, through downsizing or selling and moving to rented accommodation. However, for others there was a deep-seated reluctance to contemplate a future that might include selling their home to fund residential care and resentment that they might have to do so. This was felt to be extremely unfair, particularly as housing was seen as the asset which respondents wished to pass on to their children, and some had placed their houses in trust in order to ensure that they would be safe for their children. For similar reasons, few were considering cashing in remaining property assets or equity release schemes.

Most respondents recognised that their health might decline (further) in the future but there was less thought given to planning for future ill health than for retirement and death. It seems that retirement is regarded as inevitable and predictable, and death

is inevitable if not predictable, whereas ill health is unpredictable and, hence, cannot be planned for.

Health decline had brought additional need for help around the home and with transport and maintenance, and there were fears about the possibly prohibitive cost of future needs for adaptations to their homes, particularly for homeowners. For many respondents, such assistance was provided by family members at no cost and, indeed, many respondents relied on the support of their family, which sometimes was the only way in which they were able to remain in their homes. However, some respondents were ambivalent about their dependence, feeling that their children should not be burdened by the need to care for them. It is worth noting here that a combination of reducing numbers of children being born to families and increased geographic mobility may mean that such care may not be so readily available to future generations of older people, putting even greater pressure on services. This might also mean a decline in the resources that older people are able to provide to their families – a possibility that should also not be ignored. The extent to which there is reciprocity of support and help between different generations and the importance of this will be explored further in future rounds of interviews. In any event, there is clearly a need for older people to be assisted with maintenance and adaptations, perhaps through a national repairs and adaptations service.

Not surprisingly, loss of mobility was seen as the biggest problem arising from ill health since it meant a loss of independence. This was particularly problematic in financial terms for those whose loss of mobility had occurred since the age of 65 years, since the Disability Living Allowance, which includes a mobility component, has to be claimed before the age of 65. Respondents welcomed the prospect of increased access to free off-peak local public transport, which has been available in England since April 2006. However, for those with restricted mobility who cannot access conventional bus services, a bus pass is of little help. Local authorities should be provided with sufficient resources to assist older people who cannot make use of bus passes to maintain their mobility.

5.2 Financial planning for and in later life

Although the interviews on which analysis in this report is based were undertaken before publication of the Government's White Paper on the future of pensions (DWP, 2006a), many of the findings are of direct relevance to proposals in the White Paper. In considering the prospects for future generations of older people, respondents

expressed a belief that younger people 'want everything now, spend beyond their means' and 'run up debts without worrying', and that these attitudes will all militate against the financial security of future generations of older people in retirement.

While, in general, respondents would advise younger people to make provision for their retirement, there were some reservations, often based on their own experience:

- Saving should not be to the detriment of enjoying life while still young.
- Unless substantial savings or pensions could be acquired, planning might not be worthwhile.
- People would do better to spend money rather than save for retirement because of the link between savings and benefits, including housing costs.

5.2.1 Should people be compelled to save for retirement?

Success of the proposals in the White Paper will largely depend on the extent to which people currently of working age can be persuaded to plan for their future in retirement. Both the Turner Commission and the White Paper have rejected the idea of compelling people to save for their retirement through occupational or private pension schemes. However, the proposed scheme will change the emphasis significantly, from voluntary contributions into occupational or private pension schemes to automatic enrolment into personal accounts from which people will have to make a conscious decision to opt out.

Respondents had mixed views about whether compulsion should be introduced. Some who had planned for their own retirement, irrespective of whether these plans had worked out or not, supported compulsion because of concern that younger people would not save unless they were forced to do so. Others felt that people cannot be forced to save; rather, planning for retirement should be encouraged, for example through education in schools, or building trust in pension schemes.

It should also be noted that some respondents resented the fact that their relatively small savings excluded them from means-tested benefits. This emphasises the need for policymakers to reassure the current generation of those in work that if they do save for their retirement they will not be penalised.

5.2.2 What are the prospects for increased pension saving?

The reasons underlying the planning decisions that respondents had made during their working lives for their finances in retirement, and the influences on these, provide mixed messages about the likely success of automatic enrolment into personal accounts as currently envisaged.

On the positive side:

- Some respondents expressed the view that they would have paid into an occupational pension scheme if one had been available to them during their working lives.

- There were very few who simply had not planned and had 'frittered' money away prior to retirement.

This suggests that the planned personal account scheme, which proposes automatic enrolment for eligible workers and an employer contribution of 3 per cent, would have been welcomed by these older people if available to them during their working lives.

On the negative side:

- Most people who had not planned financially for their retirement did not believe that this had been a realistic possibility for them. Their priority had been to make ends meet on a day-to-day basis, rather than planning for a long-term future. The financial pressures of low wages and family demands might have led at least a proportion of this group to have opted out of enrolment into a personal account if it had been available at the time.

- Many of those who had not planned for their retirement or whose plans had been knocked off course had been in part-time, low-waged and/or unstable employment. Others had experienced unexpected life 'shocks', such as redundancy, divorce or the onset of ill health.

It is less clear how automatic enrolment into personal accounts as currently envisaged will help such people in the future. Those who are in unstable employment (a sector of the labour market which is unlikely to shrink in the foreseeable future) will be assisted by the fact that the personal accounts held under the scheme will be portable between jobs. But consideration needs to be given to if and how people in unstable employment might be assisted to maintain their contributions during (short-term) periods of unemployment. Perhaps a scheme that allows people to take a certain amount of payment 'holidays' during their working lives, during which

the Government would pay into the scheme on their behalf at a low level, might encourage people not to opt out of the scheme initially and to continue to contribute once they regained employment. A flexible labour market requires flexible savings options, both during working life and for retirement.

5.2.3 Creating/regaining trust in the finance industry

Some of the respondents had themselves suffered from the stock market collapse and from other financial 'shocks' that had left them with smaller incomes in retirement than they had anticipated. However, there was a more general lack of trust in the financial industry, which it was felt would put younger people off saving. If the views of these respondents are a reflection of the views of the UK population in general – and the findings of other research suggest that they are (Green and White, 2005) – then government will face a major task in rebuilding people's trust in saving for their pensions.

5.2.4 Financial knowledge and advice

Linked to the issue of (lack of) trust in financial services is the knowledge which people need in order to make decisions about if, how and to what extent they plan for their retirement. The widespread lack of understanding of pensions and related financial products is widely acknowledged (Mayhew, 2003; Sykes and Hedges, 2005; Atkinson *et al*., 2006), and our respondents were no exception. Some respondents felt that more financial knowledge and advice when they were younger would have enabled them to plan (better) for their retirement and recent evidence suggest that this lack of knowledge persists. Atkinson *et al*. (2006) report that 20 per cent of people had made decisions about their pensions without seeking advice. However, the emphasis here must be on trustworthy and reliable advice since, as outlined above, widespread mistrust of the financial industry remains. Even then there is no guarantee that this advice will be taken since, as our respondents pointed out, advice offered to younger generations is not always well received!

It is clear that there is a need for trustworthy, easily available financial advice – not just for older people during their retirement, but for those who are approaching retirement and, indeed, younger people. One way of assisting with this might be through the provision of a free financial advice telephone line.

5.2.5 Is not saving during later life an indicator of hardship?

One further point about saving needs to be made here. It is clear from this research that saving does not necessarily indicate financial well-being and, conversely, not saving does not necessarily suggest financial hardship. While some participants would clearly have struggled to save, there were others who felt that they already had adequate savings and were happy to spend them on themselves and their family. Indeed, it tended to be those in the lower-income groups who continued to actively save but often only small amounts, as a form of budgeting for emergencies or for replacement of expensive household items. These findings and other recent studies (Dominy and Kempson, 2006; Finch and Kemp, 2006) highlight that rather than the presence of saving indicating more than ample financial resources, the reverse could sometimes be the case. Short-term saving can be an essential aspect of budgeting in order to manage current circumstances on a low income, especially if one has no reserves to fall back on. However, those who manage in this way will not necessarily be able to accumulate savings over the longer term for use as a resource to draw on in later old age. The implications of this are that the act of 'saving' per se needs to be unpacked before assumptions can be drawn relating saving to the build-up of financial resources for the future.

5.2.6 The continuing need for adequate state provision

As the White Paper recognises, there will be a continuing need for provision to support those who continue to have inadequate financial resources in retirement. The intention is to limit the numbers eligible for means-tested benefits by progressively increasing the value of the State Pension.

Respondents in this study confirmed the continued reluctance among many in retirement, particularly those in the older age group, to apply for a means-tested benefit, despite its rebranding as Pension Credit. The difference between the negative attitudes among many to Pension Credit and the positive views of the universal Winter Fuel Payment are indicative of this. Nevertheless, those who had claimed Pension Credit spoke of the difference that it had made to their lives, suggesting a continued need for campaigns to encourage take-up. The fact that younger people displayed less reluctance to claim might also suggest that attitudes could change among future generations of older people. Future rounds of interviews with these respondents will explore if and how attitudes change over time.

Alongside this continued reluctance to claim means-tested benefits, there was a paradoxical resentment of a benefit system that is perceived as punishing those who have saved and been frugal during their working lives. Some of those who had

relatively low incomes were bitter that they were excluded from all benefits, including Council Tax and Housing Benefit.

5.2.7 Attitudes to incomes and debt: age or cohort effect?

It is obviously important for policy makers to understand whether retired individuals' attitudes to income and debt:

- change as they get older, with *individuals* becoming more or less satisfied with incomes and/or more or less reluctant to get into debt as they move through later life (which would be described as an age effect)

- change from generation to generation, with each *generation* of older people becoming more or less satisfied with incomes and/or more or less reluctant to get into debt (which would be described as a cohort effect).

In line with the findings of other research, actual income seemed to have little bearing on the extent to which older people express themselves as satisfied with their financial situations (Dominy and Kempson, 2006). Most people in later life are satisfied with their incomes and respondents in this study were no exception. However, it has not proved possible in earlier research to disentangle whether this is a result of people generally becoming more contented with their lot as they get older (an age effect), or whether it is a product of a particular generation of older people who experienced 'hard times' during the war and post-war years and are therefore more tolerant of a relative shortage of resources (a cohort effect). This is important for policy: if it is a cohort effect, future generations of older people who have experienced relative affluence throughout their lives might have higher aspirations for their lives in retirement and will be less content to 'make do' with limited incomes. The findings of this first round of interviews are inconclusive in this respect, with evidence that could point in both directions:

- Younger respondents were less likely to express themselves as satisfied with their incomes than older respondents.

- Older respondents and those who had experienced hard times during their working lives were more likely to be satisfied with their incomes.

This could point to either an age effect (if these younger respondents become more satisfied with their incomes as they get older), or a cohort effect (if younger respondents remain less satisfied with their incomes as they get older than the

older respondents are currently). Later rounds of interviews should throw further light on this, as we will be able to explore whether younger respondents in these interviews become more satisfied as they get older. Nevertheless, it may be that we will continue to have to speculate about future generations, specifically in relation to the possible effects of the UK's continuing high levels of income inequality: will the increased relative affluence of those who have had secure and stable work histories, leading to affluence both during their working lives and in retirement, stand in increasingly stark contrast to the relative poverty of those who have had patchy and unstable work histories in the flexible labour market and, hence, relatively low incomes in retirement?

Respondents also showed the aversion to debt that has been found in many other studies of older people, but younger respondents were less debt averse than their older counterparts. Again, it is unclear from this round of interviews whether this is an age or a cohort effect. If a cohort effect, future generations of older people for whom credit and, hence, debt have become more widespread and socially acceptable may not be as debt averse as the current generation. If this does prove to be the case, there will be a greater need for government, pressure groups and advice agencies to be prepared to assist older people who find themselves in difficulties as a result of debt. Again, future rounds of interviews should throw further light on this.

5.3 Extending working lives

The Government has given considerable attention to how people can be encouraged to work for longer. The White Paper on the future of pensions proposed increasing the State Pension age to 68 years, provisions have already been made to reward those who defer taking their State Pension by payment of a lump sum, and legislation has recently been enacted to combat age discrimination in the labour market (among other things).

The experiences of respondents in this study serve to highlight the difficulties that government might face in encouraging people to extend their working lives. Many respondents had stopped work (well) before they reached State Pension age. For some this was the inevitable and unplanned result of the difficult economic climate of the time, for others it was the result of the early onset of ill health. It is also worth noting that many of these respondents did not work again, and tended to see this as early retirement. Unless future generations are healthier – and evidence from Middleton *et al*. (2007 forthcoming) suggests that this may not be the case – and the economic climate continues to be good, it is unclear whether the steps taken by government will allow some people to extend their working lives.

Where respondents did continue to work beyond the State Pension age, this was not in general for financial reasons and had also involved changes in the hours they worked and the type of work they did. This suggests that, if people are to extend their working lives, policy makers need to give further attention to how work practices and environments can be adapted to the needs of older workers and how they can be assisted to access different types of employment. Again, as with encouraging pensions saving, flexibility is likely to be the key to success.

5.4 Individual psychology

Notwithstanding all of the above, perhaps one of the most interesting findings to emerge from this research is the role that psychological factors play in planning for retirement and satisfaction with life during retirement. In relation to health, for example, both in terms of those who had experienced ill health and in thinking about possible future ill health, individual attitudes seemed more important than actual experience. Some found their health problems and/or the contemplation of future health problems difficult and worrying; others felt that there was no point in worrying, that they were better off than others and 'just got on with it'. This reflects research by Bowling (2005) which found that positive mental outlook as well as being realistic influenced quality of life for older people and could help with coping in times of difficulty.

There was some evidence of this contrast in whether people planned financially or not: those who took a 'live for the moment' attitude had often not planned for their retirement or had found that they acquired pensions and financial security by default. Those who were planners more generally in their lives had extended this tendency to their financial planning for retirement. Whether increasing policy concerns to build 'financial capability' among the population will encourage planning among those who would otherwise not have planned is unclear from our findings. It may be that education in financial matters in school will instil the notion of financial planning and provide the capability to do so. If not, it can only be hoped that in the future these 'non-planners' will acquire pensions 'by default', through automatic enrolment into personal accounts.

There has been increasing recognition by the present Government that wealth is not the only measure of happiness and a developing interest in finding ways of measuring well-being. Indeed, in 2002 the Prime Minister's Strategy Unit held a seminar on 'life satisfaction' and the Department of Environment, Food and Rural affairs is working on a 'happiness index'. One of the reasons identified for unhappiness in the face of increasing financial affluence may be the UK's unequal

income distribution that encourages people to compare themselves unfavourably with those who are better off (Donovan and Halpern, 2002; Prime Minister's Strategy Unit, 2002). One of the possible differences between the present generation of older people and future generations is that today's older people – at least those in our research – tended to compare themselves to those who were worse off than themselves in relation to health, finance and family support (the things that mattered most to them) rather than to those who were better off. Whether this will persist among future generations of older people is a subject for future research.

Notes

Chapter 1

1 Poverty is measured as having below 60 per cent of contemporary median income after housing costs. It should be noted that the fall in poverty measured before housing costs has been much smaller, from 23 per cent in 1997/98 to 19 per cent in 2004/05.

2 There is also a range of benefits to support those who are disabled or with limiting health conditions, such as the Attendance Allowance or Disability Living Allowance (if claimed before the age of 65).

3 Defined as having an income below 60 per cent of the contemporary median before housing costs in at least three out of the previous four years.

4 Higher personal allowances for income tax, increases in the State Pension and Winter Fuel Payments and free TV licences.

Chapter 3

1 Policies already implemented include the introduction of the State Second Pension in 2002, extending the pension to low earners and some carers, and the 2004 Pensions Act (Pensions Protection Fund and Financial Assistance Scheme to improve security for occupational scheme members).

Chapter 4

1 Income groups were assessed on estimates of income after housing costs, not on the basis of property – see the Appendix.

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Appendix: Design, methodology and sample

This appendix provides further detail about the design, method and sample for the research.

Project Consultative Group

The purpose of this group is to provide guidance and advice to the research team at all stages of the project and to ensure that the issues and concerns of older people are properly represented in the research. The group consists of 14 older people, whose profiles broadly match those of the research respondents in the main study. The group provided advice about recruitment, helped pilot the pre-interview checklist, and made suggestions about the research interview content and process. The group will have the opportunity to comment on the findings of the research as part of the preparation of the report.

Recruitment

Respondents were recruited from a geographical area that includes a range of rural and urban areas and which has an age distribution broadly reflecting that of England as a whole. Professional recruiters used a recruitment questionnaire which collected information about household composition, ages, route to retirement and occupation, housing, pension and benefits. As suggested by the Consultative Group, door knocking was not used. Mornings and pension and market days were most useful when approaching people directly, with only a limited response received from posters and leaflets. Lunch clubs, drop-in groups and community centres at warden-controlled complexes were visited and proved useful as venues for recruiting people in a familiar environment.

People occasionally dropped out after initially agreeing to take part, because of illness, having ‘too much on’, going abroad, or after discussing it with a partner. There were sometimes long delays before an interview could be arranged or drop-out confirmed, for example through illness, holidays or moving. Ninety-one interviews were achieved.

It is recognised that the implications of the recruitment method are that older people in care are not included in the sample, and it is unlikely that those in more isolated circumstances will have been reached.

Pre-interview checklist

A brief checklist was used to gather basic information from respondents before the interview because of the wide remit of the research, which had led to concerns about the possible length of the interviews. The checklist was constructed with the guidance of the Consultative Group, and sent out in advance to respondents who either returned it in the post or gave it to the interviewer (and sometimes completed it) at the interview. Very occasionally the checklist was administered over the telephone.

The checklist included questions about the home and local neighbourhood, accessibility of amenities, types of support, contact with others, activities, income level and changes in this, and changes in health. The checklist was useful in reducing the need to collect this background information during the interview and as a tool to promote discussion.

The research interview

The interviews were conducted over the summer of 2005 in people's homes and averaged around 1.5 hours. Most 'couple' respondents chose to be interviewed with their partner. Interviews were recorded with respondents' consent and a topic guide was used to guide the discussion. Respondents generally talked openly about their lives although there was sometimes reluctance to discuss financial information, and occasional emotional moments, for example when talking about bereavement or an issue about which they felt strongly. Many commented that they enjoyed the experience, and all consented to be contacted again for a follow-up interview. Respondents were given a £25 payment (per interview) to thank them for their time.

Keeping in touch

As this is to be a longitudinal project, there is a need for interim contact with respondents and Consultative Group members. Christmas cards and a short summary of information collected from the recruitment questionnaires and checklists were sent out, which we hoped would be of interest to people as well as acting as a

reminder of participation and providing an opportunity for respondents to inform us of any change in contact details. Respondents were contacted again in the summer/autumn of 2006 to maintain contact and identify those who have experienced major changes in their lives.

Analysis

Interviews were transcribed verbatim. Analysis has been undertaken using a matrix mapping approach. This involves identifying emerging issues to develop a set of thematic charts with columns representing sub-topics and the rows representing individual respondents, which enables analysis both across and within cases. Data on respondents' experiences and their views about issues are summarised and recorded into each cell, with a note of the transcript page included for reference. The range of data in each topic is explored to identify patterns and explanations and draw comparisons between different groups of respondents. While this method proved rather unwieldy for the large number of interviews in the first wave of this project, it allowed a thematic analysis but maintained a clear understanding of the context of individuals or households. This was particularly useful, given the diverse nature of respondents' life histories and circumstances, and the interlinked nature of the themes and issues uncovered by the research. The cross-sectional analysis used subgroups based on age (65–74 and 75–84), income (low, middle, high) and household type (single female, single male, couple households).

- *Age* – where respondents were in a couple, the age category was taken as that of the 'lead' respondent (the person who was recruited).

- *Income group* – respondents were divided into income groups using a combination of information from the pre-interview checklist and interview data on income, tenure, benefit receipt and council tax rates to establish an after-housing-costs measure which it was thought would be more appropriate than before housing costs for this age group (Brewer *et al.*, 2006). Where there were partial data a 'best estimate' was used. A standard categorisation of below the 60 per cent median income after housing costs was used to derive the low and middle subgroups, and a third 'high' category was introduced, derived from interview data. The income categories are as follows:

- *low income* – households living around or below 60 per cent median income after housing costs (£100 single/£183 couple)

- *middle income* – households with above 60 per cent median income after housing costs up to £200 per week for singles and £300 per week for couples

- *high income* – households with income above £200 single/£300 couples after housing costs.

The sample

Respondents were recruited across urban/rural geographic areas to the project and sampling was based on a 'lead participant'. A recruitment questionnaire was used to obtain sample criteria information on age, gender, single and couple households and ethnic background. Proxy measures for socio-economic group were used at this stage (such as benefit and pension receipt, tenure, past employment type) to avoid asking detailed questions about income, given known sensitivities about revealing income details particularly in public places where most recruitment took place. Income groups for analysis were subsequently constructed using interview data (including housing costs) as outlined above and varied from earlier estimates.

While the age of the lead respondent fell within the 65–84 range, partners were sometimes older or younger than this level. An upper age of 84 was used because of the longitudinal design of the research in order to minimise attrition rates at follow-up interviews which are planned to take place for up to a further four years. Also, although slightly more men than women were (deliberately) recruited, analysis was subsequently based on household type rather than gender of lead respondent, which highlighted that the males recruited were more likely to have been in couples than the females (see Table A1). Twenty-eight of the 50 single respondents were widowed, with the remainder divorced, separated or never married. Nearly two-thirds of respondents lived in owner-occupied property, with almost all of the remainder living in local council or housing association rented accommodation (two-thirds of which were warden-controlled flats or bungalows).

Table A1 Sample subgroups

	Number
Age:	
65–74	44
76–84	47
Income:	
Low	32
Middle	49
High	10
Ethnic minorities	6
Household type:	
Couples	41
Single male	20
Single female	30
Males recruited	47
Females recruited	44
Total	91