



Financial Services and older people

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What do we do?

Age UK Group

- Turnover £400 million, 10,000 staff and 70,000 volunteers

Age UK Charity

- Social impact
- Making later life better

Areas of work

- Enough money
- Feel well & enjoy life
- Access high quality health & care services
- Comfortable, safe & secure at home
- Opportunity to learn, join in, volunteer and work



What do we do?



Age UK Social Enterprises provide products and services for over 1 million customers designed to meet the needs of those in later life including:

- Car Insurance – cover for drivers age 50+, no upper age limits
'Which' recommended
- Travel insurance – no upper age limit
Defacto 5 star
- Home insurance – award winning claims service, identity theft helpline
Defacto 5 star
- Annuity and Equity release service – multi pot/ impairment, low drawn down
- Specialist energy tariffs
- 460 shops and a range of affinity products



Why are older people important for financial services industry?



- 80% of life company investment bond customers
- 74% of equity ISA customers, 57% of cash ISAs
- 67% of the value of savings and investments
- 61% of all direct share owners
- 52% of contents and 53% of buildings cover

Source: FSA Baseline Survey of Financial Capability 2005



Demographic change: no glass ceiling

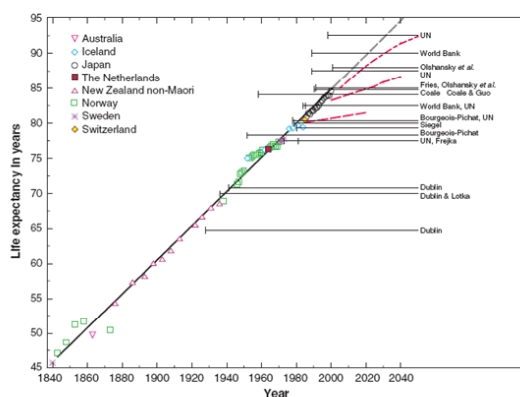
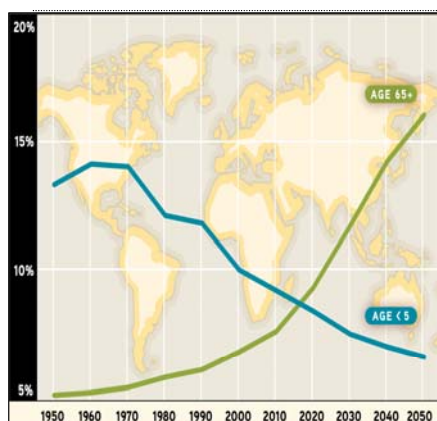


Fig. 1. Record female life expectancy from 1840 to the present [suppl. table 2 (7)]. The linear-regression trend is depicted by a bold black line (slope = 0.243) and the extrapolated trend by a dashed gray line. The horizontal black lines show asserted ceilings on life expectancy, with a short vertical line indicating the year of publication (suppl. table 1). The dashed red lines denote projections of female life expectancy in Japan published by the United Nations in 1986, 1999, and 2001 (7). It is encouraging that the U.N. altered its projection so radically between 1999 and 2001.

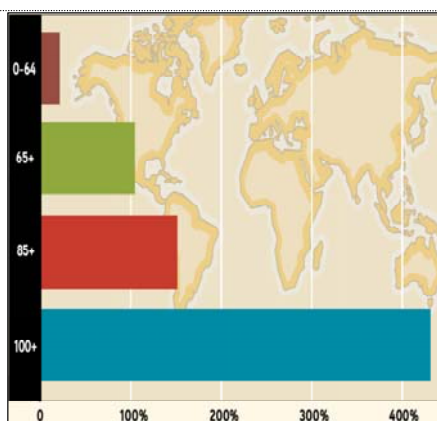
5

Demographic change: Our future world



YOUNG CHILDREN AND OLDER PEOPLE
AS A PERCENTAGE OF GLOBAL POPULATION

UN Population Division 2005 'Why Global Aging Matters'



PROJECTED INCREASE IN GLOBAL POPULATION
BETWEEN 2005 and 2030, BY AGE

6



But...

Older consumers often feel they are ignored, with older people getting 'lost' in consumer research:

- Arbitrary age limits
- Loyalty is penalised rather than rewarded

"Design for the young and you exclude the old; design for the old and you include the young". Bernard Isaacs, Founding Director of the Birmingham Centre for Applied Gerontology.



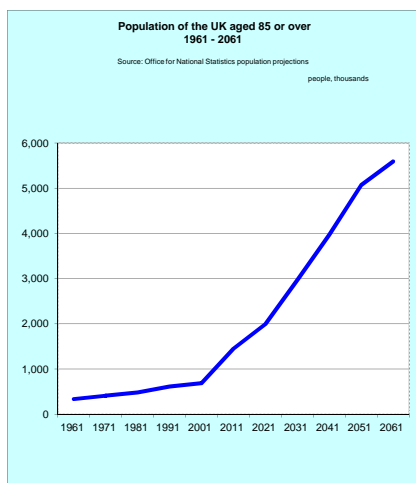
Dispelling some myths

The science of the biology of ageing is relatively young, however progress has been dramatic. We now know that:

- Lifespan is not immutable and there are limits to its extension
- Ageing is a process that occurs across the life course
- Ageing is malleable and may be modified by mitigating risk factors
- It is entirely possible to age healthily
- Ageing may be slowed down.



The changing age profile of society



One in five of the population is a pensioner and one in three is aged 50 or over

By 2025, every fifth person in the UK will be aged 65 or over

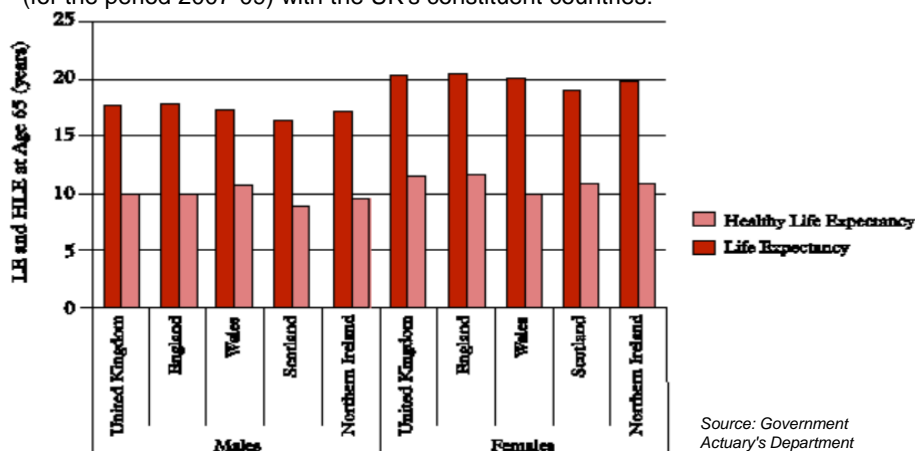
The fastest growing segment of the UK population is the oldest old. (see graph). The rapid rise has only just started



How we're ageing: health and wellbeing



Life expectancy and healthy life expectancy at age 65 for males and females (for the period 2007-09) with the UK's constituent countries:



Effect of age on health

The prevalence of disability, including limiting long standing illness, rises with age

Age range	Individuals <i>without</i> disability (approx)	Individuals <i>with</i> disability (approx)
0-15	95%	5%
16-24	95%	5%
25-34	90%	10%
35-44	90%	10%
45-54	85%	15%
55-59	75%	25%
60-64	70%	30%
65-74	60%	40%
75-84	45%	55%
85+	30%	70%



The health challenge – prevalence of age-related disease (UK)

- **Arthritis is the most prevalent *disease* among people over 65** living in the community in the UK – approximately **45% or 4.6m people**
- Most common *diseases* are **heart attack & angina, osteoporosis, asthma, diabetes, cancer, chronic lung disease and stroke.**
- Other **common *conditions or problems* among people over 65** in the UK are:

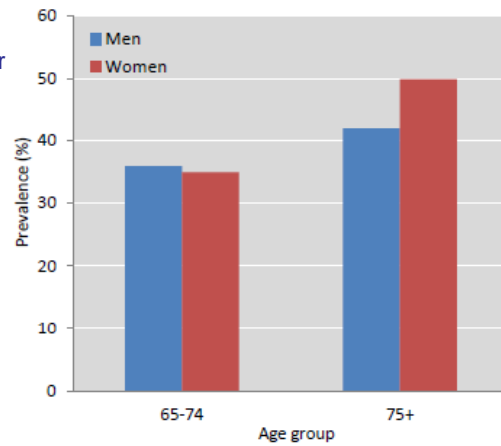
Hearing loss	6.4m people	Depression	2m people
Falls	over 3m a year	Malnutrition	1m people
Eyesight difficulties	2.9m people	Cognitive impairment	1m people
Incontinence	2.5m people	Dementia	0.8m people
- **Other little recognised but widespread age-related conditions**
 - increased susceptibility to infection caused by **declining immune function**
 - chronic and infected wounds caused by impaired ability to heal skin,
 - **changes in sleep patterns** leading to poor sleep.



Impact of long-standing illness



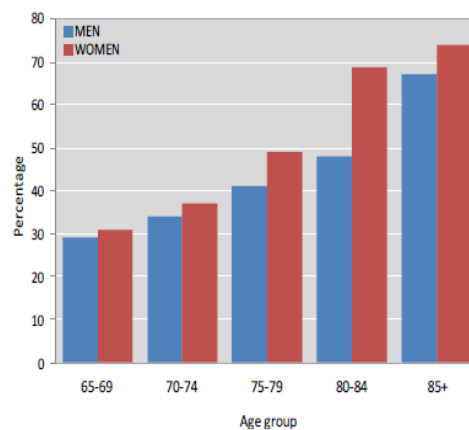
A significant number of older people living with a long-term or chronic condition experience limitations in their day to day lives



Mobility difficulties



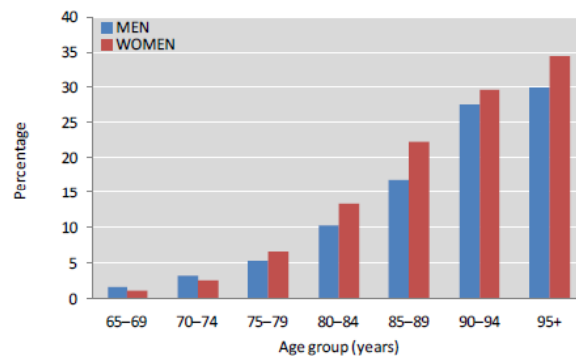
Limited mobility is a common problem in later life with high number of the 80+ age group experiencing difficulties walking 400 metres.



Living with dementia



Prevalence of dementia rises significantly with age – around 1 in 3 people over the age of 90 live with the condition



But...

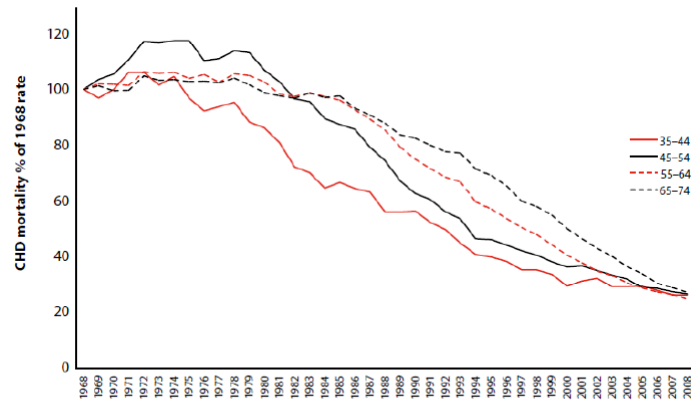


While 70% of people over 75 have a serious long-term condition, only 40% of men and 50% of women report limits to daily activities. So while the likelihood of living with a condition is high, a negative life limiting impact is not inevitable.

We can change how we age – look at what has happened to heart disease



Major reductions in heart disease (men)



Source: Scarborough et al, 2010⁴⁰

Living with dignity?



- ✗ Only 31% of the public are confident that older people are treated with dignity in hospital
- ✗ Only 26% are confident that older people receiving social care are treated with dignity
- ✗ 26% of households aged 60+ live in non-decent housing

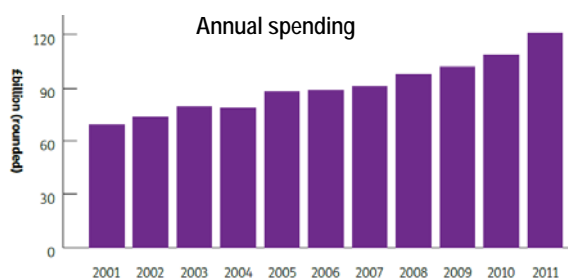
'We need a patient centred culture, no tolerance of non compliance with fundamental standards, openness and transparency, candour to patients, strong cultural leadership and caring, compassionate nursing, and useful and accurate information about services.'

Robert Francis QC

A more fulfilling later life?



- ✗ Often or always lonely: 770,000
- Physical access – 13% find it difficult to reach their corner shop
- Have never used the internet:
 - ✓ 65-74 down from 40.1% to 34.5%
 - ✓ 75+ down from 70.8% to 69.1%
 - ✓ Annual spending up from £109bn to £121bn



How are we doing?



Improving.....	Worsening or unchanged.....
Older population	Benefit take up
Life expectancy	Pension saving
Healthy life expectancy at 65	Fuel poverty
Poverty	Disability gap
Employment	Care or support at home
Consumer spending	Support for carers
Digital inclusion	Hospital readmissions
Physical access to amenities	Volunteering
	Loneliness



Ready for Ageing?



'The UK population is ageing rapidly, but we have concluded that the Government and our society are woefully underprepared. Longer lives can be a great benefit, but there has been a collective failure to address the implications and without urgent action this great boon could turn into a series of miserable crises.'

Lords Select Committee on Public Service and Demographic Change, March 2013



Care: Needs



- 1 in 2 of us will use social care at some point in our lives
- 1 in 4 people will need intensive or long term care costing more than £50,000
- 16% of older people who need care who currently face care costs of £75,000 or more
- However of 2.1 million people with care and support needs around 850,000 receive no formal help
- 87% of local authorities now only support people with substantial needs or above



Our health and care systems need radical reform



Designed for an age when acute – not chronic – conditions were the greatest burden of disease



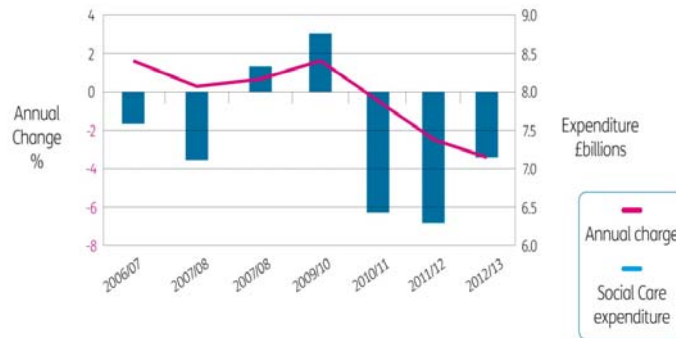
23

Problems with the current system



- Many people fall outside of the system when:
 - their needs are not high enough
 - they are above the means test
- It is poorly understood and most people unaware that 2 out of 3 will need care in retirement
- There are concerns about the *quality* of care and how this is inspected and regulated
- We are living longer and more people need care and support – funding is not keeping pace
- The result is that:
 - many people are going without help until near crisis point
 - more pressure is placed on carers
 - more pressure is placed on the NHS

The social care funding crisis



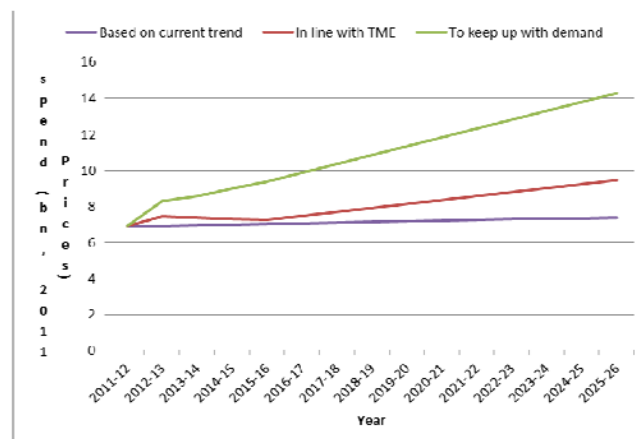
Numbers of people with unmet need difficult to calculate but trend is upwards: circa 850 000

BUT many more with reduced (inadequate) packages of care

The social care funding crisis: looking forward



Projections of net expenditure on older people's social care between 2011 and 2026



Note: no data between 2016-17 and 2024-25 – the two data points are linked by a straight line

Age UK Financial Services Commission- improving resilience



Improving financial resilience of older people at each key life stage:

- Good value, flexible products to save for retirement years
- Ability to maximise income in retirement and make good decisions about spending down/saving for care
- Staying safely in control and staying financially included



Failing financial provision for older people



- Equity release
- Annuities
- Pensions
- Mortgages
- Financial advice



Financial Services – looking forward



Increased longevity is an opportunity as well as a challenge

- Grounds for optimism:
 - Automatic enrolment and improvements to workplace pensions
 - single tier pension
 - care bill
- But more to be done to get ready for ageing, Age UK Financial Services Commission will identify some solutions for industry and others to take forward

