

Financial Issues Facing Older People

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Key Issues

Pensions

- A full basic state pension now pays £90.70 a week for a single person and £145.05 a week for a couple, but the poverty line is around £145 a week for a single person.
- Only 35 per cent of women and 85 per cent of men reaching state pension age are entitled to a full basic state pension.
- Amounts paid out under SERPS or the State Second Pension tend to be low.
- The average amount of state pension (all state pensions combined) paid to pensioners is £87 per week (£77 for women and £106 per week for men).
- Among 65 to 69 year olds, the figures are on average £73 pw (women) and £108 pw (men).
- Occupational pensions are important in later life, but large proportions of pensioners have no occupational pension (especially women).
- Pension age for women will soon start going up to 65.
- New pension reforms will not help those who are currently retired or will retire shortly.
- Future generations will have to retire at 68 (men and women).

Poverty

- The poverty line is around £145 a week for a single person but the Guarantee Credit is only £124.05. Some researchers have claimed that it is not possible to live a healthy well integrated life on the Guarantee Credit.
- About one in five older people lives with an income below the poverty line, with single women particularly at risk. Over the age of 75, poor women outnumber poor men four to one.
- Currently, somewhere between 30 per cent and 40 per cent of pensioners who are entitled to Pension Credit do not claim their entitlement, and this includes between 20 per cent and 30 per cent of pensioners who are entitled to the Guarantee Credit – the 'breadline' element of this means tested system. The Pension Service, responsible for the delivery of means tested benefits, considers that no more can be done to improve take-up of benefits.
- Many pensioners do not view themselves as being in poverty because they remember times when things were much harder, or they think of people much poorer than themselves for example in Africa, or India. Younger people are more likely to compare themselves with people around them in the UK now.
- Older people are much more likely than younger people to say that they don't need or want things if they can't afford them.

Benefits

- Nobody knows how many older people get the benefits that they might be entitled to for disability and care, especially if they are not engaged with social services.
- The government has no plans to improve take-up of disability benefits.
- Researchers have estimated that only about 20% to 30% of disabled older people claim the full benefits to which they are entitled.
- It is more expensive to live if you have a disability.
- You can only get Disability Living Allowance if you were getting it before you were 65. If you become disabled after 65 you can only claim Attendance Allowance. This does NOT have a mobility component for travelling around.
- Around 2.8million carers are over 50. One in four care for more than 50 hours a week, and the number is increasing.
- If you are receiving a state pension then you can't get Carers Allowance.

Paying for Care

- The Government wants older people to be cared for in their own homes (and many older people want this too), but people with even modest incomes are expected to pay for their own social care. This means that there is a care 'gap' with older people's needs not being met.
- Many local authorities are reducing their eligibility criteria for social care assistance so that even older people in poverty do not get the help that they need.
- Older people face considerable uncertainty about who will pay for any long term care they might need, and what the quality of that care might be.

Debt

- Older people are less likely than other age groups to access credit, and are more likely to see themselves as savers rather than spenders. They tend to be good money managers but many struggle to pay bills or stay out of arrears. Paying bills is a high priority for older people.
- About a quarter of those over 60 have some form of consumer credit agreement, and one in 8 still have a mortgage. A small proportion of older people have mortgages into their 80s (about one in 20).
- There has been an increase in the proportion of income in outstanding credit agreements by older people. The fastest growth across all ages was for those aged 55–59 and 60–64.
- There are a small number of older people with very high levels of outstanding debt. Unlike those in other age groups, they use credit to pay for essentials like food and heating.
- Older people don't make best use of the credit available such as the Social Fund. Only one in 200 older people has a Social Fund Loan.
- Equity release (taking capital from your home) is very unpopular with older people (less than 1%) but is increasingly being considered by government as a policy option.
- Apart from teenagers, the over 80s are the most likely group to have no savings.