



**The Actuarial Profession**

making financial sense of the future

# Resources and attitudes in ageing societies

**Attitudes of older people to finance, work, retirement and ageing in the UK, including new segmentation model of older people**

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# Resources and attitudes in an ageing society

## Results of research from Age Concern Research Services

- Outlook on life
- Financial security and literacy
- Health
- Attitudes and older segmentation
- Issues

# Introduction



- Established in 2003-4
- To provide insight and research into the older marketplace, and bring older voices and views into effective play
- Works for commercial businesses and non-commercial organisations on a fee basis
- Qualitative and quantitative research
- Research with and for local Age Concerns
- Good relationships with academic institutions
- Active element in the NDA programme supporting Age Concern



# Research Resources

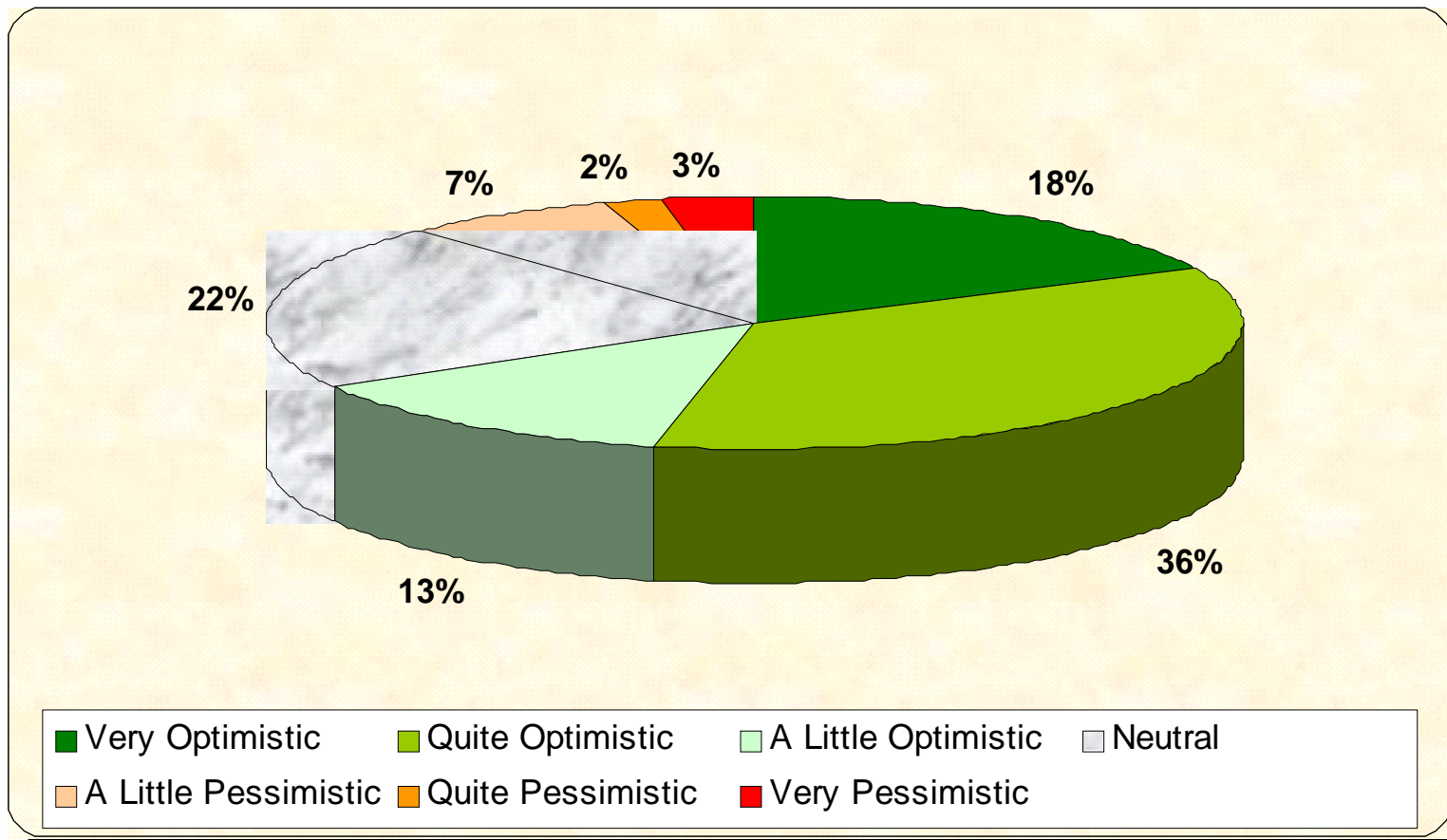
## LifeForce survey

- 1540 interviews, 45+
- UK based in 100 sampling points
- Quota management (age; gender; SEG)
- BME boost
- 45 - 60 minute F2F interview, followed by 30-40 minute self completion
- Data available by country and region
- Base report available
- Financial services report available



- Up to 10,000 50+ UK
- Quarterly Panel programme
  - February; May; August and November
- Sections on work, retirement and pensions; health profiling; music; voting, concerns and issues; cars and driving; media consumption etc
- Periodic ad hoc studies: samples and designs as required

# Outlook on life

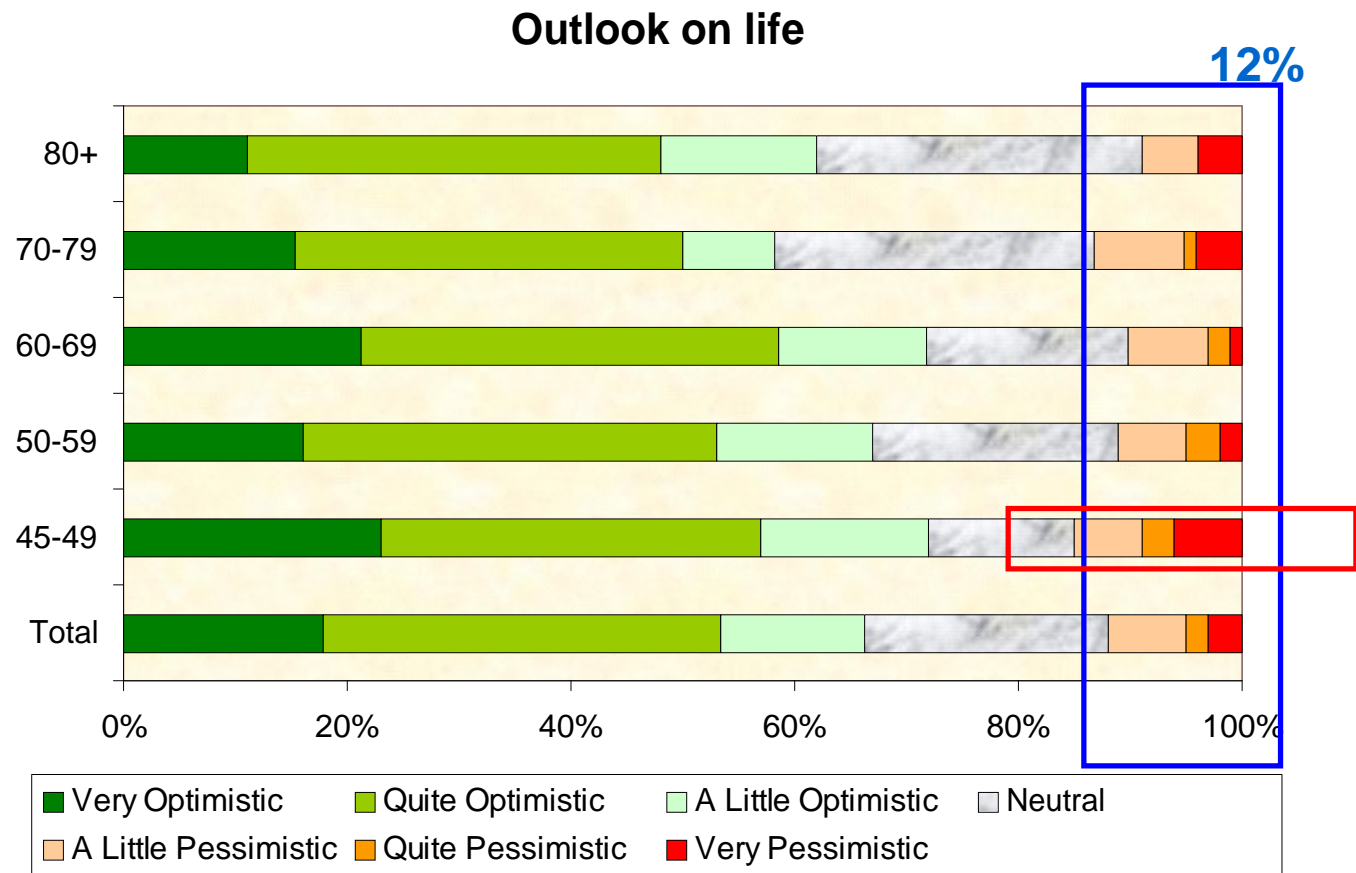


Source: LifeForce survey August 2004. Sample base: 1195

Source: LifeForce Survey 2004

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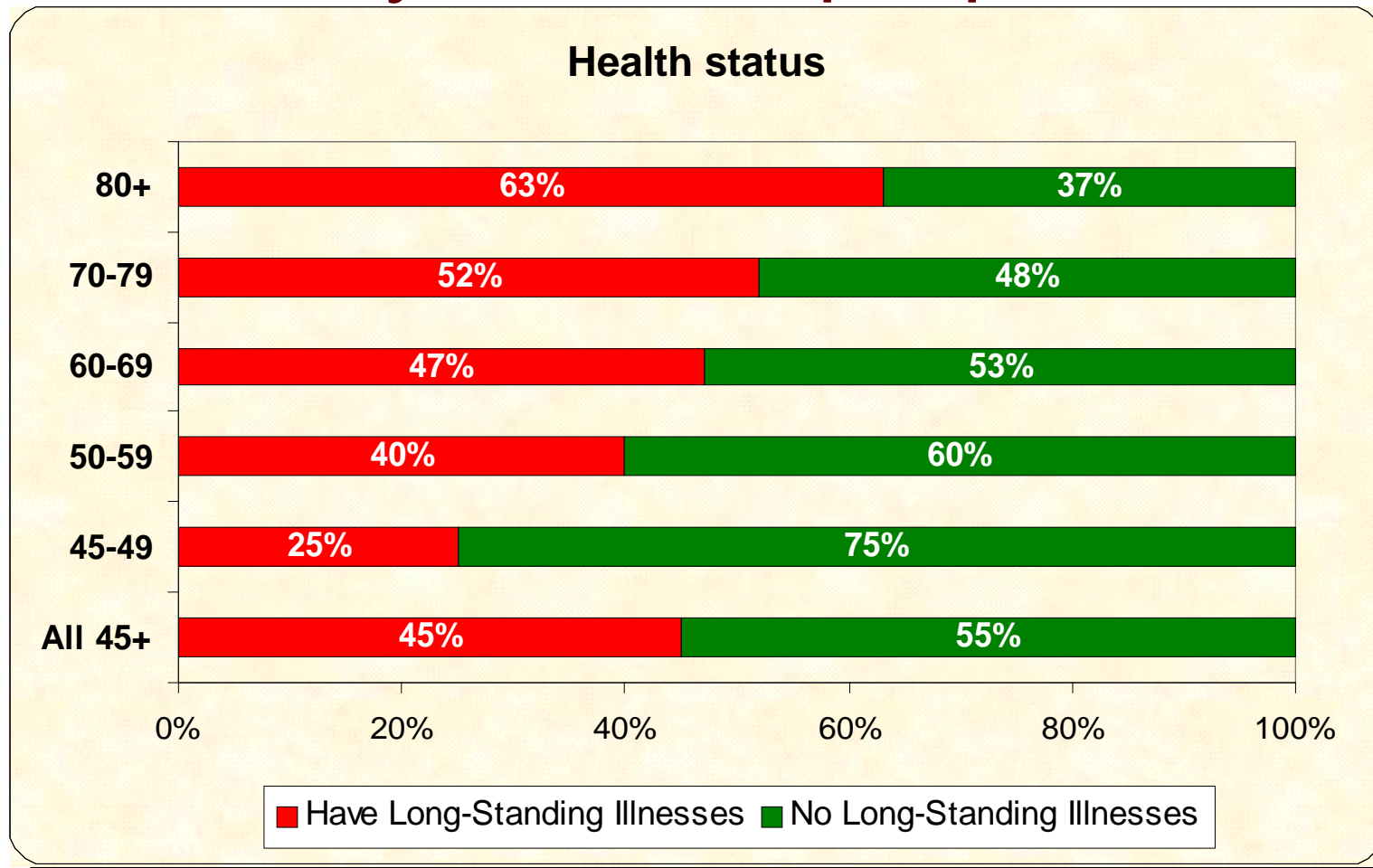
# How optimistic are older people?



Source: LifeForce Survey 2004

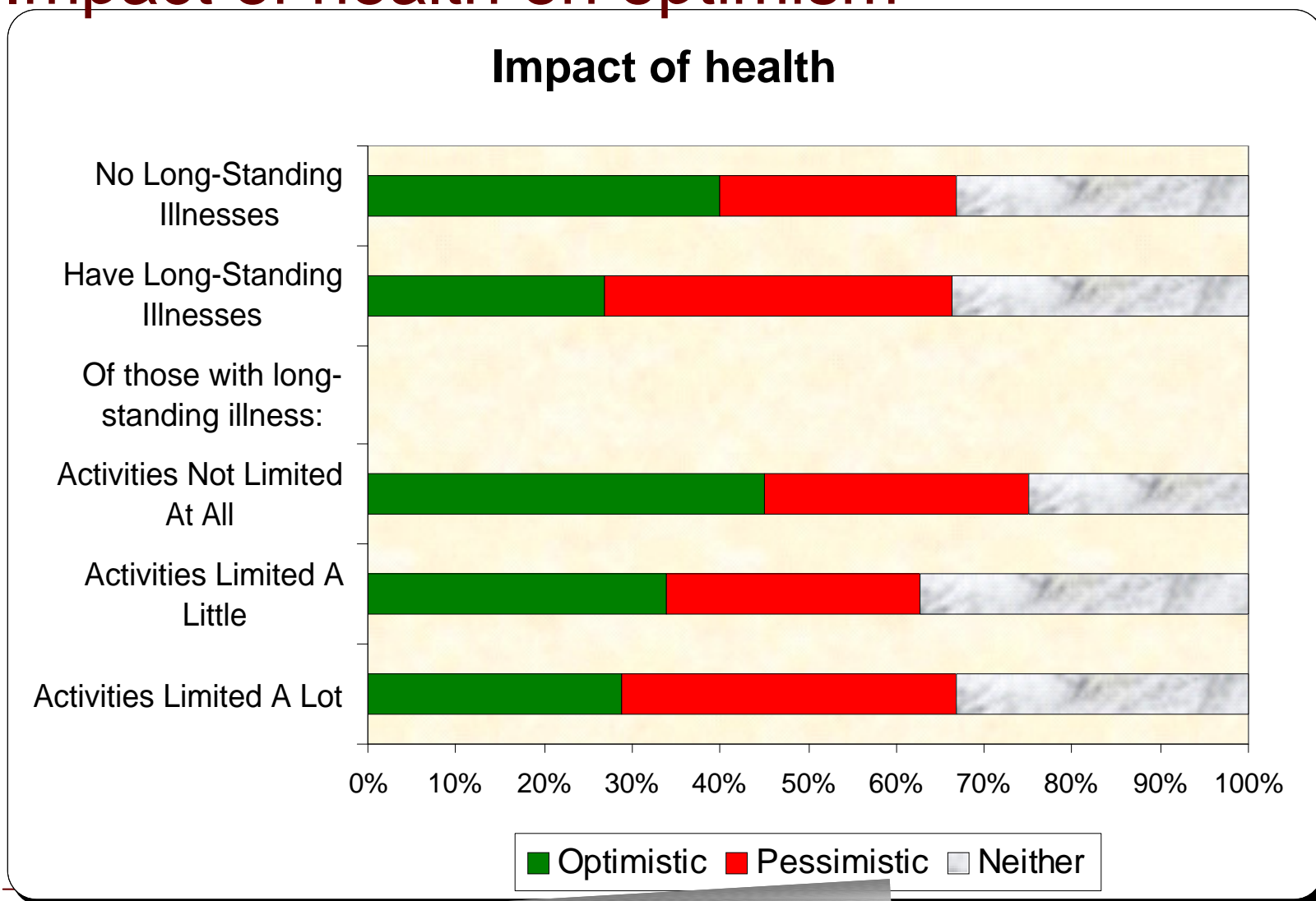
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# How healthy are older people?



Source: LifeForce Survey 2004

# Impact of health on optimism

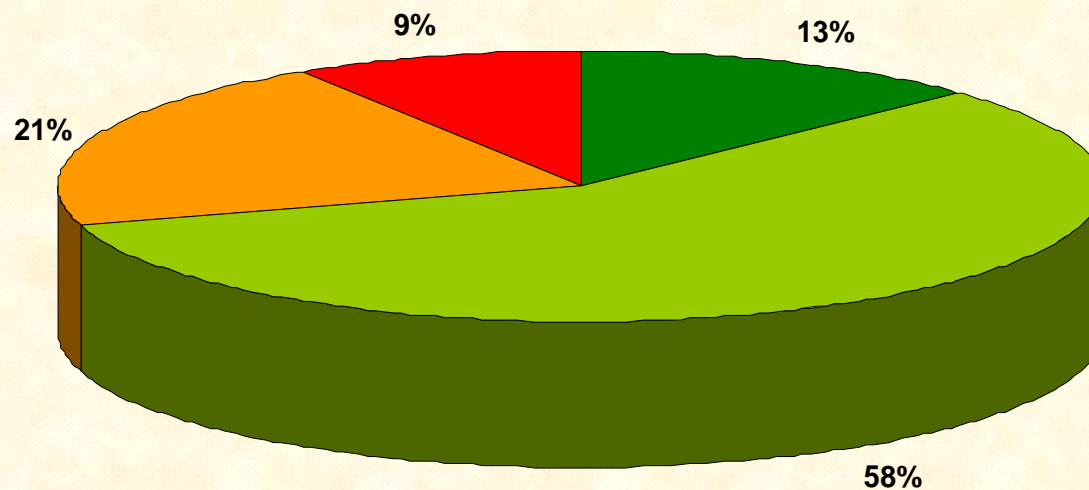


Source: LifeForce Survey 2004



# Long term financial security

How financially secure they feel for the future



■ Very Secure ■ Fairly Secure ■ Not Very Secure ■ Not At All Secure

Source: LifeForce Survey 2004

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# Financial health and optimism

How Financially Secure	Row % overall	Outlook On Life						
		Very Optimistic	Quite Optimistic	A Little Optimistic	Neutral	A Little Pessimistic	Quite Pessimistic	Very Pessimistic
Col % overall	100%	18%	37%	13%	21%	7%	2%	3%
Very Secure	13%	32%	12%	5%	8%	5%	0%	8%
Fairly Secure	57%	52%	72%	49%	54%	35%	23%	25%
Not Very Secure	20%	10%	12%	36%	27%	44%	38%	19%
Not At All Secure	10%	6%	5%	11%	12%	16%	39%	49%

Source: LifeForce Survey 2004

# Financial literacy

- 6% state that they understand financial issues “very well”
- 47% state they do not understand financial issues (14% “not at all”)
- 65% do not have an independent financial advisor
- Of the 32% who do, over one in ten last received financial advice over 5 years ago

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Source: Wave 1 50plusview Panel May 2005

# Financial literacy

- About one in three have access to someone to help them on financial matters (mainly family / friends)
- One in seven do not read newspapers at all
- One in three do not read newspapers for financial information
- 21% read Daily Mail / Mail on Sunday for financial information (by far the largest – Daily / Sunday Telegraph next at 11%)

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Source: Wave 1 50plusview Panel May 2005

# Financial literacy

- Most older people (88%) do not read magazines for financial information
- Of the 6% who do, Saga, Which? and Yours are the most read (but by few people)
- 8% have ever worked in the financial or professional services sector

# Pension awareness

- Most people do not bother to check the performance of their pension scheme either at all (about half) or closely— only about one in ten claim to do so very closely
- Nearly half of those who contribute to pension schemes have no idea what proportion of their income goes into their scheme

# Behaviour and attitudes

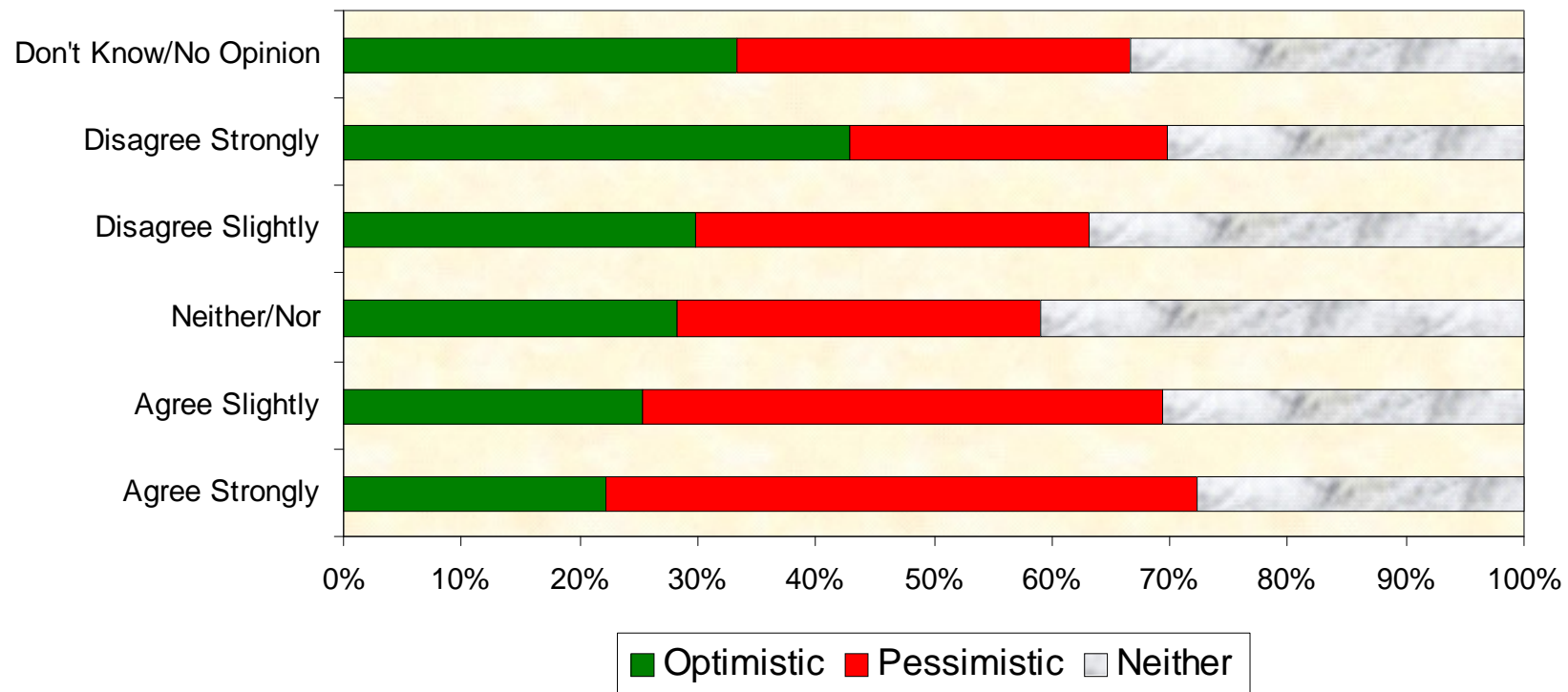
- 35% agreed that they started saving for pensions late in life
- 50% are concerned about financial well-being when they retire
- 46% say they will have to work for as long as possible before they can afford to retire
- Only 20% have made any additional voluntary contributions

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Source: Wave 1 50plusview Panel May 2005

# Views on age and optimism

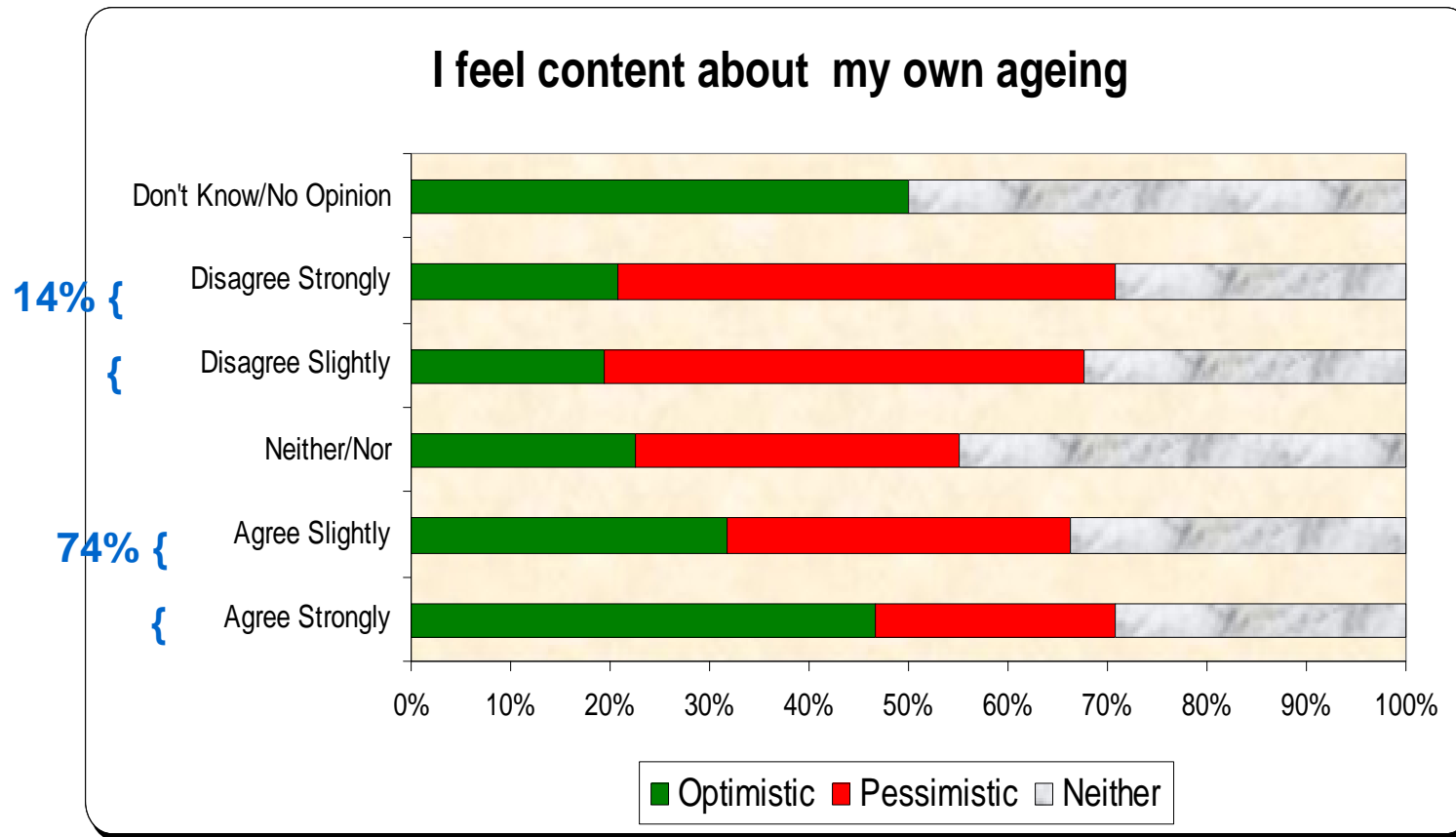
## See old age mainly as a time of loss



Source: LifeForce Survey 2004

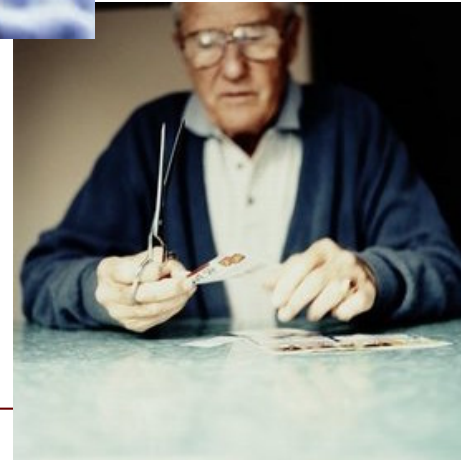


# Views on ageing and optimism



Source: LifeForce Survey 2004

# ACRS segmentation



# “Heydayers” (21%)

- Positive about life and ageing
- No particular health or financial concerns – paid off mortgages, enough to ‘get by’
- But concerned about wider issues – crime, environment, education etc
- Largely retired, older ‘Swells’, widowed or still with partner, female bias, enjoy shopping



# “The Fulfilled” (21%)

- The most positive group overall
- Active, healthy, content with their lives and where they live
- Reasonably affluent, in control of finances
- Quite home-focused ( e.g. gardening) but help in community
- Male bias, aged below 70, still married



# “LIFERRS” (15%)

‘Lonely, Isolated  
Financially  
Excluded and  
Resenting but  
Requiring Support’

- The most concerned about age and ageing – not at all happy about life
- Main problem is money, not health – low income, income support etc
- Loneliness and isolation a real worry
- Lack of trust in people and services
- Heavy TV viewers, most likely to be smokers





# “The Inevitables” (14%)

- The most pessimistic group but due to health as well as finances
- Not at all happy with life, want to change, but doing little about it – resigned to circumstances and health status
- The most dependent on others and the State – pensions etc
- More likely to be living in social rented accommodation



# “Countdowners” (11%)

- The oldest and most passive group
- Not really participating in life, living day-to-day, low income and have health problems
- The least active and sociable – withdrawn into themselves, almost given up on life
- Retired, widowed, living on own, particularly 80+ and Es



# “GOLFERs” (17%)

- More typical of Baby Boomers – largely working, but looking forward to retirement
- The most financial commitments (mortgage, family) – spending not saving
- Lead full and active lives (exercise, holidays and eating out)
- IT literate, heavy press readers
- Under 60, married, 3/4 person households

‘Growing Older  
but Looking  
Forward to  
Enjoying  
Retirement’







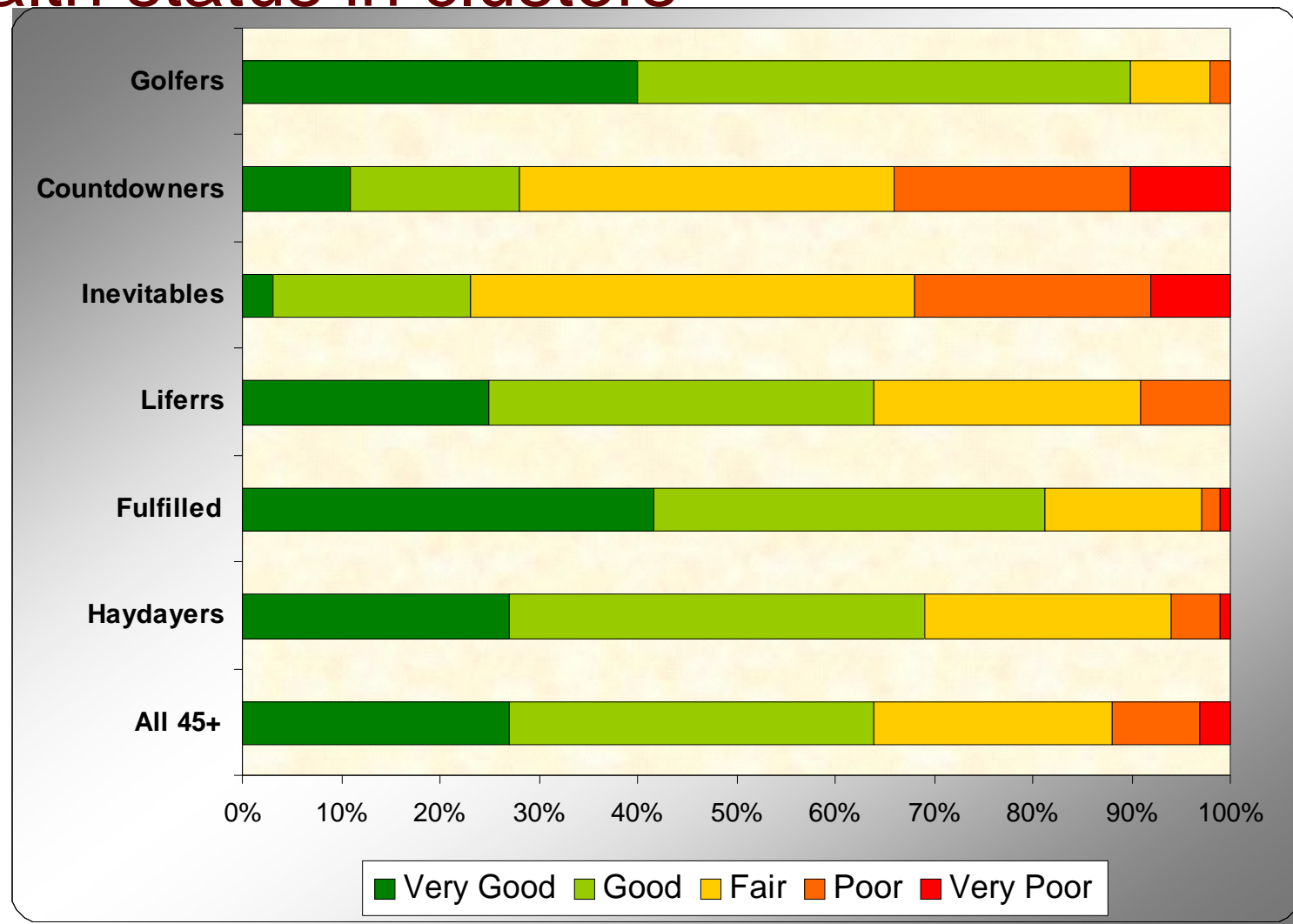
	Haydayers	Fulfilled	Liferrers	Inevitables	Countdowners	Golfers
Optimistic	70%	83%	56%	53%	47%	74%
Pessimistic	9%	3%	16%	24%	17%	9%
Neither	21%	14%	28%	23%	36%	16%
Net optimistic	61%	80%	40%	29%	30%	65%



Source: LifeForce Survey 2004

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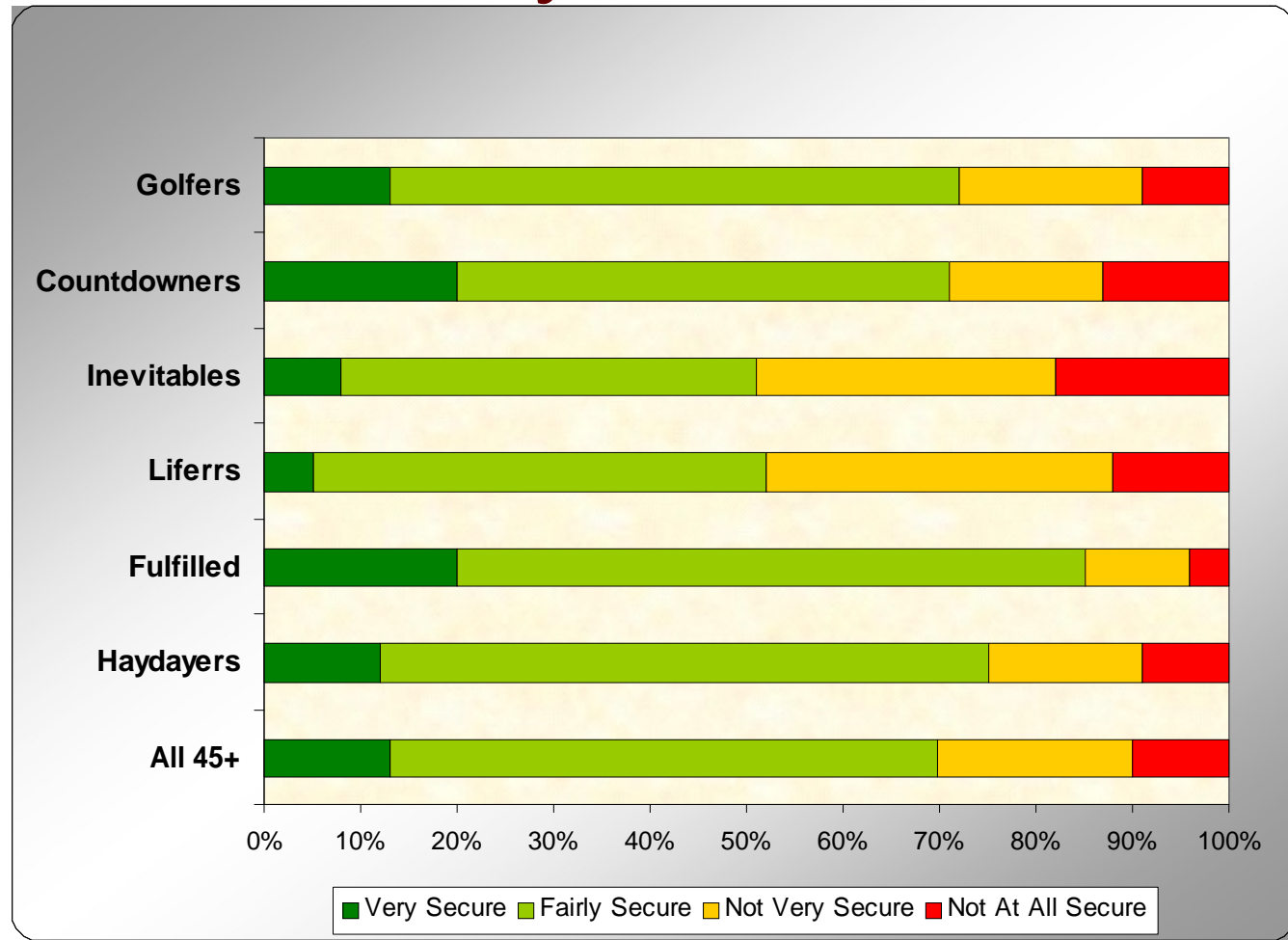
# Health status in clusters



Source: LifeForce Survey 2004

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# Financial security



Source: LifeForce Survey 2004

# Conclusions and issues

- Older people are generally optimists
  - Despite health issues looming
- This change will increasingly happen later in life
  - But how much of later life will be in ill-health?
- People will continue to work, and benefit from engagement with others
  - But financial issues will cause increasing concern
- **People do not plan for later life early enough**
  - And do not engage with effective financial information and advice
- **Independence is a key concern, with physical health, access to health care, crime & security and the role and value of the family in society as major concerns\***
  - Longer term: mental health and loneliness are perceived as increasing concerns
- **ACRS data maps attitudes and behaviours to provide a more effective framework of understanding of the older population**

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\* Source: ACRS research for Codeworks ATL, 2005