



Financial resilience during retirement:

Who is well placed to cope with life events?

Summary and implications

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Financial Resilience in Later Life

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Who is well placed to cope in retirement?

Introduction

The Financial Capability Strategy for the UK recognises that levels of financial capability in the UK are far too low. Four out of ten of us are not in control of day to day finances and we struggle even more when it comes to longer-term planning and managing unexpected life events or periods of financial difficulty. The Older People in Retirement Steering Groupⁱ, chaired by Jane Vass from Age UK, is creating a community of practice drawn from different stakeholder organisations who are focusing on where their collaborative efforts can have a real impact. A priority for the Steering Group has been to better understand what being financially capable for later life means. MAS provided funding for Age UK to undertake research that is building a picture of what someone who is well-placed to manage in retirement looks like.

The research sought to understand what 'financial resilience' actually looks like for retired people when they have different social networks, finances and health, and what makes older people 'well placed' to cope with the challenges and decisions they face throughout retirement.

The full reportⁱⁱ from Collaborate Research, who carried out the research on behalf of Age UK, will inform both the continued development of the Financial Capability Outcomes Framework for Older People in Retirementⁱⁱⁱ and the questions targeting this age group in the 2018 UK FinCap Survey. These will be important for shaping future policy proposals and financial capability interventions. This summary report provides an overview of their research findings, and explores some of the broader messages and implications arising from this research.

Background

For any age group, understanding financial resilience is complex. It requires exploring behaviour, skills, attitudes and motivations, all of which are influenced by factors such as the

financial and social resources, health, past experiences, biases and personality traits of the individual. Many of these factors are not fixed and will fluctuate or change entirely over time.

But there are some financial capability issues that are particularly relevant to older people in retirement. Firstly, this group have generally accumulated most of their lifetime wealth, unlike other age groups, so the main focus of their financial decision-making is on managing existing resources. Secondly, they are doing so in an increasingly complex financial world, with more pension freedoms, a challenging savings and investment climate, and rapid technological change. Thirdly, older people are more likely than other age groups to experience changes in their financial circumstances due to health crises or bereavement. However, these issues need to be seen in the context of the wide variation in financial resources – some people are comfortably off in retirement while 1.9 million older people are living in poverty^{iv}. For all these reasons it is extremely important to understand and improve the financial resilience of older people in retirement.

What did we do?

This research had two stages and sought to explore the question: ***who is well placed to deal with life events during retirement?*** During the first stage, Collaborate Research carried out an evidence review and interviewed experts from the financial world including industry representatives, independent financial advisers, consultants, consumer advocates, academics and policy experts. The suppositions that were found were then tested during the second stage, through qualitative research with retired older people aged 60-89 years. This involved sixteen focus groups with a broad selection of participants across England, Wales, Scotland and Northern Ireland and eight depth interviews with retired couples. Fieldwork took place between October 2017 and January 2018.

Key findings

- Older people tell us that for them, being ‘well placed’ during retirement is about **‘being able to cope with what life throws at you’** – both in terms of preparing for *and* responding to whatever it is that happens.
- Whilst they acknowledge the benefits to **‘being prepared’**, it is perceived to be **important “not to worry too much about the future”**.
- Older people tell us they are facing **multiple uncertainties**, personally in terms of their own longevity and health, and externally in terms of political and economic changes.
- Older people tend to regard **day-to-day money management and maintaining a financial buffer as important components of feeling ‘well placed’**, but they are **less likely to have thought about or prepared for how their costs may change in the future**, especially when it comes to potential health and care needs.
- While **financial capability is perceived by older people to contribute to resilience, it is regarded as only one factor among many**. Financial and personal resilience are believed to be required to respond to the most significant life events.
- Older people think it is **important to be confident and independent, but also flexible and adaptable** to changing circumstances throughout their retirement.
- At the same time they think it is important to have an awareness of (and willingness to) **access external sources of information, advice and support**.
- Older people recognise that being in **denial, feeling disempowered and lacking confidence** can act as barriers to financial resilience.
- But they also face external barriers to financial resilience in terms of **misinformation about financial products and services, and not knowing where to go for help**.
- Terminology like **‘planning to cope with life events’** does not particularly resonate with older people. Alternative language used by older people themselves includes **‘getting your house in order’**, **‘managing your affairs’** and **‘preparing for the unexpected’**. These terms are understood and more meaningful.
- It is **challenging to measure quantitatively** how ‘well placed to deal with life events’ older people in retirement are. **Self-assessment and subjective measures can be inconsistent and misleading**. We may do better to focus on objective indicators, such as the existence of a financial buffer or specific actions that have actually been taken. However we need to recognise that resilience is not a permanent state that can simply ‘be achieved’; **older people may be more or less resilient at different points during their retirement, and be well placed to deal with life events in some ways but not in others**.

We are very grateful to Collaborate Research and to the people who took part in this research.

Key Messages

We need a fundamental rethink of the language used in financial services to ensure that it resonates with older people in retirement. We recommend testing the alternative language older people used in this research which includes 'getting your house in order', 'managing your affairs', and 'preparing for the unexpected'.

It's never just about money - older people think of their finances in the context of their life as a whole. To engage older people, financial matters should be approached as part of other aspects of retirement like relationships and health.

Uncertainty about the future makes planning ahead a particular challenge, so messages need to balance 'being prepared' with making the most of life now. The concept of 'balancing' current and future needs or expenses may be a useful way to frame discussions about what can realistically be done to plan longer-term, perhaps with the aid of a 'retirement checklist' to support older people to explore what preparations they feel comfortable making, whilst letting them know at the same time what else *is* possible to plan for should they wish to.

When considering future health and care needs, people need a vision of something that is financially possible and positive. People immediately jumped to considering catastrophic care costs, in the context of poor quality and neglect, without considering preventative support or care that could help them to maintain their independence in their own home.

A focus on high quality provision of products and information is needed to overcome the lack of awareness, misunderstandings and barriers to accessibility across the piece. This means age-proofing and improving financial products and services. It also means providing timely, accurate and accessible information and advice from all sectors.

Peer to peer support may help older people overcome emotional barriers to sorting out their finances. Both this and other research carried out by Age UK suggest that older people would welcome more opportunities to talk with and learn from their peers, supported by reliable sources of information.

Overview of research

The landscape of retirement

Older people reported that the best aspects of retirement, for those able to enjoy them, included the ability to pursue hobbies and interests, travel and spend time with family and grandchildren.

“My time is more flexible. I’ve got time for the family and the leisure pursuits we do. Getting in the garden in the summer. It’s the freedom.”

However they also described a number of significant financial challenges relating to unexpected major events affecting either themselves directly or those close to them, such as serious illness, relationship breakdowns and bereavement. A number of participants had also experienced financial crises such as incurring rent arrears, consumer debts or bankruptcy.

“I don’t think any of us should be in this position at our age. I feel retirement should have been a lot more something to look forward to. It’s not what I planned.”

For some participants, the initial stages of retirement had been difficult – particularly if the

decision to retire was forced due to redundancy or illness, rather than planned. Common transitional challenges were reported, including boredom and a loss of purpose or routine, and whilst this had since dissipated for some, others continued to feel a lack of fulfilment and loneliness. Some retired women in particular felt that they were more easily dismissed and regarded as less capable of making worthwhile contributions.

“When you talk to anyone they’ll ask ‘what do you do?’ as if your work status defines who you are. And you say ‘I’m retired’ and a lot of people just lose interest.”

More generally a number of people experienced waning confidence throughout retirement, in part due to physical or cognitive health changes, and were therefore finding it more challenging to complete tasks they used to take in their stride, which had led to a growing sense of insecurity and vulnerability when it came to managing financial affairs and making decisions.

“Sometimes I am less sure of myself now than I was.”

“When you hit 70 your thought process changes. Two years ago I wasn’t afraid in the house but now I am.”

What outcomes indicate a financially resilient retirement?

Participants from both stages of this research identified the following outcomes, whereby they felt in these circumstances an older person was likely to be ‘well placed’ to cope with life events in retirement.

Outcomes identified by older people	Outcomes identified by experts
Living within one’s means without “scrimping” Peace of mind and reassurance of “not being a burden” Remaining active, engaged and positive Being prepared where possible but not worrying too much about the future or aspects that are outside one’s control	Maximising income and not under or over-spending Maintaining a buffer against financial shocks Understanding financial products and options Having choices Achieving aspirations Remaining independent and maintaining quality of life

What personal attributes make an older person well placed in retirement?

Attitudes and mind-set
<p><i>“Acceptance of what life throws at you”</i> – the emotional strength and tenacity to cope with difficult issues and not give up</p> <p>Independence, self-reliance and confidence in managing financial affairs and making decisions.</p> <p>A sensible and streetwise approach to decision-making, <i>“thinking through”</i> choices thoroughly and not succumbing to pressure or scams</p> <p>Flexibility to adapt to changing circumstances, acknowledging that it will be difficult for an individual to plan for every eventuality.</p> <p>A positive but realistic view of the future – including <i>“facing up”</i> to potential health and capacity changes, and mortality</p> <p><i>“Not thinking you know it all”</i> – listening to others and prepared to seek information and advice</p>

Skills and knowledge
<p>Good day-to-day financial management skills</p> <p>Knowledge of where to go to access information, advice and guidance in order to deal with issues</p> <p>Internet skills, for those who feel confident, to assist with accessing relevant information</p>

Behaviour
<p><u>Day to day management</u></p> <p>Budgeting to keep track of incomings and outgoings</p> <p>Being <i>“sensible”</i> in one’s spending, not fluctuating too much to extremes of under or over-spending</p> <p><u>Maximizing income</u></p> <p>Making efforts to economise and reduce spend, for example by moving from two cars to one car, changing shopping patterns, regularly switching providers, shopping around for the best deals and buying insurance to prevent large outlays</p> <p><u>Decision and preparation making</u></p> <p>Considering the future and making specific preparations, including a will, funeral plans, Power of Attorney, decisions related to housing and other assets and generally ‘putting one’s house in order’ to make it easier for those who will be left behind</p> <p>Making decisions and plans sufficiently early, ahead of a point of crisis</p> <p>Avoiding suboptimal decisions by being aware of the risks and benefitting from protective interventions</p> <p><u>Savings behaviour</u></p> <p>Retaining, and adding to a savings pot if possible, to maintain a financial buffer</p> <p>Aiming to leave an inheritance for family</p>

Day-to-day money management and maximizing income were seen by older people as particularly important behaviours for retired people who had very low financial resources.

It was felt that those who had moderate incomes and some assets had more influence over their future, and so encountered more of a need to make financial preparations and decisions. Yet only a minority of participants had actually considered trade-offs between the short-term and long-term, or spending and saving. The optimal balance was thought to be difficult to achieve, given the unpredictability of the future.

Retaining and ideally adding to savings was seen as important, where financial resources allowed. Saving was seen as one of the main ways people in retirement can prepare for the future and for unexpected expenses. However, many who had previously been able to save during retirement reported that the cost of living now made it difficult to continue putting something aside and those who were depleting their savings worried about not replenishing them and having insufficient funds.

“We did have savings but we’ve helped the family out, when we was working. You don’t really register the fact that’s what’s going to happen when you get old. Until you get old and then it’s too late.”

What are the barriers to having a ‘financially resilient’ retirement?

Older people told us about a number of factors that inhibit or reduce their ability to feel well placed to cope in retirement. These include some deep-seated attitudinal and emotional barriers, as well as external support deficits. We also found that challenging or less favourable experiences in retirement were more frequently reported by older people in the ‘at risk groups’ described in the below.

Personal barriers
Being in denial, or not wanting to think about future stages of retirement and possible changes
Feeling disempowered or fatalistic; that nothing can be done to make a positive difference
Being overconfident and believing there is nothing more to do
Lacking capability or confidence to make suitable or appropriate decisions
Not being prepared to ask for help due to embarrassment, stoicism or lack of trust

External barriers
Impact of pre-retirement decisions and behaviour
Lack of awareness of options available to prepare for or respond to changes in retirement
Not knowing where to go to get information/advice
Misinformation about products and services

At risk groups
Those who have recently experienced a shock such as a serious illness or bereavement
Those with a long-term chronic health condition or disability and their carers
Single women (including divorcees and widows), who tend to have less private pension provision or are forced to retire before State Pension age
Those without partners, both financially and in terms of lacking the shared decision-making
Those who are struggling financially but are not eligible for means tested benefits
Those whose personal or financial status is manageable but precarious, perhaps because they are heavily reliant on a partner

Measuring financial resilience in retirement

The research found that the following variables had a bearing on financial resilience and should be considered when designing future measurement:

Objective metrics	Subjective metrics
The existence and level of a financial buffer	The perceived sufficiency of a financial buffer
Actions taken in specific areas (wills, funeral provision, investment decisions, care planning)	Actions being considered in specific areas (wills, funeral provision, investment decisions, care planning)
Access to social resources and support when dealing with something unexpected	Awareness of where to go for information and advice when dealing with something unexpected
Access to the internet	Confident use of the internet
Personal circumstances such as gender and relationship status, the existence of chronic health conditions, recent experiences of a major shock	Attitudes to budgeting and managing money, consideration of the future (including changes to circumstances), confidence in making financial decisions

However, we found that although older people were able to list hypothetical enablers and barriers, these factors could not be unpicked and listed out so easily within their own lives.

For example, one participant who had already downsized with a good income and social network, appeared resilient at first. But upon probing she revealed a more precarious situation because her husband was terminally ill and they had spent their savings doing up the new house that she now realized she would not be able to afford to stay in after her husband's death.

Participants found it challenging to assess their own resilience, and there were examples in this research of self-reported overestimating and underestimating of capability, knowledge and confidence. Some people were confident that they had done everything that they needed to do for the future even though it became apparent there were preparations they had not considered which could have an important bearing on their resilience. Others were confident that their strategy of running down their funds was the correct one without considering longevity risk, potential expenditure changes or simply running out of money.

Some of the indicators we used ourselves to identify resilience in our sampling also turned out to be potentially misleading and entirely context specific. For example, some people said they worried about the future more than others (a potential indicator of lower resilience), but these included people who tended to plan as a result of their worrying, and therefore were more likely to have considered possible changes in their circumstances and made preparations as a result (an indicator of higher resilience).

For these reasons, self-assessment and subjective metrics like attitudinal judgements are not painting an accurate or consistent picture of who is well placed in retirement, although there are some objective measures that can be used, such as the existence of a financial buffer, or the fact that specific actions have actually been taken (like preparing a will, making funeral provisions, putting power of attorney arrangements in place).

However we should recognize that whilst these objective measures are helpful in indicating someone who is *more likely* to be well placed in retirement, resilience will never be simply 'achieved' and then remain as a permanent state; older people will become more or less resilient at different points during their retirement, and be well placed to deal with life events in some ways but not in others.

Are we lost in translation?

Our language is not resonating

Over the course of this research we found that the terminology used across the financial services industry to describe some aspects of financial resilience often didn't actually mean much to the older people we were speaking to.

'Planning for life events'

Initially participants did not understand what kinds of things were meant by 'planning' or 'preparing', and would comment that they simply could not do these things.

*"I take each day as it comes. **I can't plan.** You can't look into the future. You can't see what's going to happen. I don't know what's going to happen from this minute on. **How can I plan?"***

***"How would you prepare if you don't know?"** Some of us here could have 10 years, some could have 20 and some could have a year."*

However it would often transpire that these same people could go on to list specific actions they had taken, such as preparing paperwork, communicating end of life wishes, making a will, planning their funeral, making decisions related to housing and other assets. They just weren't recognising these actions as constituting a 'plan', or 'preparing for life events'.

Similarly participants didn't always regard the challenges experienced in retirement, such as bereavement or illness, as 'life events' that they could or should expect to plan for.

*"After 10 years (in retirement) my husband got ill with Alzheimer's **and that was a big shock** and then I had to be a carer for him."*

*"I had a small stroke last Christmas day and that **gave me quite a big shock** because I never saw me as getting a stroke."*

*"My mum [now] needs 24 hour care. She's got a hospital bed and she has to be taken to the bathroom and everything. **So that was something that I didn't expect when I retired.**"*

'Rainy day fund'

Whilst the idea of a rainy day fund came up several times, some participants were using the term to refer to a modest, easily accessible source of money or 'savings pot', whereas others used it when referring to all the assets they had that they could throw at an emergency, including the house they lived in. There was not a single clear definition of what a rainy day fund was created from and how it should be used. And even where people had accessible savings, they were very reluctant to run them down.

*"We've got a property that we could sell and release money, but I mean that's not an instant thing. I think that's one of the **problems with so-called rainy day money is that it needs to be fairly reasonably accessible.**"*

*"You'd say [to an older neighbour] 'why don't you get yourself a flat? It would be a lot easier, you won't have the stairs'. It was 'I'm saving for a rainy day', and I used to think '**it's pouring! Spend the money now!**'"*

'Living day to day'

Some participants told us they were living 'day to day', but expressions like this didn't necessarily mean the same thing for each person. For a minority the remarks were used to dismiss or reject the idea of planning ahead or preparing for the future.

*"I don't think much about the future. **Live day to day.** Wake up in the morning and I'm still here."*

*"I'm quite laid back and if a disaster happens tomorrow, I'll deal with it tomorrow. **I don't worry about what might happen.**"*

However it became clear that what other participants meant by 'wanting to live day to day' was that they *had* looked ahead, considered their options and decided quite consciously and deliberately that they couldn't do much to change or improve the future, and so would live each day as it came instead.

*“We had a friend who had it all planned. We were all hitting retirement near enough the same time and then she died at 59. That was probably the catalyst for me, I thought **‘you’ve got to live for today and enjoy, appreciate what you’ve got’**.”*

*“If I look at those sort of things it **means I lose control** and that’s the bit I don’t like.”*

Beware the clichés

So whilst there is a benefit to using ‘ordinary language’ and trying to stay jargon-free, we must be careful not to assume we know what is meant by common or colloquial phrases, particularly when using them to try and identify who is and isn’t well placed. This research found that two retired people could be using the same language to tell you very different stories, meaning entirely different things by ‘life events’, ‘rainy day funds’ and ‘day to day living’.

Those working to improve the financial capability of older people in retirement should be aware of what may be subtle but important distinctions in meaning. There is likely to be diversity within how older people interpret and respond to the language we use.

It’s never just about the money

Once over the language hurdle, we found that participants were not compartmentalising the different aspects of their retirement in any case, and struggled to think about their current and future circumstances in distinctly financial terms without involving other aspects like their relationships and health.

The experts we interviewed, coming from the field of financial capability, were easily able to focus on the distinctly financial elements or implications of certain decisions in retirement, whereas older people tended to veer into holistic discussions about general health and wellbeing, rather than the specifically financial aspects of retirement.

“I’ve got mixed feelings. At the moment I have security because I’ve got a big family, kids and

grandchildren and we’re very close. They support and help us financially, emotionally, in all ways. I feel good about that. I love doing exercise but I’m worried because my mobility is getting bad and I have a lot of health problems. I also worry that the money isn’t going to last.”

“Whatever happens to you in your life, you have to find the resources from within yourself to deal with it. You can put all the practical stuff in place but what about the psychological and emotional?”

There may be something about circumstances in retirement whereby it no longer makes sense to discuss money so separately from everything else. Or it may be that we just haven’t found the right language to talk about the distinctly financial aspects of retirement. It is worth exploring this further and testing the alternative language that older people themselves used to describe resilience, which included phrases like ‘getting your house in order’, ‘managing your affairs’ and ‘preparing for the unexpected’.

Are we asking the impossible?

"I think timeframes are for people under 50!"

What can older people realistically plan for?

Many of the older people we spoke to had made some form of arrangement/s which would likely improve their ability to with life events in retirement, though they didn't necessarily recognise these as 'plans' or see themselves as 'planners'.

These arrangements included clearing debts and paying off their mortgages in the lead-up to or upon entering retirement, downsizing (either to release equity or to move to more suitable accommodation), or making adaptations to current properties as an alternative to moving. Some had let family members know their end of life wishes and prepared paperwork so it was easy to find and take over. A few had made or were actively considering making Power of Attorney arrangements.

"I want to stay at my home as long as I possibly can and so I'll have a slope put in and that way I can still stay in my home."

"We want to redo the bathroom and just have one of these big walk in showers with a seat or whatever because getting in and out of the bath is going to be a problem as we get older, so we're thinking about that."

"Just after I did (a POA) for my mum she got very ill and I was able to pay all her bills and look after her properly. I thought I'd like my kids to do the same for me. It seemed to make sense. It wasn't cheap but worth doing."

The most common preparations were making a will and funeral provisions. This was regarded as a more straightforward area to make decisions in because 'death is a certainty'.

"It's about putting one's house in order. Putting everything on a USB stick that I can hand to my kids, that comes to the will, funeral arrangements, everything."

"I've made my will. I've made my funeral arrangements for myself. There's nobody else to do it for me, so I've already done it for myself."

However, the clear message from participants was that they could only go so far with preparations, and there was a point beyond which it became unrealistic and unreasonable to expect them to do any more. Even those who identified as having made a 'plan' tended to have a short-term outlook, and the arrangements they had made tended to be reactive, triggered by circumstance, rather than pre-emptive or 'planning ahead'.

"When you get to a certain age your time is limited. You plan for a year. Be realistic. I'm not a maudlin person but you can't say 4-5 years down the line."

The push back on what is possible

Beyond the short-term, people told us that there were significant challenges both practically and emotionally to planning ahead, given the uncertainty about future health and longevity. A commonly held view was that it simply wasn't possible for people in the later stages of life to have longer-term plans because 'you don't know what's around the corner'.

"You never know what happens from one day to the next. You can only plan to a certain extent and beyond that it's what life throws at you."

"Once I lose my independence, the house just folds. I would liken it to a keg of dynamite, it could go off at any time."

Participants felt they were facing multiple uncertainties; personal ones relating to the future health and care needs of themselves or loved ones, but also external ones relating to changes in government policy and the economy which they felt may impact on their financial resources, costs and entitlements.

"You don't know how much prices are going to go up... It's not so much how much income you get but about how things are going to increase in expense."

“It might all change. We’re going through Brexit. We’re having huge cut backs in all our services. This time next year we may be in a completely different economic position.”

The reluctance to plan for health and care needs

Older people expressed a generally negative view of social care, mentioning poor quality and neglect. They also jumped immediately to discussing catastrophic care needs which would require moving to a care home, and didn’t talk about any preventative support or independence-maintaining care that could be given in their own home. This contributed to their disengagement with the subject; it was simply seen as a ‘no go’ area until or if it actually happened.

“We’re in denial. We do know one day we are going to get old and need looking after. It’s something you don’t want to think about.”

“High prices. Loss of independence. You hear tales of abuse and cruelty. If it’s residential care it’s coming to the end of the road for me. That’s why I can’t think of it now.”

The financial implications of needing care also acted as a disincentive to plan for a decline in health. Participants expected that the burden of paying for care home fees would be so high that it was simply unfeasible to set money aside for. They also didn’t believe that making their own financial provision would make any difference to their choices or quality of care, even if they could afford to do so.

“I can’t worry about it otherwise I will have to put everything I have - house, everything - into savings. That’s how expensive it is.”

“I don’t care where you put me. The best of my life has gone. It’s no good me spending all this money if I’m sat in a bed and I’m in a bad state. You’re going to get looked after fairly well wherever you go.”

So how much planning is too much planning?

Participants said that thinking about, and trying to plan for, all the possible eventualities outside their control could cause worry and anxiety, and end up being counterproductive.

A few said there could be ‘peace of mind’ benefits to planning ahead, but these participants were often referring to task-based actions such as preparing a will or completing paperwork, which could be ‘sorted out’ and then put to one side. Less manageable were the time-based goals such as working out how long your savings may last, and here participants felt strongly that they were unable to grapple with the various future unknowns or attempt to estimate what preparations they would need to make for them.

These were not people who were necessarily fatalistic or apathetic – they talked about going to the gym, eating healthily and remaining socially active, suggesting they were taking control in other ways. Understandably however, there came a point when they felt there was little emotional incentive to plan for the longer-term in retirement, where everything they are suddenly being told to prepare for feels negative or disempowering, and ultimately confronts their mortality.

“I’m a trained counsellor so I have weight behind what I’m about to say. I don’t think it’s always good to think too much about what could be. That could end up making you very depressed. That’s not the thing you want to be when retired.”

“I tend to think it’s too scary to look ahead.”

“As you get on some of your very close friends die, they are taken away and I find that quite harrowing. It’s a bit like you’re a ship in a convoy crossing the Atlantic and every now and again one vanishes, torpedo. It’s a bit hard to get used to.”

So rather than overemphasizing the proactive ‘planning ahead’ aspects to being well placed in retirement, which risks disengaging many older people, we need to recognize the reactive

resilience many older people are exhibiting as and when things happen in retirement. Many participants felt an understandable pride in having *responded* resiliently to shocks that they had not expected or planned for and said this was equally, if not more, important than making preparations.

“These things happen to you and you just had to get on with it and people would say ‘how can you cope when your husband died?’ You have to. It makes you a stronger person.”

A balancing act

Some participants openly acknowledged the need to make trade-offs and balance present costs with anticipated costs of the future.

“I always think you come to a decision time. You don't know whether you're going to live two years or twenty... So there's a balance isn't there between spending that money now and then living longer and then finding you've got nothing at the end of it.”

“The worst scenario is if you've kept all that money and one day you go into care, then four grand, six grand a month and it's gone. So it's getting that balance, you know?”

And whilst this was felt to be difficult to achieve in practice, the concept of ‘balancing’ may be a useful and unthreatening way in which we can frame discussions about what *can* realistically be done to plan longer-term. Something along the lines of a ‘retirement checklist’ which has recommendations ranging from basic task-based steps (such as keeping your paperwork safe) to more complex arrangements (such as finding out what proportion of the cost you would be liable for should you require care) could support older people to explore what decisions and preparations they feel comfortable making, whilst letting them know at the same time what else *is* possible to plan for should they wish to, that doesn't involve asking the impossible.

Breaking down the barriers

If older people are expected to take steps to increase their resilience and overcome some of the challenges to longer-term planning, they need to be given accurate and accessible information and advice, from all the sectors they interact with. Yet this research found that a lack of awareness, misunderstandings and barriers to accessibility across the piece.

Lack of awareness

Some older people had misconceptions about the various financial products and arrangements that could protect participants' wishes and assets, if their health and care needs change.

The different Powers of Attorney caused general confusion when it came to understanding what they were used for in relation to wills, advanced decisions and probate. Participants sometimes interchanged or misused the terminology altogether, with one participant merging the terms 'Living Will' and 'Lasting Power of Attorney' into a 'Living Power of Attorney.'

People were also taking what could potentially be ineffective or unnecessary steps to protect their homes 'from the government'. One participant had changed their home ownership to tenancy in common to protect their partner should they themselves move into a care home, even though the means test already ignores the value of the home whilst a partner is still living there, and changes such as these might run the risk of being classed as 'deprivation of assets'.

"I changed the house from joint tenants to tenants in common so half the house is my wife's. It's designed so if one of you went into care they used to have a claim on the whole of the property so now they can only claim half back for payment."

One couple mistakenly thought that the mirror wills they had prepared would achieve this.

"Should either of us have to go into care the house cannot be taken to pay for this as this is written into a mirror will."

Some older people had not made funeral provisions because they felt unable to set money aside, and some believed they did not have enough of value to warrant making a will.

"To have a will you must have something in the bank; there's no point unless you've got a lot of money in the bank, or a house."

A small number of participants had taken up an equity release product on their current property, although understanding of what this really entailed appeared low and not necessarily well thought out. One couple had done so to pay off a consumer debt which could potentially have been resolved another way. A majority of those who had any prior awareness of equity release felt they would not consider it, either because they felt it did not offer good value for money or because they wanted to leave an inheritance.

"We bought an equity thing on the mortgage. The reason is [we] got into a bit of financial trouble, I mean to be honest it wasn't a lot of money but it was to us [but] we couldn't see a way out of the hole we were in at the time."

Information and advice

The experts we spoke to acknowledged that even older people with high levels of skills and confidence will still need varying degrees of external input. As one expert put it, 'lay people may not know what they don't know'.

Financial planning and advice

Both older people and experts perceive the retirement landscape to be complicated and risky when it comes to getting the best out of financial assets, due to increased choices with pension freedoms and the need now to make ongoing rather than one-off decisions.

Yet very few participants had sought any regulated financial advice related to their own assets in retirement. Those who hadn't either didn't have sufficient resources to access financial advice, or they expressed a distrust of

financial advisors and a feeling that they would not provide value for money.

“I won’t see any financial advisers. They’re a waste of time. I find they don’t come up with anything different. It seems they want to put money in their pockets rather than help you.”

“We would only turn to experts as a last resort. Rather cynically I believe that they never have your best interests at the top of their list.”

However, those who did receive financial advice from an independent financial adviser or their former employer, reported that it helped them to consider their retirement more holistically than they would otherwise have done. Those who had regular contact with a financial adviser said this encouraged them to update their plans in line with changing circumstances or priorities.

“At 55 they had a seminar where they sorted your living expenses and cost of living. Then they called you in again at 60 and went through everything then. It put me and a lot of staff straight.”

“I’ve got a financial adviser and we look at our situation every 6 months. The job I was in we had a financial adviser assigned to us, so I carried that relationship on since I left work.”

Third sector and local government support

Many participants had contacted their local council or third sector organisations and charities either for themselves or on behalf of another. This had generally been a positive experience and participants appeared to trust the advice they had been given. Face-to-face channels were the preferred methods of support, particularly around more complex matters.

“There is a worry that people can’t get face-to-face advice now. I think, well, you can’t sit and show somebody your paperwork on the phone.”

Participants were concerned by the decline in free and accessible advice however, and this was preventing them from receiving help.

“It’s difficult to get hold of them people (in external organisations). We tried a few years ago and in the end we had to solve it ourselves. They want everybody to do it on the internet.”

Informal sources of support

Friends and family had an important and trusted role in providing support themselves or helping participants access it. In some cases these informal sources had inadvertently been triggers for making arrangements, after participants had heard the experiences or recommendations of others. Social networks were considered helpful in making people aware of their entitlements, linking into other services, and learning from one another’s experiences.

“We went out to dinner with friends who had done (a Power of Attorney). I’d never thought about it.”

“Get information and support if you have to deal with something. It’s like this lady saying I’ve learned a few things off you today.”

Couples typically worked as teams in decision-making even if one took the lead in financial management, and most of the participants with children consulted with them about decisions.

“I would always consult my two sons who I trust, I know whatever they say they truly care for me.”

“If you’re lucky enough to still have a partner or whatever and you can talk about it, argue about it and come to a decision. I think you need somebody to sound off on.”

Support from all sides

This research found that most older people are open and willing to seek information and advice about financial aspects of their retirement from a range of sources, once trust and respect is established so we must help them break down the barriers. Information and advice provision across all levels, from all parties, needs to be accurate, comprehensive and fully inclusive for older people throughout retirement.

Conclusion

This research has shown that there is only so much we can ask older people to do to ensure they are well placed to cope with life events during retirement. Every effort to improve their financial resilience needs to be matched with an increased focus on improving the retirement landscape they are navigating.

This means **the financial services world has to use more appropriate language** to describe and discuss financial resilience in later life. It means **our interventions need to strike an appropriate balance between what is reasonable and what is impossible to plan for** during retirement. It means **we need to improve the provision, accuracy and accessibility of information and advice** from all the sectors older people interact with throughout their retirement.

Peer to peer support – a happy accident in this research

Whilst this qualitative research was not designed to explore peer to peer support, the sixteen focus groups we ran nonetheless provided the opportunity for older people to talk with and learn from their peers, and because this was frequently remarked upon and became a positive (though inadvertent) consequence of this research, it warrants a mention here – particularly since other recent research by Age UK has had similar findings.

A number of participants said during the focus groups that they found it helpful to discuss the issues of retirement with people their own age who may have gone through similar experiences. Participants recommended that similar settings could be used for 'peer led group discussions about a range of retirement issues'. Although there are obvious risks of misinformation, such discussions often got people over the emotional barriers to taking action so we would like to see peer to peer groups facilitated, and supported by reliable sources of information.

"I think (it would be useful to have) a forum as we've today, you know, where people would be able to talk, so that you've got knowledge about different aspects, like the environment you're going to live in as you get older and you're less mobile, your money and Power of Attorney, and all these things. If you're informed in all of them, not just money but health, property, everything, then that's where you're going to be best placed aren't you, because you've thought through all your options way in advance before it's a problem."

ⁱ <http://www.fincap.org.uk/older-people-in-retirement>

ⁱⁱ <https://www.ageuk.org.uk/our-impact/policy-research/publications/reports-and-briefings/>

ⁱⁱⁱ <http://www.fincap.org.uk/outcomes-older-people-in-retirement>

^{iv} Households below average income: an analysis of the income distribution 1994/95 – 2016/17, DWP, 2018