

Consultation Response

Financial Capability: the Government's long-term approach

and

Thorensen Review of Generic Financial Advice

A policy response by Help the Aged

April 2007

Help the Aged is fighting for a world where older people are free from the disadvantages of poverty, neglect and isolation, so they can live with dignity as valued, respected and involved members of society

Company limited by guarantee
Registered in England No: 1263446
Registered charity no: 272786
Registered Office: 207-221 Pentonville Road, London, N1 9UZ

Fighting to free disadvantaged older people in the UK and overseas from poverty, isolation and neglect

Issues

Financial capability, generic advice and older people: the evidence

About Help the Aged

Help the Aged is an international charity fighting to free disadvantaged older people from poverty, isolation and neglect. Help the Aged campaigns for change in government policy, undertakes research into the needs of older people and provides local services in communities across the UK and overseas.

Help the Aged provides a range of financial information and advice resources including:

Information resources Help the Aged produces a range of free advice leaflets and information sheets on money issues including the leaflets:

Thinking about Money – A money management guide, including advice on household budgeting, debt and savings.

Can You Claim it? – A step-by-step guide to claiming Pension Credit, Council Tax Benefit, Housing Benefit and Social Fund payments.

Claiming Disability Benefits – Covers benefits for sick and disabled people.

Check Your Tax – Explains how to work out income tax for the over-60s.

Questions on Pensions – Aims to answer some of the most common questions about how the State Retirement Pension system works.

We distribute about 700,000 financial advice leaflets to older people each year. All our information can also be downloaded from the Help the Aged website.

SeniorLine Our national freephone telephone helpline, SeniorLine, answers over 80,000 calls every year, of which about one-third are related to financial matters, including benefit checks. Despite being a small team, last year SeniorLine managed to help older people claim over £1.5 million in previously unclaimed benefits.

‘Your Money Matters’: Barclays and Help the Aged Partnership Barclays and Help the Aged are working together to improve the skills, confidence and financial situation of older people by providing basic money management and debt advice. Often, as people become older, they face changes in their circumstances which can impact on their financial situation and ability to manage their money. The UK-wide programme aims to support over 30,000 older people and their carers to better manage their finances. Barclays staff will be actively involved, helping older people to manage their finances in times of change and plan for their futures. The programme will not only meet the needs of those in debt at present but will also help to prevent future debt and disadvantage.

Benefits Advice Programme: British Gas Help the Aged Partnership This programme was set up to help combat poverty amongst older people. It aims to increase people's awareness of benefits and personal entitlements, and supports them through the process of claiming them. We are currently supporting 27 projects throughout the country. The programme has helped people claim over £10 million in unclaimed benefits. Often the process of claiming these benefits will link individuals into a range of other support and help that is available to them. Many of the projects go wider than just benefits advice and have funding from other bodies for debt advisers who work in parallel to the benefits advice service. Often the threat of debt can be the catalyst that causes people to contact the programme.

Other services We also support other services which are relevant to financial advice. Our Help the Aged neighbourhood community wardens provide face-to-face support in some of the most disadvantaged communities across the UK. Many are called upon for financial advice or asked to make referrals to our other services.

Our wills and legacies team also provides specific financial advice to older people, as do our commercial equity release service and care fees advice line. About half the older people who approached Help the Aged about equity release were advised that this was not a suitable option for them. This highlights the need for impartial professional advice on such financial decisions rather than purely sales-driven information.

Why financial capability is important

Help the Aged believes that financial capability is important for a number of reasons, and for a number of groups of individuals.

Firstly, and vitally, we are aware that many disadvantaged older people have very low levels of financial capability. This means that many miss out on good deals and often pay more for financial services that they receive, if they receive them at all. Improving levels of financial capability and providing appropriate advice to help older people with the important decisions they face can make a real impact on preventing poverty; it empowers them, thereby raising their self-esteem.

In addition, we should not underestimate the impact of low financial capability among older people on their families. There is increasing evidence that if older people are not able to manage on their low incomes, they will rely on help from family or friends. Such intergenerational transfers are no doubt a positive thing but should only be taking place when necessary, not to compensate the fact that older people have not been given the right opportunities to become fully financially capable. The same can of course hold true the other way round. Moreover, family members are often sources of financial advice for people. The more financially capable we all are, the more we can rely on each other for sound advice, whatever our age.

The other interest Help the Aged has in this agenda is to prevent today's working age population retiring into poverty. The Government has made a commitment to

introduce a new system of Personal Accounts into which people will be automatically enrolled to save for their retirements. Against the backdrop of our complex state pension system many people face potentially complex decisions about whether to remain opted into personal accounts. Factors such as existing debt, whether to buy a house and general affordability will all play into whether people remain within Personal Accounts. We believe that the provision of good generic advice to support the implementation of Personal Accounts will be critical to whether they succeed, and thus critical also to whether people make adequate savings for their retirements.

Context: a changing world

The way older people deal with money has changed a great deal in the last decade. There has been a move to direct payments of benefits into bank accounts. For many this will have been their first experience of the banking and financial services sector. This was followed by the introduction of chip-and-PIN, which has caused confusion and worry for many older people. Furthermore, many older people are finding themselves left behind as online banking grows and the numbers of branches at local level declines.

If there is one thing we can be sure of, it is that the way money is dealt with will continue to change. Technical advances may even see the virtual elimination of cash at some point in the future, in favour of smart card technology. Already Government is piloting systems of direct payment for care, and housing benefit allowances paid direct to the individual, not the landlord. It may not be long before these initiatives are rolled out nationally, but if they are to succeed much more needs to be done to raise the levels of older people's financial capability.

Another trend which looks set to continue is the increased use of credit and debt to manage cashflow, a trend that older people have largely sidestepped until fairly recently. However, attitudes are changing and new cohorts of older people are actually entering retirement with significant debts.

If there is one feature of the financial landscape that *does* remain the same it is the dizzying array of financial products that are available. There are an estimated 30,000 financial services products on the market (including insurance for health and social care as well as pension planning), and while this extends choice it also places a heavy responsibility on those with limited financial capability.

Current levels of financial capability amongst older people

The FSA's baseline study of financial capability highlighted issues facing older people in relation to financial capability, particularly among the over-70s. However, we are unconvinced that enough evidence has been gathered on the specific financial capability of older adults. Further research is necessary.

Even though the evidence shows that many of the most disadvantaged older people have limited financial capability, very few financial capability initiatives are targeted specifically at older people. In fact, most activity focuses on schools, the workplace and on initiatives delivered via the internet. This latter mechanism is of

course of limited use when 82 per cent of over-65s have never accessed this technology.

Our own research on financial exclusion among older people showed that many excluded older people are used to managing money in cash. Recent changes in the way we all manage money have restricted access to cash and have therefore made money management more rather than less difficult for many people. It also seems that the new ways of dealing with money have not changed people's preference to deal in cash, with many retaining jam-jar saving habits.

At the same time, our survey on the Post Office Card Account revealed a real gap in the provision of learning opportunities for older people. Ninety-six per cent of respondents to our survey said that more should be done to help vulnerable older people deal with the changes in the way society uses money, while 69 per cent felt there were few learning opportunities to help older people manage their money

The importance of learning for older people

Learning is important at all ages – society is changing and older people, like other age groups, need to know and understand how to make the most of this changing society. However, participation in learning declines with age and over recent years we have seen a massive reduction in participation in learning by older people. The decline in provision of education for older people began before the legislation came into force. The number of over 75 learners fell by half between 1996 and 2003. In the last year we have seen a 25 per cent fall in the number of older people participating in council-funded education (learning and skills programmes).

The failure to provide adequate education for older people contributes to the fact that more than 3 million older people (36 per cent) feel out of touch with the fast pace of modern life, 2 million do not feel valued as an older member of society, and 820,000 feel cut off from the world around them. At the same time under one in five over-65s use the internet. Learning is important if older people are to continue to participate in society through volunteering: older volunteers contribute an estimated £26bn to the economy.

As a society, our attitudes towards age and education are often ageist. We say to children and migrants that they need to learn to participate in society and we say to older people, 'Don't worry, dearie, you're 75 – you don't need to learn any more'. This attitude impacts on funding, attitudes and the provision of learning opportunities.

Help the Aged believes that education and learning should be available to all adults, including older adults. We believe there is an economic case for investing in education for all adults. We believe there is a need for a level playing-field and that older people must be given the opportunity to learn. Governments must invest in appropriate provision for older people if they want them to participate in society and work longer.

The issue of learning for older people should not be regarded as something that is relevant only to today's older generation. There will continue to be advances in

technology that successive generations will find difficult to adapt to without support and opportunities to learn. Therefore, if we are to have a long-term sustainable strategy to financial inclusion and capability we must include older people both now and in the future.

If the Treasury's financial capability work is to be a success, Help the Aged believes the following is needed:

- further research on the nature of financial capability (using the baseline survey) amongst older people;
- further research on how to deliver financial advice to older people and information on what they should deliver;
- an age-inclusive approach, targeted at the most disadvantaged;
- a recognition that provision of advice in schools, the workplace and through the internet will not deliver to the most excluded older population: alternative delivery mechanisms are necessary;
- a commitment to using best practice in social marketing as tool to promote financial learning (e.g. using language which is understood by older audiences: for example, 'money management' rather than 'personal economics');
- joined-up government: the development of the Government's LinkAge Plus programme should include financial capability/education/advice. At the same time, the DFES, DWP and the Treasury must work together to improve access to financial capability provision for older people.
- adult education must be available and accessible to all age groups and the focus of provision should not just be on accredited courses;
- media literacy and general numeracy must be brought into the debate on financial capability;
- acknowledgement that choice in financial services is not always a good thing;
- a commitment to tackle age discrimination in financial services;

Specific questions

Financial capability: the Government's long-term approach

1 The Government proposes to review the role of financial capability in:

- **services for children, young people and families;**
- **the schools curriculum;**
- **adult education, particularly adult basic skills;**
- **information for parents and carers;**
- **retirement planning, including the introduction of personal accounts and the annuities market; and**
- **the benefits system, particularly for jobseekers and social fund loan applicants.**

Do these capture the programmes which can best help meet the long-term challenges identified in chapter 4, or are there any omissions which the Government should consider?

We agree that these groups listed above are important. However, we are disappointed that there is no mention of older people. Retirement planning is important, but so, for the reasons cited in our introduction, is provision of financial capability for those who are already retired.

Ideally, older people would be adequately included under adult education/adult basic skills. However, such generic provision is often poorly designed in terms of the specific needs of older people.

Older people do also face specific financial decisions which require attention such as the decision on whether to release equity, or for many people, how to manage their finances on bereavement. For some, losing a partner can mean coping with a range of agencies and financial services for the very first time.

2 The concept of financial capability can extend beyond knowledge of financial products and services. For example, it can encompass understanding tax and benefits, welfare issues, or skills in shopping around for utility or mobile phone providers. To what extent should the Government adopt part or all of a wider definition of financial capability?

Help the Aged believes it is not possible to define financial capability in the narrow sense. Individuals cannot make rational financial decisions about financial services and products if they do not understand, for example, the tax and benefits system. A prime example of this are the proposals for Personal Accounts. People will need to be empowered to have a basic understanding of the state pension and benefits system in order to make the correct decision on whether to remain opted in to Personal Accounts.

There is also a strong and growing link between financial capability and media literacy. Our recently published research on financial exclusion among older

people highlighted how changes in the way manage money (as a result of changes in technology) is making money management more rather than less difficult for many older people. So in order for financial capability to work for older people, investment also needs to be made in improving opportunities for the acquisition of media literacy skills.

4 Chapter 3 sets out a number of current financial capability initiatives. Which programmes or initiatives – delivered by Government, industry or the voluntary sector – have been particularly effective in raising levels of financial capability? What can the Government learn from these, particularly for delivering education, information or advice to people who are most vulnerable to the disadvantages that can result from poor financial capability?

Given that there are few projects specifically targeted at older people, limited evidence of their effectiveness is available. We will be evaluating our recently launched Your Money Matters project (supported by Barclays) in due course. Meanwhile, we believe that there needs to be more central co-ordination of financial capability initiatives to ensure a good national spread of projects covering different types of area and different population groups, and that these should specifically include older people.

5 Chapter 3 outlines the findings of the FSA’s baseline survey into financial capability. What other information might policy-makers need to inform further work in this area?

There remains a need to better understand the financial capability of older people, particularly the over-70s. The baseline survey hinted at certain issues but the data would benefit from further analysis.

6 Chapter 4 highlights the gap in availability of generic advice, especially those who are not currently well served by the advice market. The Government welcomes views to inform its work alongside the Thoresen feasibility study, which will examine the practicalities of delivery. Comments would be welcome on, for example, the boundary of generic and regulated advice, the relationship with current sources of advice, and the development of funding models that recognise the benefits to all stakeholders.

Help the Aged believes that the Resolution Foundation has demonstrated the need for a generic advice service to help people on low to median incomes with the many important financial decisions they face during their lives. This group has not traditionally been well served by the financial services industry. In addition, the introduction of Personal Accounts in 2012 will create a new advice and information need, which we discuss specifically below.

In terms of what this service would look like, we believe that any new generic advice service or structures will need to fit clearly with and support existing provision. There would need to be a national hub, which could take the form of both a website and a phone line, but this should signpost people on to both face-to-

face and more specific services they may require. In addition, the national hub should be something to which those working in the field could refer people. This, it is hoped, would have the effect of freeing up face-to-face services from dealing with routine queries, so that they could focus instead on outreach and helping those in most need.

It is difficult of course to make categorical distinctions between what constitutes generic as opposed to regulated advice. To the public advice is advice, and we need to remain focused on the needs of consumers when looking at the scope of any service. We believe that, in broad terms, the service should empower people to make good financial decisions and point people towards the right sort of products for their needs, but should steer clear of recommending specific products, services or providers.

Help the Aged believes that Government will need to invest in any advice service. In launching Personal Accounts, a product born out of its pension policies, we believe it is a government obligation to fund advice. We must recognise that an advice service may well generate more work for independent financial advisers and the financial services industry. More people will be positively engaging with products than before, so it seems only fair to expect a contribution from the industry.

At the same time, it is likely that any national service will also generate demand for face-to-face and other services currently provided by the voluntary sector. If there is to be adequate capacity to meet this demand this must also be funded: charitable donations cannot be relied upon. One funding concept which could be examined is the 'energy efficiency contribution' system, which requires energy suppliers to fund work to improve energy efficiency for consumers, with particular focus on vulnerable groups. A similar concept could be used in terms of providing generic advice.

Personal Accounts

The question of what information and advice should support Personal Accounts will be absolutely vital to their success. There are many barriers to individuals saving for retirement: clear incentives to save are needed, along with advice that explains these incentives. Basic information should fulfil the role of explaining what a Personal Account is: for many people it will be their first experience of any sort of investment product. People will then need to make the decision on whether to remain opted in to Personal Accounts and their choice will depend on their individual circumstances.

Help the Aged is highly experienced in providing impartial leaflets which help people make complex decisions. However, whilst basic information on what Personal Accounts would be providable in a leaflet form, in the case of decisions around Personal Accounts we believe it would be very hard to produce paper based information that wouldn't bamboozle people. You'd have to take people through their state pension provision, their likely eligibility for means tested benefits and their risk factors during their working life. People will need an advisor to help

through this process whether over the phone or face to face, and these advisors will need a computer based ready reckoner to help them give people personal predictions.

Thus a generic advice service will be needed to provide advice on Personal Accounts. We believe that people will need to get an idea of what rate of return they would get on their investment, e.g. if you put in £1 you should get back £2.50. In addition, people may want or need to know how much they would need to save to get the income they desire in retirement. In order to give people this advice some personal information on individual would be needed, in particular on their state pension record: this is the area which could add most complexity to the provision of generic advice. Staff providing this service will need a ready reckoner to allow them to help people make individual pension savings plans.

In terms of delivery, we believe the information will need to be supported either through a phone call or face-to-face advice. It is unlikely that an internet site could provide this function. One of the main reasons for this will be the need to back the advice with relevant caveats about how changes in circumstances and stock market performance could change pension returns, and how the individuals' own life choices in relation to working or caring could also change their situation. People may then want to go on and discuss these caveats or risks, which might be any of the following.

- If you have not bought a house or flat it might be best to do this before saving within a pension scheme.
- If you have debt on which you are paying high levels of interest you should ideally clear this before saving for a pension.
- If you are likely to spend time caring for someone later in life this will affect the return on your pension, and perhaps also your state pension(s). You may need to take personal pension savings as a lump sum instead.
- If you suffer periods of ill-health it may turn out not to have been worth saving unless you take a lump sum from your pension.
- If you are likely to be self-employed for a significant length of time it may not be worth you saving.

Meeting the challenge of advice and information

Any generic advice developed will need to tread a careful line between making people aware of the risks or caveats regarding Personal Accounts and the potential benefits. Perhaps one solution to this is to encourage people to assess every three years whether their circumstances have changed. However, the caveats given at the outset will need to be sufficiently strong for people to be able to make reasonable decisions on pensions without using the service again, given that few are likely to.

It is essential that customers from the target group for Personal Accounts are fully involved in the design of advice and information. More research needs to be done to understand what incentives to save people find most powerful and what methods of communication people best understand. User involvement will be

essential in taking this work forward, and the work progressed with a degree of urgency. It may be that through looking at advice, other flaws in the design of pensions and Personal Accounts become evident and it would be a shame not to take the chance to make adaptations. We feel that further improvements to the state system may well need to be made on this basis.

Specific questions

Thorensen Review of Generic Financial Advice

Strategic issues

A. What is happening today, how and to whom?

AS1. What generic financial advice services are you aware of in the UK? Are these provided by the public sector, the private sector or the voluntary sector?

We are aware of a large number of providers of generic financial advice in the UK, including organisations in the voluntary sector (Help the Aged and Age Concern; Toynbee Hall; PFAG; local credit unions; Shelter; independent disability organisations; Citizens Advice; Debtline; Birmingham Settlement; Consumer Credit Counselling Service; Credit Action), the private sector (e.g. A4e; initiatives by the banking/financial services sector and its umbrella bodies) and the public sector (e.g. DWP; HM Customs and Excise; Financial Services Authority).

Provision specifically for older people is very limited. The Help the Aged Your Money Matters project is one of a few which are providing generic face-to-face advice for older people.

AS3. What do you believe is the most appropriate way of describing 'generic financial advice' provision?

Something as simple as 'Money advice' would seem sensible. It may be that we need different ways of describing the service to different groups of people so that people can access it according to their needs. One interesting model to look at is the 'Sorted' brand in New Zealand, which was actually a project aimed at improving pension saving but was branded as, and has become a general money advice service. This has helped people engage with the service according to their point of interest, or point of need.

AS5. What academic and other research, UK or international, should the review be aware of that would be relevant to generic financial advice provision?

Help the Aged has commissioned and published a number of pieces of research which are relevant to generic financial advice, including:

Financial Exclusion among Older People This report considers the nature and impact of financial exclusion among older people. The research, by Andrew Irving Associates, highlights the challenges presented for older people, who have traditionally been good money managers, by the move to direct payment of benefits, the shift towards chip-and-PIN, and the increasing use of telephone and internet banking.

The research also highlights the negative impact of recent and forthcoming post office closures, on the ability of excluded older people to access cash and manage their money. It suggests that older people are more likely to be financially excluded if they have a disability; have a fear of change and new technology; are socially isolated; or are worried about personal safety and security.

Losing the Post Office Card Account This sets out older people's views on the account and its replacement. Ninety-six per cent of respondents to our survey said that more should be done to help vulnerable older people deal with the changes in the way society uses money, while 69 per cent felt there were few learning opportunities to help older people manage their money.

Insurance and Age (with Age Concern England) highlights shocking findings about the difficulties older people face in accessing insurance: one in four people aged over 75 and one in five people over 65 were unsuccessful in getting quotations for motor insurance, travel insurance or care hire. This compares with just one in 33 of those aged 30–49.

In some cases, our research found that older people simply do not travel because of the difficulties in obtaining insurance: 13 per cent of those aged 80+ have been put off travelling due to access, cost or perceived cost of travel insurance. The research highlights that older people are less likely to shop around for the best insurance deals and that digital exclusion is a major barrier to access and choice.

AS6. Do you consider that the current infrastructure could deliver the kind of generic financial advice provision envisaged by this review? Or is a new structure required?

The current delivery for generic information advice nationally is not strategic. Indeed, there is a postcode lottery whereby some areas and segments of the population have good provision while others have limited access to generic advice. At the same time duplication of provision occurs in some postcode areas or for certain segments of the population.

We believe there is a strong case for generic financial advice provision. We would advocate the creation of a small overarching umbrella body which would, for example:

- provide consistent, non-copyright materials to be used by different agencies;
- act as a central contact point for people on the web and over the phone, offering basic advice and signposting to local or specialist provision;
- act as a depository for the collection of good practice examples;
- undertake regular mapping of provision and identify gaps which needed to be filled;
- help the voluntary, private and public sectors identify gaps in provision

B. What should the scope of a national approach to generic financial advice be?

We believe the scope needs to be wide in order to match people's lives and the nature of people's financial decision-making. It may be that people engage with advice for a variety of reasons and at a variety of points in time.

In particular, we believe the needs of older people need to be taken into account in the design of the service. One way in which this can be done is to have effective signposting to local face-to-face services, and to financial capability projects.

BS1. Who should generic advice aim to serve including a view on segmentation?

We believe the advice should be as accessible as possible to all groups of the population, with a focus on delivering to the most disadvantaged individuals and groups including older people. There should not be access criteria, as these would be counterproductive and could exclude the most vulnerable consumers from accessing the information they need.

If advice is truly designed to be simple, it should in turn be accessible. However, there will always be people (a customer segment) who need more detailed support, or need face to face advice, this group must be provided for.

More broadly on the issue of segmentation, it may be necessary to market and brand the service differently for specific groups: this should be put in the hands of the appropriate experts in this field.

BS2. Are there groups it should not aim to serve and how might they be excluded or steered away?

Those who are confident with internet and those with good general literacy skills could, in the first instance, be referred to printed and web-based materials, with face-to-face and telephone services being promoted to the most vulnerable individuals. Indeed, it is likely that an effective national web and phone service could effectively act as a filter so that time was freed up at a local level to help those in most need.

BS3. What are the best ways of reaching the target market (i.e. those most vulnerable to the consequences of poor decision-making)?

Evaluation research on our benefits advice programme highlights that the most effective way of reaching the most disadvantaged older population is through face-to-face advice. The most disadvantaged are unlikely to have web access and may also have low literacy skills and be unable to understand written material about financial services.

We believe that advice services should do more to consider how they can deliver to the most disadvantaged older population. During 2007 we expect to produce

guidance for financial advice organisations on how and why to deliver advice to older people.

BS4. What should be the content of generic financial advice? Which subjects should be included/excluded?

We believe the following issues should be included within generic financial advice provision:

- money management
- benefits
- pension issues
- 'shopping around'
- explanations of financial services products.

BS6. What organisations and services should or could be expected to refer people to generic financial advice?

Current providers of advice could refer to other providers if they could not support the specific needs of the beneficiary. This currently happens on an *ad hoc* basis

At the same time, we would anticipate that employers, local authorities, government, the voluntary sector (from neighbourhood wardens working on the ground through to the head offices of national charities) to refer to this service.

BS7. Where should people be referred to after receiving generic advice? Should it be possible to refer people to a commercial provider? If so, how?

We believe that it should be possible to refer to commercial providers. Research by Help the Aged and Age Concern highlighted that older people were less likely to shop around for general insurance than other age groups. It also showed that many older people looking for insurance were told to go 'to a specialist provider' but no agency was willing to name specific providers.

We understand this may be problematic but unless individuals can be referred to a specific product (or list of products), their needs may not be met. The referral should not just be through internet comparison sites, as these remain inaccessible for the majority of older people (and other excluded groups), who do not have access to the internet.

BS8. What qualifications/training do generic financial advisers need and where could the advisers be sourced from?

Recruitment of advisers continues to be a challenge for Help the Aged. One Help the Aged advice manager has talked about 'vanishing advisers' and real problems with supply failing to meet demand.

In designing a generic advice service which incorporates a telephone helpline, which undoubtedly will be needed, thought must be given to the availability of individuals to staff the line. Creating a gold standard service is likely to be over-optimistic in view of the difficulty of finding suitable staff. Such a service could also detract from existing voluntary sector provision; or, if investment is made in training, retaining staff with high-level skill sets could prove difficult.

A realistic option is one where there are staff who are trained to deal with standard issues pass callers on to other, more specialist services – for example, the Pensions Advisory Service. But any advice line will need its own highly trained staff who can supervise and step in for complex enquiries.

BS9. What are the legal implications of giving generic financial advice?

In a legal sense, some of our financial advice services provide financial advice and some provide financial information. However, this does not sit well with advisers, who can be uncomfortable with the artificial distinction. All Help the Aged advisers are covered by liability insurance (see below).

BS10. How would the creation of a new generic financial advice service materially affect advice providers?

We believe a national generic advice service has the potential to allow existing advice providers in the voluntary sector to focus down and reach out to the most disadvantaged.

C. Cost and funding

CS1. To what extent should generic financial advice be free at the point of delivery?

Help the Aged believes that it is extremely important for at least some financial advice to be available free at the point of the delivery. The most disadvantaged older people and those on the lowest incomes are unlikely to invest in financial advice.

CS2. Is there any evidence that supports a commercial case for a generic financial advice service (including required changes to the existing model to improve the situation)?

There is some evidence that some people would pay for financial advice, partly because the beneficiaries may feel they were getting a better quality of service than if it were a free service.

CS3. How can the wider benefits of generic financial advice, to individuals and society as a whole, be quantified?

We believe that advice which improves older people's capacity to make good financial decisions can help people to manage on low incomes, keep out of debt and also out of poverty. Empowering people to make good decisions can also help improve people's self-esteem and confidence, hence generally helping people stay active in older age.

Many of the same benefits hold true for those of working age, but a key benefit of generic financial advice is to encourage and support pension saving. This could significantly reduce future levels of pensioner poverty – an aim we should all support.

There are also clear benefits to industry as many more people will engage with product decisions. and for Personal Accounts it is anticipated that much more money will go into pensions saving.

D. How can potential users be engaged?

DS1. How can consumers be encouraged to improve their financial capability and take an active interest in their personal finances?

DS2. Are there campaigns that have effected analogous behavioural change relating to generic financial advice or other scenarios? What made them successful?

DS3. What would an attractive brand for a generic financial advice service look like?

DS4. Is there evidence on which engagement mechanism(s) is likely to work best overall and with different segments of the target population (e.g. which media, messages etc.)?

DS5. For face-to-face advice, are there particular locations that would be attractive generally for different segments of the target market?

DS6. Do you believe a new generic advice provision would lead to a change in consumer behaviour? If so, how?

Responding to this series of questions on engaging consumers and encouraging behaviour change as a group, we believe there are a number of general points which need to be taken into account.

- Web-based approaches will tend to exclude older people, so need to be supported by other provision. In particular, those who are most vulnerable will often require face-to-face support.
- People will approach advice services for a variety of reasons: some will want to plan ahead and proactively manage their money; others will be facing a significant financial decision; and, lastly, some will be reacting to a problem such as debt. The service ought to be able to provide a way in for all these circumstances in order to secure maximum engagement with the service.
- In marketing the generic advice service different approaches are likely to be needed for different groups. We have research on how to reach older consumers in particular. In terms of engaging younger people with pension-

saving the New Zealand ('Sorted') model seems to have many positive features.

- Many financial issues become evident at particular life points or events. Sir David Varney highlighted the need for change-of-circumstances service (birth, death and change of address) in his review of government service delivery. This is now being taken forward and could provide real opportunities for engaging people with financial advice.
- In order to reach some of the target group positive outreach work will be needed. This is best done at a local level by agencies with on-the-ground knowledge and will be very important for some members of this group.

E. What should the governance arrangements look like?

ES1. What organisation(s) should be responsible for oversight of and/or delivery of a national generic financial advice service (e.g. national vs regional oversight; existing vs new body)?

We believe there should be a national umbrella body. This could be delivered by an existing organisation.

ES2. How should any generic financial advice service be made accountable (e.g. targets, performance management, reporting lines etc.)?

It is very important that process targets such as calls taken per day etc. do not undermine the quality of advice. Any targets need to be broadly outcome-focused and to enable staff to provide a holistic service that meets people's needs. Hence, putting time limits on calls might also undermine the quality of the service.

Things that could work are looking at levels of demand for the service, which could be seen as indicative of success. The service will of course also need to answer calls promptly. In its web presence it will need to be accessible, easy to use and able to cope with any peaks in demand.

ES3. What should the relationship be between any new delivery body (assuming one is deemed necessary) and existing services?

It is essential that any new body complements and supports existing provision. Time will need to be taken to develop appropriate signposting mechanisms so that some enquiries are handled centrally and as necessary people are referred to specialist providers or face to face programmes. Equally, communication from the centre out to existing services will be important. The Help the Aged services may wish to refer people upwards as much as the central service refers down.

ES4. What mechanism should be used to collect and distribute any potential financial contributions e.g. from government, industry etc.?

Operational issues

A. What is happening today, how and to whom?

AO1. What advice service are you or your organisation responsible for delivering (this need not be generic financial advice)?

AO2. How is your advice delivered (e.g. face-to-face, web-based or telephone)?

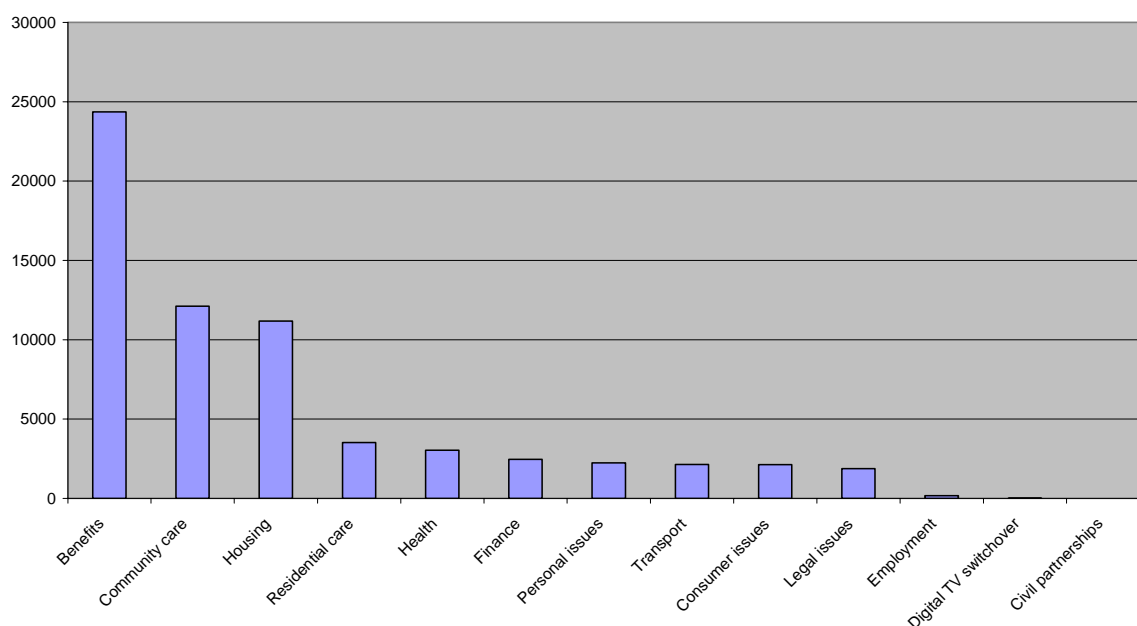
AO3. What is the legal, organisational and governance structure of your service?

AO4. How is your service funded?

Help the Aged provides a variety of advice through a range of delivery mechanisms – telephone, web, printed and face-to-face services.

SeniorLine – took 77,604 calls last year. The majority of calls are money-related but a summary of topics is given below.

Senior line enquiry topics September 05/06



Information leaflets In 2006–7 we distributed 2.7 million leaflets through our network of 19,000 organisations that have contact with older people. In the same year we sent out 45,000 leaflets in response to people contacting us directly, a figure that includes over 10,000 phone calls, letters and emails direct from older people.

All our leaflets and information sheets are impartial and up to date. They cover a wide variety of subjects including how to claim benefits, how to get grants for home repairs, how to keep warm etc.

Printed information/advice is highly valued by older people, especially when used in conjunction with telephone or face-to-face advice. Tiered provision with written

or phone advice provided with an option of face-to-face or more tailored advice can be very effective.

Your Money Matters': Barclays and Help the Aged Partnership Barclays and Help the Aged are working together to improve the skills, confidence and financial situation of older people by providing basic money management and debt advice. Often, as people become older, they face changes in their circumstances which can impact on their financial situation and ability to manage their money. The UK-wide programme aims to support over 30,000 older people and their carers to better manage their finances. Barclays staff will be actively involved, helping older people to manage their finances in times of change and plan for their futures. The programme will not only meet the needs of those in debt at present but will also help to prevent future debt and disadvantage.

Benefits Advice Programme The Benefits Advice Programme currently has 27 projects across Great Britain. The programme has identified over £10 million in unclaimed benefits and has worked with X people.

The projects work with local advice providers to extend and enhance their existing benefits advice services. In some cases the project is used to extend an advice workers hours so they can provide further benefits advice for the whole area. Often we work with the local advice provider to determine whether there is a gap in benefits service provision in the area and the project is concentrated there. For example, in Dumfries and Galloway we work with the local Citizens Advice Bureau to provide a hospital visiting service for older people. As well as visiting older people within hospitals if requested, follow up visits are provided afterwards. Most of our partner organisations provide a holistic service to all their clients so if they have financial worries they will also be looked after by the organisations or sign posted to another organisation if necessary.

The majority of advice provided through the benefits advice programme is given face to face, through home visits and surgery appointments. Research around benefits take up campaigns indicates that this is often the best way to deliver benefits advice and indeed any advice of a financial or sensitive nature. It is also important to specifically target campaigns and information at certain groups. It is too easy to assume a 'one size it's all' approach and this will usually miss out the more vulnerable groups in society. Working with trusted local partner organisations such as Age Concern's and Citizens Advice bureau has proved very successful in reaching older people. Occasionally it has been found that older people are rather wary of government agencies and would rather contact an independent organisation.

AO4. How is your service funded?

SeniorLine (our telephone helpline) and our other information services are largely paid for from Help the Aged general funds.

The Your Money Matters programme and Benefits Advice Programme are both part funded by corporate partners, Barclays and British Gas respectively.

AO5. How did you identify your customer and their needs?

Our services are predominantly reactive to enquiries we receive. However, we work to disseminate our information leaflets through a variety of networks. These networks employ their own strategies to identify customers. One example of our dissemination is our HandyVan service, which gives out leaflets to each household visited.

B. What should the scope of national approach to generic financial advice be?

BO1. Who is your market, and how do you target them? How well do your actual clients match your expected target market?

Our target market is all older people over the age of 60. The production of new information materials within IRT is largely reactive. However, we do respond to specific emerging information needs, e.g. producing information about the digital switchover.

BO2. How many people use your service per annum? What sorts of questions do they ask?

We answered 77,604 calls in 2006. The majority were money-related (see breakdown given in relation to question A01/02).

In 2006–7 we distributed 2.7 million leaflets through our network of 19,000 organisations that have contact with older people. In the same year we sent out 45,000 leaflets in response to people contacting us directly, a figure that includes over 10,000 phone calls, letters and emails direct from older people.

BO3. Do you know how many people you turn away? If so, is this a capacity issue or have they come to the wrong place?

In the 2006 calendar year 149,038 calls were made to SeniorLine, of which we answered 77,604. This leaves us with 71,434 (48%) that were not answered first time around. However, it is highly likely that most of these people will call again and as such the 71,434 were not turned away.

BO4. If you operate some form of 'triage' or 'sifting' of calls, what criteria do you use?

We have special arrangements if we are expecting particularly high levels of demand if we have recently launched a new information leaflet/sheet or our services are promoted on television or radio. We add an option to the telephone line so that people are simply requesting a leaflet they can leave their name and address.

Eg Our 'Can You Claim It?' leaflet was promoted in the Daily Mirror. In the four days after we took 300 calls from individuals requesting the leaflet. We were

amazed at the number of callers in dire situations who are receiving no help at all and are not aware of help, whether financial or social, being available.

BO5. What referral policy do you operate and how (e.g. boundaries with other organisations, relationship with others, potential issues to manage etc.)?

We always signpost on to other organisations where relevant and do this to a wide variety of other organisations.

BO7. How do you monitor quality and consistency of advice given (e.g. quality control, customer feedback, complaints handling etc.)?

We conduct random sampling of calls, listen in to calls and supervise a selection of calls, especially if an advisor is new.

In order to achieve consistency we subscribe to a variety of sources of up to date information. We also quality check our written materials via an older people's panel and /or independent experts.

BO8. How do you deal with questions of liability for inappropriate advice (e.g. indemnity insurance)?

All our advisors are covered by indemnity insurance.

BO9. What level and type of training do you offer for your staff (e.g. costs, duration, suppliers, accreditation, etc.)?

Staff are offered a variety of training which we do in partnership with other voluntary organisations such as the Child Poverty Action Group (on benefits), Shelter (on housing) and Carers UK (carer's issues). We also use Telephones Helplines Association and London Advice Line Services courses.

When we recruit, we normally advertise for 1 year's experience of giving welfare benefits advice or 1 year's experience of working in an advisory capacity by phone or in person. New entrants spend 2 weeks or so listening into calls being taken, and then 2 weeks or so taking calls themselves, with an experienced Advice Worker listening in. Depending on the new entrants experience, they will also go on external training courses. Experienced advisers will also go on courses periodically to update their knowledge.

BO11. Who are your advisers (background, length of service etc.)?

Length of service of SeniorLine advisers ranges from 9 years to 5 months. Most are in the 2-4 year bracket.

BO12. How do you ensure that you work effectively with other relevant organisations?

We use other organisations to provide training and use their materials to enable signposting.

C. Costs and funding

CO2. What is the cost structure of your service (e.g. set-up vs ongoing; capital vs. operational)?

Our cost per call in 2005/6 was £5.69 (i.e. annual budget divided by the number of calls)

It costs approximately £500,000 a year for us to provide the written information for older people (advice leaflets and information sheets). This includes staffing and production costs. Raw print costs for each leaflet are roughly 7 pence, bulk distribution a further 5 pence. With the inclusion of training and other costs the average figure per distributed leaflet is 20 pence.

CO3. How long did it take to set up the service from blueprint to launch date? Did you pilot it first? If so, please provide details.

The service started some time ago and has grown organically since then. In the original design of service we consulted older people about their needs and gained valuable insights, for instance that people did not want press button options, they felt very strongly that they wanted to go straight to an advisor which is what we do.

CO6. Please provide information on the key statistics about your service (e.g. duration of session, average cost per session, approach to booking etc.).

Average duration is 3.4 minutes, cost £5.69.

CO7. How are you funded and what do you have to do to qualify (e.g. grant-in-aid, customer payments, commercial capital etc)? How much do customers pay?

Help the Aged information services are all free.

CO10. How do you measure the effectiveness of your service?

We do not look for a return on our service but in terms of social / public policy benefits the following statistics demonstrate much value of our service. Of course we have no estimates for the impact of our advice leaflets in terms of improving benefit take-up as this is too hard to track but small user surveys have shown that people do act on the information we provide.

Unclaimed benefits identified in 2006: £2,242,255 (Pension Credit, Housing Benefit and Council Tax Benefit)

Benefit arrears identified in 2006: £282,480 (benefits as above)

D. How can potential users be engaged?

These questions are aimed at getting evidence on how consumers can best be attracted to using a generic financial advice service, including how they can be

motivated to take an interest in their financial affairs before 'crisis intervention' is needed.

DO1. What market research did you do before setting up your service?

Not known. (The Information Resources service has been in existence since 1985.)

DO2. What approach to advertising have you taken at the various stages of the development of your service (including an indication of level)?

We do not advertise. However, we receive a fair amount of (editorial) press coverage that brings the service to the attention of the public.

DO3. How has your service evolved over time?

Calls answered in 2006: 77,604
(For comparison, 1997: 53,382)

DO4. How did customer usage build up over time?

In the last decade the number of calls taken each year by SeniorLine has increased by almost 50 per cent. Yet the issues that people need help with have hardly changed: how to arrange for care at home, how to pay for a care home, what benefits might be available and what to do if things go wrong. Increased restrictions on care provided at home such as cleaning and shopping, and a reduction in the number of local authorities that provide social care for free led to an increase in people needing to find out how they can access care and how to obtain help to pay for it. Common misconceptions about welfare benefits continue, such as the belief that having savings over the lower limit, or having a second pension, automatically excludes you from receiving benefits.

Our information leaflet service has expanded over the years, but the standard range comprises about 25 titles. We produce new titles only when there is evidence of need and we take care not to duplicate the kind of information produced by other voluntary bodies. We are aware that the expansion in terms of distribution of the service happens in the main by word of mouth: for example, our database of organisations that order our leaflets has expanded by about 7,000 in the last few years, without any effort on our part.

DO5. Do you have information about what your customers do as a result of your advice?

We keep a file of comments received from service users – including older people, professionals, carers, family members etc. about how useful our leaflets are.

We know the leaflets are valued due to the vast number we distribute annually. No leaflets are distributed unsolicited: all are sent out as a result of direct requests.

The Help the Aged leaflets are among the best-known and most visible ways in which the Charity serves its beneficiaries.